

**REVENUE MOBILIZATION AND PERFORMANCE OF LOCAL GOVERNMENTS IN
UGANDA: A CASE STUDY OF BITEREKO AND
KANYABWANGA SUB COUNTIES,
MITOOMA DISTRICT**

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DECLARATION

I, Bitenihirwe Jonath declare that this is my original work. It is being submitted for the award of Master of Arts degree in Development Studies of Kampala International University.

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APPROVAL

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DEDICATION

This research dissertation is dedicated to my dear wife Rachael; my children Glorious, Dickson and Jackson. Finally to the almighty God who has seen me through my academic journey.

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LIST OF ABBREVIATIONS AND ACRONYMS

Admin.	Administration
CBG	Capacity Building Grant
DANIDA	Danish Development Agency
Fin. & Plan	Finance and Planning
GT	Graduated Tax
KIU	Kampala International University
LC	Local Council
LDG	Local Development Grant
LG	Local Government
LGA	Local Government Act
LGDP	Local Government Development Programme
LR	Local Revenue
LGFC	Local Government Fiscal Certificates
MC	Municipal Council
NGO	Non Government Organization
PMA	Plan for Modernization of Agriculture
Prod. & Mkt	Production and Marketing
ULGA	Uganda Local Government Association
UPE	Universal Primary Education
USE	Universal Secondary Education
Works & Techn.	Works and Technical Services

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Abstract

This study was conducted to find out the effect of local revenue mobilization on performance of local governments in Uganda. To achieve this the researcher developed specific objectives including: To establish the effect of Revenue mobilization on service delivery in Bitereko and Kanyabwanga sub counties, to find out the effect of revenue mobilization on infrastructure development in Bitereko and Kanyabwanga sub counties, and to determine the effect revenue mobilization on local capacity of the community Bitereko and Kanyabwanga sub counties.

The study adopted descriptive, cross section, correlation research designs to come with the effect and relationship between revenue mobilization and performance of local governments of Kanyabwanga and Bitereko sub counties. The population involved in the study was 1526 from who the sample of 332 respondents was selected in consultation to 1971 Krejcie and Morgan for determining a sample size. Data was collected using questionnaires and interviews and it was analyzed using Scientific Package for Social Scientists (SPSS).

Findings indicated revenue mobilization has affected service delivery in Bitereko and Kanyabwanga sub counties; it was found out that revenue mobilization followed a budget which was generated from the budget conference of sub counties that generated revenue services for budget performance in line with planning cycle of government and submission of mandatory document like annual work plan, budget and enhancement plans, the findings also indicated that revenue mobilization plays an important role in infrastructure development; and the researcher found out that the community's capacity determine amount of revenue to be collected in the sub county. The capacity of the community determines the taxable capacity and taxable base for which the local governments can put emphasis through revenue enhancement plans.

It was therefore concluded that there is positive relationship between revenue mobilization and the performance of local governments specifically in Bitereko and Kanyabwanga sub counties in terms of social services delivery, infrastructure development and local capacity of the community.

Recommendations suggested that sub counties should always work hard to increase local revenues by identifying the un tapped resources and be able to exploit available resources and the population to create new markets so that revenues can be increased to also increase on social services already being provided in such sub counties; Revenue mobilization should be improved to contribute to the improvement in infrastructure development like roads, schools,

health centers, water and sanitation among others, usage in the country in terms of quantity and quality; and that revenue mobilization as an activity should be integrated in work plans and budgets at all levels from the village level, parish, level and sub county level and then to other subsequent levels of the District and National levels.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter basically comprised of the back ground to the study, the statement of the problem, research purpose, objectives, significance of the study, Scope of the study and the conceptual frame work.

It was in this chapter that the base of the research revolves. A lot can be found out but the background of the findings matters. Therefore research is guided by the very foundation of the introduction which relates various other researches with the research that is to be done. This sequential approach normally guides the subsequent research with a base and information from where he/she can build and find the gaps to be covered in aspects that were not or were half way covered by previous researchers.

1.1 Background to the Study

1.1.1 Historical background to the study

Walter John (2010) commented in the Common Wealth Summit meeting on strategies for economic development for Developing Countries. Giant nations have developed because they have been able to mobilize resources and more specifically revenue to enhance capital projects and spear head development (Keinz, 2010).

Most of the wealthy nations in the World such as Germany, France, Holland, Italy and Russia derived much of their development from exploiting their natural wealth from which they generated revenue to finance their development programs. They mined their mineral resources especially Coal and Petroleum (Banyoya, 2012 and Petio, M.K. 2016).

In Africa, Local Governments' own revenue sources constitute less than 10% of total Local Government funding. In the rural areas local Governments used to depend on local revenue (LR) which was in form of tax collected by local authorities. Today the local revenue collected by lower local governments is shared and sub Counties retain only 65% while 35% goes to the district. Then the 65% retained by the Sub County is then assumed to be 100% whereby 5% goes to the county council, another 5% is distributed to parishes and another 25% goes to village

councils. What remains is utilized by the sub county to implement its development priorities according to council approved development plans (Onyach- Olaa, 2005 and Ebeke C, Ehrhart H. 2012).

From the Ghanaian experience, Kudiabor (2016) contends that in metropolitan Municipal and district assemblies (MMDAs), Ghana logically rely on fiscal transfers from that central government for the development of then jurisdictions. However reliance on such central government transfers has been found to be insufficient for the assemblies to discharge the full scope of their responsibilities. Their dependence on the central government or development resources is largely attributable to a number of factors;

- Shallow fiscal decentralization
- Weak capacity to mobilize internally generated funds (IGF)
- Citizens low compliance with local revenue mobilization initiatives of the MMDAS

Barone, G. and Mocetti, s.(2010)

In Uganda the issue of revenue dates back during the era of colonialism. The hut and gun tax were introduced in Uganda as part of local revenue. This system has its roots in the 1900 Buganda agreement between Buganda and the British colonialists. As a result, the system of revenue for local government gave precedence to the regularization of graduated tax and other forms of revenue (Were and Derek 1984).

Therefore the general objectives of Ghana's decentralization policy is to fundamentally transform society by empowering citizens to take charge of their development agenda to improve their livelihood (Saito F and Pius Kulipossa F, 2004). Therefore with the Uganda experience and Mitooma district in particular, local people especially the tax payers are not fully mobilized on how to put their efforts in collecting revenue that would supplement the central government's funds in delivering services throughout the district, specifically on the area studied Kanyabwanga and Butereko sub counties (Government finance commission 2003 and Ellie F and Bahiigwa G, 2003)

In Uganda still, Local Government Finance Commission (2003), drafted guide lines on implementing best practices in revenue mobilization and generation where revenue performance

in Local Governments would best be shown by the extent to which the budgeted revenues are achieved. The guide lines indicate that the prior assessment should be done for the revenue potential of the resources to be tendered out. The Local Government Finance Commission shows that local governments are expected to mobilize revenue from within their tenders to private firms to collect local revenue from sources including trade license to private firms and street parking.(Kaiser K, 2006 and Junior A.A, 2015)

Local Governments that receive unconditional Grants do not give priority in allocation of their combined resources to priority programmes in the area such as primary Health Care, Agricultural Extension, Primary Education, Water and Sanitation and feeder roads. In order to enable the Local Government units to plan, budget, initiate and execute policies and development programmes within their jurisdiction, the Law provided as a key principle of decentralization that, “there shall be established for each Local Government unit a sound financial base with reliable source of revenue “ (Article 84,Constitution of the Republic of Uganda. 1995 and Ahmed J.K, Devarajan S, Khamani S, Shah S, 2005).

In Mitooma District, sources of revenue for Local Government include grants (Conditional, unconditional and the equalization grants) respectively as given under Article 193 of the constitution, locally generated revenue and donor funds. Under Article 193, Local Governments have powers to levy and appropriate fees and taxes, consisting of rents, rates, royalties, stamp, Duties G- Tax compensation, Local service Tax, Fees on Registration, licensing and any other taxes / fees that a Local Government may prescribe. (Keen M, 2012 and Benedek D, Crivelli E, Gupta S and Muthoor P, 2014)

The underlying factors leading to citizens noncompliance with the tax obligation include:

Poor service delivery by district local governments

High taxes

Unfair tax system and citizens perceived of waste of tax revenue by the local government administration.

These reasons, upon examination, are rather symptomatic of the governance practice of the local government which currently promotes recognition of the rights of the citizens for their

inclusivity into the governance and management of internally generated funds. (Manyaka R.K. 2014 and Goodfellow T, 2012)

Bitereko and Kanyabwanga sub-counties are predominantly agricultural based areas. Mixed farming is the main occupation of the people in the area. Both crop growing and animal keeping are carried out. A number of projects for economic development are being carried out by some farmers at household levels to increase household incomes. Some of these projects include bee keeping, poultry, piggery and sericulture. Due to the nature of their economic activities, tax base is very low (Mitooma District Five year Development plan 2010-2015)

The two sub-counties have a number of schools and places of worship for different denominations. The Sub Counties have UPE schools, private primary schools, private secondary schools and health center IIIs. The Sub Counties have well established road network that connects different localities in the area. The road net work helps people especially farmers to transport their produce to markets. The roads also serve as means of transport to schools, churches, administrative centers and homes for social, economic and political functions.

1.1.2 Theoretical Background

This study was based on the endogenous growth theory developed by Romer (1986) and Lucas (1988). The theory holds that Local Government performance is primarily the result of Local Revenue Mobilization. It holds that investment in human capital innovation and knowledge are significant contributors to economic growth and that the long run growth rates of Local Governments depend on policy measures on Local Revenue Mobilization. For example, subsidies for research and development or education increase the growth rate in some endogenous growth models by increasing the incentive for innovation.(Moore M. 2014)

The theory also indicates that there exists a robust positive correlation between the Local Revenue mobilisation and Performance. The conventional wisdom about these links is that thrift is a major determinant of long-term economic growth, which in turn is related to the conjecture that in the long run there must be an expected positive return on the invested capital, regarded as the reward for parsimony.

This study was based on the ideas in the theory in analysing the relationship between local revenue mobilisation and performance of local governments.

The study was also borrow a leaf from the agency theory by Jensen and Meckling (1976). This theory states that there is a contractual relationship between the principal Local Revenue and the agent in performing services. In this case the local government employs or contracts tax collection agents who work on behalf of the local government to collect revenue. This theory adds that the principal bear sole responsibility and liability for the decisions and activities of the agent. This is based on the legal doctrine, '*qui facit per alium facit per se*' (he who does something through another does it himself), (Kanbur, 2009 and Ebeke,C., Enrhart,H. 2012).

The extent to which the level of Local Revenue affected capital accumulation and hence growth, largely depends on the capacity of the economy to channel the Local Revenue into productive activities. It also depends on the efficiency of this process. The system of financial intermediation can affect economic performance and growth directly through the role it plays in resource allocation. In particular, the financial system can affect saving and investment decisions by reducing information and transaction costs, creating mechanisms of risk – sharing, facilitating trade and payments among economic agents and providing various supporting services. Efficient financial intermediations channels Local Revenue into the most productive investment projects and thus contribute to higher rates of aggregate growth. (olowu,D.2004 and Fjedstad.O.H 2001)

1.1.3 Conceptual Background of the Study

Revenue mobilization is the process of identifying, assessing, collecting, allocating and accounting for financial resources.

Performance of Local Government refers to the degree/ level of service delivery in local government with regard to quality and quantity.

Local revenues are defined as subtotal of all categories collected from a number of sources like market dues, fines and penalties and parking fees. Revenue receipts are divided into tax revenue and non -tax revenue which include among others taxes on properties.

Business revenue is income from activities that are ordinary for a particular corporation, company, partnership or sole proprietorship. Revenue mobilization is a function delegated by the Central government to Local Governments through the decentralization policy of 1993. This was later entrenched in the constitution of the Republic of Uganda (1995) and given full effect by an Act of Parliament (1997).

Mobilization was referred to the process of identifying, collecting and allocating resources and performance in this case is the degree of service delivery by local governments.

1.1.4 Contextual Background of the Study

Bitereko and Kanyabwanga Sub Counties are two of the 10 Sub counties in Mitooma District that were established under the Local Government Act (1997) as amended. Bitereko borders with Nyabubare Sub County in the East, Kanyabwanga in the West, Kyamuhunga Sub County in the North and Kashenshero in the South while Kanyabwanga Sub County borders with Bitereko Sub County in the north, Bwambara Sub County in the West and in the north and Ruhinda Sub County in the South.

In Financial Year 2013/ 2014, Bitereko Sub County had budgeted to collect Shs.43,754,000 but only 31,876,000= was realized. This shows a deficit of Shs. 11,878,000=. As a result, some investment projects were rolled over to the next financial year (Bitereko Sub County Budget conference report, 2014/15). And the same situation was similar in Kanyabwanga Sub County. It budgeted to collect 7,650,000= but only 5,650,000= was collected with a deviation of 2,000,000=

The Sub Counties have not used their revenue mobilization appropriately to improve performance in as far as roads, health centers, schools and other social services to establish a road network that connects different localities in the area. The road network would help the people especially farmers to transport their produce to markets. The roads also would serve as means of transport to schools, churches, administrative centers and homes for social, economic and political functions. Every local government council and Administrative unit is required under section 87 of the Local Government Act 1997, to keep proper books of accounts and other

records in relation there to ; and to balance accounts for the year and produce statements of final accounts within four months from the end of the year.

Prest (1997) technical advices used in tax collection in western countries are only of limit application. He also pointed out that whereas it is possible to introduce systems of pay as you earn there has been spectacular challenges pointing out that opportunities for tax evasion are naturally easy. The available information revealed that local government revenues have been in decline in recent years especially in Bitereko and Kanyabwanga SubCounties with a few expectations; there are few signs that these resources are prioritized. The District Development Plan (2000/01 – 2004/5)

1.2 Statement of the Problem

The constitution of Uganda 1995, the Local Governments Act, Cap 243, 1997. Kirchgassner, G 2001 and the Local Government Finance and accounting regulations give Local Governments mandate to realize and utilize Local Revenue for the development and benefit of the citizens. Revenue is the basic input in the development process of Local Governments and determines the level of local government performance especially in improving infrastructure and social services to promote social economic welfare. However, the performance of local governments is still poor due to inadequate revenue mobilization in Local Governments. This is partly as a result of incompetent local government staff, less avenues for revenue mobilization and insufficient revenue management systems. This constrains performance in form of service delivery, infrastructure development, production, capacity building and security. According to Banyoya (2012), revenue mobilization is constrained by Low incomes and widespread poverty, large informal sector which is difficult to tax, large agriculture sector which is untaxed and corruption amongst tax collecting agencies. As such, Local Governments heavily depend on grants 98% for their development and since over 85% of all grants to Local Governments are conditional, this continues to pose a big challenge to Local Government performance. For example in Financial Year 2013/ 2014, Bitereko Sub County had budgeted to collect Shs.43,754,000= but only 31,876,000= was realized. This shows a deficit of Shs. 11,878,000= (Bitereko Sub County Budget conference, 2014/15). And Kanyabwanga Sub County had projected to collect 7,650,000= and it only collected 5,650,000= with a deficit of 2,000,000= (Kanyabwanga Approved Budget estimates 2013/2014 FY). Due to inadequate revenues, some projects are

sometimes not implemented as planned. In the same thinking, local governments are largely dependent on conditional grants from central government. With these grants, local governments can only implement central government priority projects which are not necessarily local government priorities. These include Community Access roads, Bridges, VIP Latrines and supply of seater twin desks to primary schools.

It is important therefore that revenue mobilization should be properly dealt with so that adequate revenue is generated to facilitate implementation of local government plans and thus governments need to have competent staff to do enumeration, assessment, collection and also accounting for the revenues collected. Based on this back ground the study seeks to find out the relationship between revenue mobilization and performance of local governments in Uganda with reference to Kanyabwanga and Bitereko sub counties.

1.3 Purpose of the Study

This study was conducted to assess the effect of local revenue mobilization on performance of local governments in Uganda.

1.4 Specific Objectives

- i. To analyse the effect of Revenue mobilization on social service delivery in Bitereko and Kanyabwanga sub counties
- ii. To assess the effect of revenue mobilization on infrastructure development in Bitereko and Kanyabwanga sub counties
- iii. To determine the effect of revenue mobilization on the local capacity of the community Bitereko and Kanyabwanga sub counties

1.5 Research Questions

- i. How is social service delivery in Bitereko and Kanyabwanga Sub-counties affected by revenue mobilization?
- ii. Is there any effect which revenue mobilization has on infrastructure development in Bitereko and Kanyabwanga sub counties?
- iii. How is revenue mobilization affecting the local capacity of the communities of Bitereko and Kanyabwanga sub counties?

1.6 Significance of the Study

When this study is successfully done, it may help Local Governments to devise means of mobilizing local revenues and reduce dependency on central government grants and help the community to engage in profitable employment and be able to increase household incomes.

The findings may help planners to be able to plan and identify potential local revenue sources and improve their local revenue bases and on their performance generally. Local governments may be empowered to plan and implement their priority investment projects out of their local revenue in addition to central government conditional grants to enhance development.

Finding from this research may help the academicians in the world of science by adding on the existing literature about local governments and revenue mobilization. This may be used by future scholars and planners by making appropriate policies.

Involvement in this research may increase on the knowledge of the researcher in the field of local revenue mobilization in local governments more specifically and also in other fields such as public relations, data collection and analysis as well as communication skills generally.

1.7 Scope of the study

1.7.1 Content scope

The study was only limited to revenue mobilization and performance of Bitereko and Kanyabwanga sub counties focusing on infrastructure development, service delivery and local capacity of the community. The study was conducted among the Local Government officials who included the Sub County Chief, Parish Chiefs, councilors, civil servants and the tax payers of Bitereko and Kanyabwanga sub counties, Mitooma District.

1.7.2 Geographical scope

Bitereko borders with Nyabubare Sub county in the East, Kanyabwanga in the West. Kyamuhunga Sub County in the North and Kashenshero in the South while Kanyabwanga Sub County borders with Bitereko Sub County in the north, Bwambara Sub County in the West and in the north and Ruhinda Sub County in the South. Bitereko and Kanyabwanga Sub Counties are predominantly agricultural based areas. Mixed farming is the main occupation of the people in

the area whereby both crop growing and animal keeping are carried out. A number of projects for economic development are being carried out by some farmers at household levels to increase household incomes. Some of these projects include bee keeping, poultry, piggery and sericulture.

Bitereko and Kanyabwanga Sub Counties have a number of schools and places of worship for different denominations. The Sub Counties have Universal Primary Education schools. Universal Secondary Education schools, private primary schools and private secondary schools. The Sub Counties have Health Center IIIs and other health center IIs that are established at parish levels. The Sub Counties have a well-established road network that connects different localities in the area. The road network helps people especially farmers to transport their produce to markets. The roads also serve as means of transport to schools, churches, administrative centers and homes for social, economic and political functions.

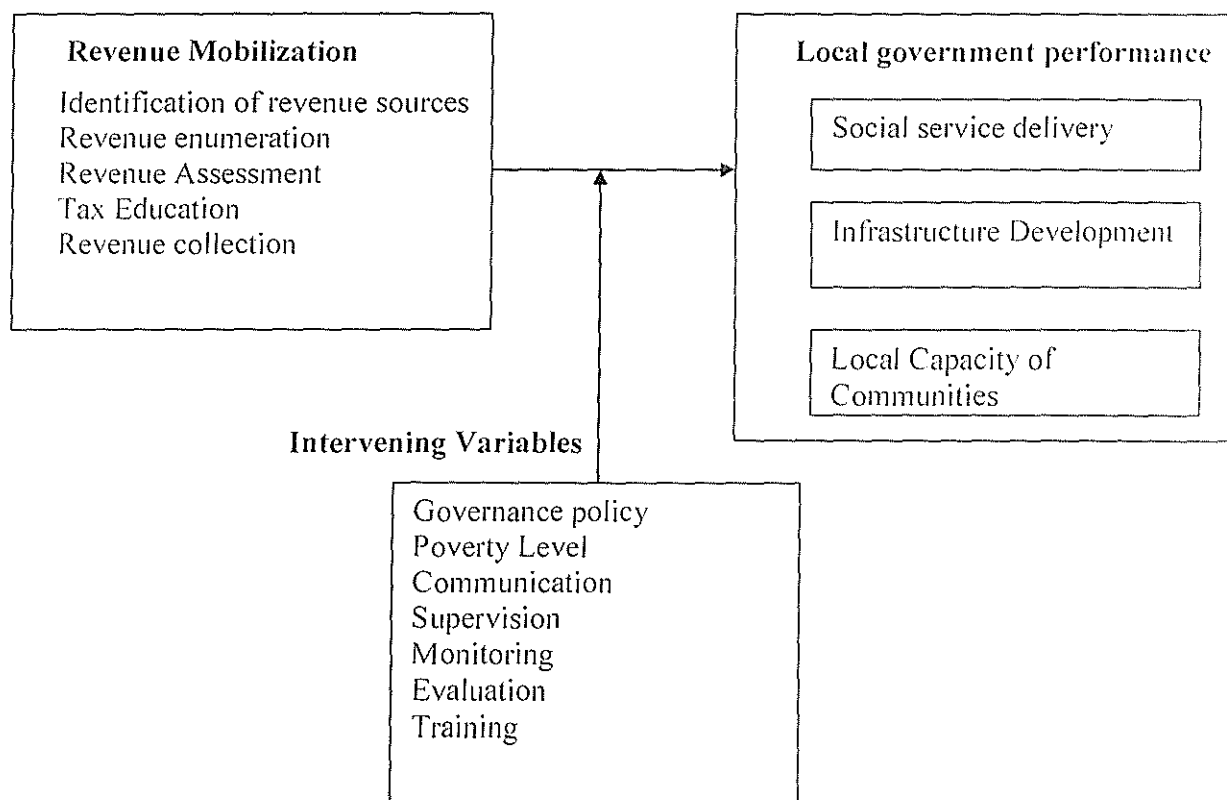
1.7.3 Time scope

The time scope for this study was ten years (10) from 2006 - 2015. The researcher considered this time line was sufficient enough to generate facts based evidence for this study. This time frame was selected because it covered the period after the abolition of Graduated Tax from 2006. This was the time Local Governments started experiencing difficulties in revenue mobilization as Graduated Tax was the major source of revenue for Local Governments

1.8 Conceptual Frame Work

This study analyzed the strategies adopted and challenges met by Local Governments as a function of local government performance. In this case, the independent variable was revenue mobilization while the dependent variable is performance of local governments. This was guided by the conceptual frame in the figure bellow.

Figure 1: Conceptual Framework
Independent Variable



Source: Adopted and adapted from Stuart (2009).

From the conceptual framework in figure 1 above, it is vital to note that revenue mobilization with its constituents: Revenue assessment, tax education, tax remuneration form the independent variable. These are directly linked with the dependent variable performance of Local Governments with its elements of social services, infrastructure development and local capacity of communities.

It is prudent to observe that the linkage between the dependent and dependent variables is both directly and indirectly influenced by the intervening variables such as the government policy, poverty levels, communication, supervision, monitoring, evaluation and training indirectly affecting both the service delivery and the revenue mobilization respectively. For example government abolished graduated tax where local governments were mobilizing revenues to

provide services to their communities yet the government grants sent to local governments under the decentralization system usually come with conditions and string attached.

Government policy in a particular local government influences human social economic activities and impacts on revenue generation and mobilization and performance of local governments and peoples' mind set about taxation in local government, accountability and service delivery influences tax payers compliancy and revenue mobilization generally. Some of the interventions include training, monitoring, communication, evaluation, poverty levels, supervision and government policy. Providing the necessary information is an important ingredient for communication and coordination. The flow of information promotes good service delivery, infrastructure development and the capacity building of the community.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature on revenue mobilization and performance in local governments in Uganda. It reviewed through various documents that deemed relevant to the study that included journals, newspapers and websites. The literature was presented according to the objectives of the study.

2.1 Effect of Revenue Mobilization on social service delivery in Local Governments

In Local governments, revenue is of different types. There is Local revenue and revenue from the Central Government. From another perspective Revenue may be internal or external from Donor agencies and other global financial institutions in form of Grants, Donations or loans. Local Governments own revenue sources presently constitute less than 10% of total LGs funding. In the rural areas LGs depend mainly on graduated tax (GT), which more vulnerable and usually not enforced during collected by Sub-County, which retains 65% and passes 35% to the district for service delivery. The 65% retained by the Sub county is again assumed to be 100% and 5% is remitted to the County council, 5% distributed to the parishes and 25% distributed to the village councils leaving the sub county with a balance of 65%. In addition to local revenue LGs do receive three types of grants transferred from central government (GoU) 1995:127: Art.193),namely unconditional, conditional and equalization grants. The LGFC advises government on matters related to LG's finance.(LGA 1997)

Unconditional grant is the minimum grant that is paid to LGs to run the decentralized services and is formula driven. Most of the unconditional grants are used by LGs to meet their recurrent costs wages and salaries and general operating costs. Conditional grants are moneys that are given to LGs to finance programmes agreed upon between the central government and LGs. However the conditionality must be negotiated and agreed upon between the central and local and local governments.

The dominance of conditional grant, the insignificance of local revenue and a stagnant unconditional grant has a big bearing on LGs planning & budgeting. Discretionary project funding such as the LGDP modality became important in the FY 2000/1. This was because under LGDP I the World Bank provided a credit of the constraints being faced by LGs, amongst others, are the heavy reliance on Graduated tax, which accounts for about 85% of LGs local revenue, and the politicization of the tax. The Graduated Tax collected by Districts fell from Ush 67.13 billion in the FY 1997/8 to only Ushs.36.96 billion in the FY2001/2 (MoLG, 2003). This is a revenue fall of 45% from the Graduated tax revenue has adversely undermined the efforts of LGs to raise local revenue.

In 1995 government with financial support from the World Bank piloted a community demand driven participatory service delivery approach in the municipalities of Lira (North), Mbale (East), Masaka (South) and Fort Portal (West) Discretionary funds were availed to the communities in the peri-urban areas of these municipalities to decide through a participatory process on the type of services they would want to be provided. The menu was limited to improvements of water, sanitation, access roads, and drainages since these are the most common problems in peri-urban areas.

Today all Districts or municipalities have their year development plans linked to the budgets. The process is being deepened at Sub-County level. More than 75% of LLGs have reasonable development plans, which are linked to the budgets. The various organs of council, which are responsible for planning and budgeting at all levels of LGs are becoming more aware of their roles and responsibilities within the context of planning, budgeting and monitoring and review of plans and budgets.

Although the legal provision and the institutional frame work provides for participation and transparency in LGs planning and budgeting process, there are a number of challenges on the ground to operationalise these provisions. Some of the challenges include the following.

LG plans should have clear vision, goals and objectives. This means the political leadership knows clearly where it wants its LG to be in the next ten to twenty years. In most cases LGs

leaders lack this visionary capacity and most LGs development plans are bogged down in trying to solve problems rather than bring forward looking because of the constrained based planning process, the budget ends up not being optimally utilized due to lack of linkages and no multiplier effects.

Unlike in Central Government where planning and budgeting is sector driven, LGs plans should be integrated. The practice on the ground is that in most cases because of the strong links the various directorates in LGs have with their respective sector ministries, planning in LGs still respective sector driven. This has resulted into lack of integration. The problem is compounded by the fact that there are a number of cross-cutting issues such as gender, environment, HIV/AIDS etc which do not have substantial budget support from the centre. They therefore get marginalized during LGs budgeting and allocation of resources although they are very vital to be addressed if the quality of lives of the people are to be improved.

The LGs Act 1997 requires District to incorporate plans of LLGs (GoU 1997:34 S.36). The Act also recognizes all LGs (GoU 1997:12, S.4 (2) – (7) as body corporate with a perpetual succession and a common seal, and may be sued in its corporate name (GoU 1997:13, 3.7). These two legal provisions have resulted into different understandings by different LGs with regard to the need to integrate the plans and budgets of LLGs. Some Districts want to attach the plans and budgets of their respective LLGs to their budgets and plans; others include all projects of LLGs into their plans and budgets. In some isolated cases due to political differences some sub counties do not get on well with their parent district LG. This affects integration of plans and budgets. In circumstances like this, a lot of time is lost solving disputes.

According to the Local Government Act (1997) section 84, the central government shall transfer money to local government in three ways: Unconditional grant in accordance with sub section (2), Conditional grant in accordance with sub section (3) and Equalization- grant in accordance with sub section (4). A conditional grant shall consist of money given to local governments to finance programs agreed upon between the central government and local government and shall

be based on the degree to which a local government unit is lagging behind the national average standard for a particular service (Ehtisham,1997)

An unconditional grant is the minimum grant that shall be paid to local governments to run decentralized services and shall be calculated in the manner specified in the seventh schedule to the constitution (FDS, 2000). Local revenue is the money to be paid to Local Governments for giving specific services like education, healthy and others. For making special provisions for the least developed districts and shall be based on the degree to which a Local Government unit is lagging behind a national average standard for a particular service (Ehtisham, 1997).

A council may access Donor Funds which may be un conditional depending on terms of the Donor. Local Governments receive revenue from funds and NGOs and they include: domestic funding sources that consists of voluntary transfers other than grants, multilateral development partners that consist of grants from foreign governments and foreign sources of funds which consist of voluntary transfers other than grants.(Local Government Act 1997)

The study carried by Repoa Brief (2008) on research poverty alleviation observed that a large number of revenue sources have been outsourced in recent years. They include private collection of property taxes in some urban councils market fees, forestry levies, bus stand and parking fees.

The report from Repoa Brief observed that in Kilindoni MC, the collection of property taxes in certain areas was collected by private consultancy from specialized agency in tax advice during 2004 – 2005; while market fees was outsourced to market associations or cooperatives operating in the respective markets. Local governments in Uganda have the power to outstand revenue collection from loans. The first limitation is that loans must not exceed 25% of the locally generated revenue provided that local government demonstrates ability to (Local Governments' Act, 1997)

Other sources of revenue include individual income tax, which applies to the entire income of an individual whether spent or saved, payroll taxes and Corporation income tax. Sales and excise taxes which taxes levied on the exchange of goods and services at one or more stage in the

process of distribution, property taxes, consumption tax, expenditure tax. A tax levied on the wealth or income of individual. Excise tax: sometimes called consumption tax on certain goods produced within or imported into a country. Indirect tax: a tax that is on expenditure such as sales tax imposed at retail level, excise tax or value added tax.

2.2 Effect of Revenue Mobilization on Infrastructure development in Local Governments

It is generally acceptable that revenue is a major prerequisite for national development. Increased demand for more revenue has more than doubled in recent times. This has been due to several factors that impact a lot of pressure on Infrastructural changes occurring in the economies and policies in development thus creating a big gap between tax payers and tax collectors. The major source for financing infrastructure service delivery in LGs has been sector conditional grant. The equalization transfer has been minimal. From FY 1997/8 to FY 2002/3 fiscal resources to Districts LGs increased from about Ushs 241 billion to about Ushs.688 billion. This is about 185% increase within five years. There has therefore been improvement in adequacy of resources over the years. Despite this increase the concern is that more than 90% of these resources are transfers from central government, and more than 80% of the transfers are conditional grants thus undermining LGs discovery capacity to allocate and spend resources.

(Charles, 1992)

Commenting on Finance Bill (2008), Kabondo observed that parliament has revised and approved the new government tax measures with a blanket tax waiver to tax payers in the country covering all outstanding debts on infrastructure accrued before 2002. (Daily Monitor: September 2008). The report also noted that the House passed the Finance Bill (2008) whose purpose among other things is to grant other tax waivers of about 66.7 billion shillings outstanding tax arrears, interest and penalties since June 2002. The proposal is important for improved infrastructure development in the Country through tax administration and management as these tax arrears date back more seven years and evidently not performing well. (Fiscal Decentralization Strategy 2000)

It seems many local governments in Uganda have reformed their tax collection system in order to increase their revenue and improve on infrastructure development. The Local Government

Financial and Accounting manual (2007) points out that Local Government's revenue is regulated by section 80 of the Local Governments Acts and the fifth schedule of the Local Government Act (1997). Each local government council shall collect revenue in accordance with the provisions of the schedule and the priorities of the area.

According to Local Government Act (cap 243) 79, under the financial autonomy of urban Local Governments, local Governments may levy, charge and collect fees and taxes including rents, stamp duties and registration and licensing fees and taxes that are specified in the fifth schedule of the Act. Each local government shall draw up a comprehensive list of all its internal revenue sources and maintain data on total potential collectable revenues. This is meant for infrastructure development in the area of operation.

An analysis of revenue performance in local governments is an attempt to establish the strength, weakness, opportunities and challenges of how local governments manage and utilize the available resources to meet the needs. According to the Annual Assessment of Mitooma District (2011) performance is determined on the basis of the revenue existing challenges that help to design appropriate strategies. The report ought to identify clear strategies of exploiting the opportunities and resources are needed to address local government challenges and core problems with emphasis on addressing poverty directly or indirectly and empowering the poor through priority projects and key infrastructure investments (Prest A 1997)

Although Local Governments enjoy autonomy in the collection of their revenues, none of the local governments in Uganda has been able to fully finance its development initiatives. This was one of the reasons why early in the decentralization process a few donors decided to finance operations in a few districts. Pioneering support to decentralization was DANIDA, the Danish Development Agency that started its activities in Rakai District as early as 1992. Before the DANIDA intervention in Rakai, the local government was generating only 270 million, approximately \$160'000 which was well below the required revenue to finance local investments. Research carried out by Ssewakiryanga (2005) uncovered serious flaws in the design and practice of local taxation, mainly in rural areas. His research showed that despite being as progressive taxes, local taxes are in reality highly regressive.

2.3 Effect of Revenue Mobilization and Local Capacity of the Community of local Governments

Low capacity Building of low income countries to mobilize more tax revenue is now at the top of the development policy agenda. Countries need to be able to finance increased public spending on poverty reduction as well as public goods that are critical to economic development. While aid in flow can provide much needed funding, recipients need to make every effort to improve and reform their tax systems so that domestic revenues rise overtime, eventually leading to a reduction in their aid dependence. At the same time, governments and donors must be careful to design tax reforms in ways that take proper account of their distribution impact. (Martin, 2005)

The study will analyze local revenue mobilization strategies used and how revenue is being collected, utilized and accounted for to improve local government performance. The researcher will relate revenue mobilization with performance of local governments in as far as service delivery is concerned. The researcher will also consider other intervening variables that have a bearing on revenue mobilization as well as local government performance such as politics, economic climate and people's mind set among others (Repoa, 2008).

A lot of achievements have been registered in improving the capacity of LGs plans and budgets through programmes / projects such as the District Development Project (DDP) funded by the United Nations Capital Development Programme.(UNCDP) (UNDP/GoU,1997) and the Local Government Development programme (LGDP) funded by the World Bank (World Bank, 2003) a lot of efforts have been made to revise the planning and budgeting guides / manuals.

2.4 Gaps identified from the reviewed literature

Revenue effectiveness is both imperative and a challenge to many local governments in Africa. The challenges of local revenue mobilization are often coupled with few domestic revenue sources and low human resource capacity to effectively mobilize locally available resources to improve on service delivery. Therefore, it is not surprising that local revenue mobilization reforms, strategies and management systems have been a priority for most of African local governments and their development partners (Folscher, 2008).

Secondly, most local governments have not yet fully exploited their potential revenue sources. Some potential revenue sources still lay un used and as such the resource envelope remains constrained. For example, up to the recent past, Local Service Tax presently charged to income earners in their respective income brackets was not being collected. Yet, this is a viable revenue source to finance some of the local government's projects (Banyoya, 2012). Important to note is that up to now, taxpayers have not been adequately educated to improve their compliance to tax payment. Most are not even aware as to why they ought to pay tax. For this among other reasons, some tax payers evade tax payment and this further constrains revenue mobilization. Local governments spent a lot of money and time while collecting taxes and as a result it sometimes becomes not cost- effective to collect such taxes (Fiscal Decentralisation Strategy, 2000).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction.

The chapter presents research design, population and sample size, data collection instruments, data quality control, procedure for data collection, data analysis and ethical consideration.

3.1 Research Design

In this study, the researcher employed a number of designs in order to exhaustively generate facts. This study employed a descriptive research design whereby the researcher got the views, ideas and attitudes of the respondents to describe the status-quo (Enon, 2008). An analytical research design was also used because it was intended to assist or help a researcher in data analysis and presentation of findings a different instrument and different interview methodology (Jacobs and Razavieh, 1990). In addition, the correlation research design was also used and here, the researcher related the views given by the respondents for each study objective to establish if they have any similarity or not. Correlation studies are relevant for topics with two or more variables because respondents usually have different views from each other but their views are related if the tools used are reliable (Karooro, 2004). Finally Bitereko and Kanyabwanga Sub Counties have been selected to represent the rest of the Local Governments in Mitooma district. The researcher believes that all local governments are more or less homogeneous in issues of revenue mobilization and performance. Therefore, findings of this particular study may be applied as a yard stick for the rest of local governments.

3.2 Study population

The population for Bitereko Sub County is 23,400 and Kanyabwanga Sub-County was 14800 (NPHC,2014) but for this study the target population was 1526 consisting the tax payers. These include weekly and monthly traders in the market, butchers beer sellers, food stuff traders, loading the trucks, trading business people like shop owners. Civil servants and political leaders in Bitereko and Kanyabwanga Sub Counties serving at different levels. The researcher decided to target this population because they are the most knowledgeable people as far as this study was concerned. First of all they are engaged in revenue mobilization; sensitization, collection and payment both directly or indirectly as shown in the table below;

Table 1: Showing the target population in Bitereko and Kanyabwanga sub counties.

Category	Target Group
Tax Payers	1500
Selected Civil Servants	10
Chairpersons L C III	02
Selected LC V Councilors	04
Selected LC III Councilors	10
TOTAL	1526

Source; Bitereko and Kanyabwanga Sub Counties Budgets, 2014

3.3 Study Sample

Since the target population was rather big a respective sample was selected by using tables by (Krejcie and Morgan to determine the sample size) See appendix III. After determining the sample size, the researcher went ahead and identified specific subjects in the sample.

Table 2: Showing study sample

Category	Target Group	Sample Size	Mode of selection
Tax Payers	1500	306	Krejcie and Morgan
Civil Servants	10	10	Purposive Sampling
Chairman L C III	02	02	Purposive Sampling
LC V Councilors	04	04	Purposive Sampling
LC III Councilors	10	10	Purposive Sampling
Total	1526	332	

Source: Bitereko and Kanyabwanga Sub Counties Budgets, 2014

3.4 Data Collection methods and instruments

3.4.1 The questionnaire

The researcher used the questionnaire on the elite category of respondents: Civil Servants, LC V Councilors, Chairman L C III and L.C.III Councilors. These were given questionnaires and they filled them and were collected back. The questionnaires were preferred because they are easy to administer and less costly to collect data from the respondents.

3.4.2 Interview

The researcher used interview methods for data collection. The interview method was used on all tax payers because this category consists of some respondents who could not read and write. The researcher formulated guiding questions objectively in relation to the research objectives. This tool was designed in such a way to capture all the necessary data and probing was emphasized. The interview guide promoted high response rates because where the question was not well understood; the researcher rephrased and explained for respondents to understand.

3.5 Data Quality Control

3.5.1 Validity of Instruments

The study instruments were developed bearing in mind that, they measured what they were expected to measure and accurately. They were first analyzed and pre- tested on some people in similar situation like the one under investigation of study as that of the researcher and they were scrutinized and developed under close guidance of the supervisor. The research calculated the content validity index using the formula:

$$\text{CVI} = \frac{\text{Number of valid items declared valid}}{\text{Total number of items}}$$
$$= \frac{28}{32}$$
$$= 0.875$$

The CVI was found to be greater than 0.7, that is 0.875 therefore the instrument was valid for use in data collection.

3.5.2 Reliability of instruments

According to Mugenda (2003) reliability is a measure of the degree to which a research instrument yields consistent results of the data after repeated trials. The study considered internal consistency technique to determine the reliability of the instruments. The instrument is reliable after it has produced the same results when repeatedly used in measuring the concepts from the same respondents even by other researchers (Amin, 2005). The Cronbach's alpha coefficient method was used to test the reliability of instruments by measuring the degree of reliability this formula helped to determine the various observed total test scores for the study sample. The

result from the formula was 0.878 which showed that the instruments were reliable for data collection.

3.6 Data collection procedure

Before, during and after data collection: Before administration of the questionnaires the researcher requested for an introduction letter from the post graduate studies and research directorate addressed to the authorities of Kanyabwanga and Bitereko sub counties where the study was conducted to allow the researcher collect data from the area. During the administration of the questionnaires the researcher requested respondents to answer all questions, to avoid bias and be objective in answering the questionnaires. After this exercise the answered questionnaires were collected and checked for completeness. Then the researcher edited the responses and entered them into the SPSS package for further processing and analysis.

3.7 Data analysis

Quantitative, descriptive statistics were used to represent quantitative data. This involved the use of frequency tables and percentages of study variables. Objective one was analysed by use of descriptive statistics and this involves tables and tabulations of statistical figures

Here it follows a rationale that once questionnaires and other data collection tools have been administered the mass of collected raw data must be systematically organized in a manner that facilitates analysis (Mugenda, 1999). Thus data from completed questionnaire was edited, categorized, coded and entered into the computer Scientific Package for Social Scientists and summarized using simple frequency counts and percentage distribution, mean and standard deviation for analysis.

In relation to qualitative analysis the researcher based on the collected information from the respondents to establish patterns and relationships within the area studied. Quantitatively the researcher summarized data using descriptive statistics like graphs, percentages, frequencies, means and standard deviation which enabled the researcher to meaningfully describe the distribution of scores and measurements. Using these techniques the presentation, analysis and interpretation of the findings made it easy to comprehend and draw conclusions based the findings

3.8 Limitations and Delimitations of the study

The researcher experienced the challenge of English language to interpret the interview guide questions to the majority of respondents who were tax payers. The self-administered questions were given to the literate category of respondents like civil servants and local council members (Chairman LCIII, LCIII councilors and LC5 councilors)

For this matter, the researcher used an interview guide to interview these respondents. The researcher engaged them in interviews and probed the respondents basing on the objectively selected questions to generate data.

The researcher also anticipated respondent bias. Some respondents developed bias on the study generally or the researcher specifically and this affected response. To this effect, the researcher was ethical and promoted the relationship between himself and the respondents. The researcher started the whole process of data collection by building good rapport so that he captures the good will of the respondents. Then they opened up and gave genuine responses.

In addition, the researcher anticipated that some respondents misinterpreted the questions leading to wrong responses. This was as a result of use of hard terminologies or difficult phrasing and hard language. For this matter, the researcher tried as much as possible to make the questionnaire simple and understood. Good diction and simple language were used to promote understanding.

3.9 Ethical Considerations

During the planning, collection and processing of data, the researcher followed a number of research ethical standards which included; seeking informed consent of the respondents and making it known that their participation was voluntary and they were free to withdraw from the study at any time or may not answer questions they were uncomfortable with.

The researcher accorded due respect to the respondents privacy and confidential treatment so that the names of the participants and their businesses or projects were not identified; the respondents remained anonymous

The researcher sought permission from the sub county chiefs to gain access to selected respondents and this was followed by officially presenting to them the approval letter from post graduate studies and research directorate requesting them to allow the researcher to conduct the study.

The researcher also displayed high level of confidentiality with data collected from the respondents and sought consent from them before administering data collection instruments.

The researcher was objective in conducting the research process to avoid bias, by for example employing research assistants to collect the data.

The researcher got exposed to respondents and this strengthened his skills of approach in expressing in public and how to legally approach offices in finding out information on confidential matters like finance. The researcher benefitted from these findings as far as applying the skills on his job which he is doing now because of study area being adjacent to one another.

The research did not spend much in accessing because of nearness of the sub counties

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.0. Introduction

This chapter presented, analyzed and interpreted research findings according to the study objectives and research questions in order to address the purpose of the study. The chapter started by looking at the social economic and demographic profile of respondents in terms of age, sex, marital status, religion, occupation and education level of respondents.

4.1. Demographic profile of respondents

This section contained a detailed description of results obtained after analysis of the findings. In this section tables and percentages were used to present findings against presentation and interpretation of demographic characteristics of respondents.

This information gathered was from opinions, attitudes, findings of a cross section /categories of different respondents for a wider perspective and analysis. The findings obtained under this section were further interpreted in terms of knowledge and expertise of the relationship of local revenue mobilization and performance of local government as variables that were being investigated.

Table 3: Demographic characteristics of respondents

category	Frequency	Percent
Gender		
Males	146	44
females	186	56
Age		
18-30	30	9
31-45	143	43
46-60	132	40
61 and above	27	4
Marital status		
Married	184	55
Single	130	39
Separated	16	5
Others	2	1
Education		
Primary	125	38
Secondary	148	46
Tertiary	47	14
Degree	12	2
Profession		
Education	120	36
Not employed	15	5
Privately employed	20	6
Civil servant	4	1
Farming	172	52

Source: field data 2016.

The study includes 146 males (44%) and 186 females (56%) as shown in the table. Findings according to the table indicated that 146 respondents were males accounting for 44% of the total respondents and 186 respondents were females accounting for 56% of the total respondents. This means that the study generated different responses according to revenue mobilization and performance of local government specifically in Bitereko and Kanyabwanga sub- counties.

The high percentage of females 56% was attributed to the fact that; in most societies in Uganda women are the majority and were easily accessed by the researcher because at the time of research they were found at home due to the nature of work they do, while men were always away at trading centers enjoying their leisure time and most of them could not answer the questions poised to them due to the state they were in hence accounting for large number of women (females) as compared to men who participated in the study as indicated in the table. The involvement of both males and females in the study had implication that data generated was not biased as it included the respondents of both males and females in relation to the revenue mobilization and performance of local government implying that women were engaged in the economic activities such as business, trade, agriculture that are key sources of revenue to the people of Bitereko and Kanyabwanga sub-counties therefore necessary for their involvement in the study.

As regards the age of the respondents, the responses revealed that the age group 18-30 were 30 respondents (9%), 31-45 were 143 (43%) 46-60, they were 132 respondents (40%) and 61 and above they were 27 respondents as shown in the table. This implied that the highest numbers of respondents were aged between 31 and 45 while the least respondents were aged 61 years and above.

The highest number was attributed to the fact that these were mature people with established families and had relevant knowledge about revenue mobilization and performance of local governments as they are involved in paying a number of taxes as a result of their activities and they know the services provided by the government as the sign of performance.

The issue of age was important in establishing the effect of revenue mobilization and performance of local government in Bitereko and Kanyabwanga sub counties Mitooma district. These were the people with relevant knowledge about revenue mobilization since they have been paying taxes for quite a long time and therefore able to tackle the problem of revenue mobilization and performance of local governments, the variables that were being investigated by the study. Therefore, responses were from different categories of people in terms of age and therefore able to generate balanced responses and data.

From the findings, the majority of the respondents were married 184 respondents (55%), followed by single 130 respondents (39%), those separated were 16 respondents (5%) and others 2 respondents (1%) as shown in the table. The married and single composed the majority 184 and 130 respectively making 55% and 39% respectively.

These were the people from the established families versed with relevant information needed by the researchers on revenue mobilization and performance of local governments in selected sub counties of Bitereko and Kanyabwanga Mitooma district as required in the study.

About education level of respondents, the study indicated that the majority had completed secondary level 148 respondents, primary 125 respondents; tertiary 47 respondents while degree were 47 respondents according to the table.

The high number of respondents in education levels between secondary and primary had a relevance to the study since they were the people with relevant knowledge because they had relevant knowledge as they were able to explain the variables in terms of revenue mobilization and performance of local governments in Bitereko and Kanyabwanga sub counties Mitooma District.

Furthermore, the researcher contacted various people from various professions such as education 120 respondents (36%), not employed 15 respondents (5%), privately employed 20 respondents (6%), civil servants 4 respondents (1%) and farming 172 (52%).

The highest numbers of respondents in farming was attributed by the fact that these two sub counties are rural and are dominantly occupied by the farmers thus yielding high figures. Majority of the farmers earn their living through agriculture and therefore much of the revenues

generated from these two sub counties is got from agricultural products and the local governments get the revenues from the sales of agricultural products in form of trading license market dues, liquor fees and other taxes hence the study necessitated the involvement of the farmers as they were resourceful in the study.

4.2. How revenue mobilization has affected social service delivery in Bitereko and Kanyabwanga sub- counties

Table 4: Showing how revenue mobilization has affected social service delivery in Bitereko and Kanyabwanga sub counties

Revenue from internal sources is used to provide social services in Bitereko and Kanyabwanga sub counties.	SA	A	SD	D	N
	80	182	60	10	-
External sources generate most services in Bitereko and Kanyabwanga sub counties.	193	67	40	30	02
There are potential revenue source for social service provision in Bitereko and Kanyabwanga.	28	69	180	150	5
Market fees are adequately collected in Bitereko and Kanyabwanga sub counties.	218	83	27	3	1
All potential revenue sources are tapped and budgeted for in Bitereko and Kanyabwanga sub counties.	110	186	84	2	-
Some revenue sources are not tapped in Bitereko and Kanyabwanga sub counties.	134	180	02	04	02
All revenues in Bitereko and Kanyabwanga sub counties are tendered out.	25	80	117	102	08
Some revenues in Bitereko and Kanyabwanga sub counties are not tendered out.	44	40	206	38	4

Source: field data 2016

From the study findings, the respondents were asked whether revenue from internal sources is used to provide social services in Bitereko and Kanyabwanga sub counties and responses were as follows: 80 respondents strongly agreed, 182 respondents agreed, 60 respondents strongly

disagreed and 10 respondents disagreed according to the table 4.2. This implied that majority of the respondents agreed that revenue services from local sources is used to provide social services to the people of Bitereko and Kanyabwanga sub- counties.

From the findings, it was found out that external sources generate most services in Bitereko and Kanyabwanga sub counties and this was revealed by the following responses 193 respondents strongly agreed, 67 respondents agreed, 40 respondents strongly disagreed, 20 respondents disagreed and 2 respondents were not sure whether revenue mobilization has an effect on local government performance. This implied that most of the external services are conditional from that one used to provide specific services in the sub counties and therefore this money cannot be used for other things apart from the specified services by the grant in question.

The study findings further revealed that all market fees are tendered out. This was according to the responses from the respondents as thus; 218 respondents strongly agreed, 83 respondents agreed, 27 respondents strongly disagreed 3 respondents disagreed while 1 respondent was not sure, whether all market fees are tendered out. The study revealed that markets such as Rutooky weekly market Kamabare monthly market and Karagara weekly market are all tendered out in Bitereko Sub County while markets of Rwenkurijo and Kashongorero markets in Kanyabwanga Sub County are also all tendered out. This means that all revenue sources from markets in both Bitereko and Kanyabwanga sub counties are all tendered out to raise revenues for the sub counties.

On the question whether all potential revenue sources in Bitereko and Kanyabwanga sub counties are tapped, the findings indicated that 110 respondents (33%) strongly agreed, 136 respondents (41%) agreed, and 2 respondents (0.6%) disagreed according to the table 4.2.

This implied that most of the local revenue sources in Bitereko and Kanyabwanga sub counties are tapped in order to enable the provision of services to the people, besides the people are poor as most of them are engaged in subsistence agriculture where they only produce for home consumption with little surplus for sale to get cash hence jeopardizing service delivery from revenues generated in the sub county.

The respondents were asked whether some revenues were not tapped in both Bitereko and Kanyabwanga sub counties and responses were that 134 respondents (40%) strongly agreed that all revenue sources are not tapped, 180 respondents (54%) agreed, 02 respondents (06%) strongly disagreed, 4 respondents (1.2%) disagreed and 2 respondents (0.6%) were not sure whether some revenue sources in Bitereko and Kanyabwanga are not tapped.

This meant that some revenue services in Bitereko and Kanyabwanga sub counties are not tapped and that efforts need to be made to ensure that all revenue services are tapped and tendered out in order to bring services measures to the people by increasing the functioning of local governments.

Again on whether all revenue sources in Bitereko and Kanyabwanga sub counties are tendered out, the following were responses 25 respondents (8%) strongly agreed, 80 respondents (24%) agreed, 117 respondents (35%) strongly disagreed, 102 respondents (30%) disagreed and 8 respondents (24%) were not sure. This means that, these were isolated cases where some revenue sources were not tendered out in steady were being collected by parish chiefs especially Bugongo parish and Kigarama parish in Bitereko sub county and Rucence and Kati parishes in Kanyabwanga sub county.

On the question whether some revenues in Bitereko and Kanyabwanga sub counties are not tendered out, the following were the responses. 44 respondents (13%) strongly agreed, 40 respondents (12%) agreed 206 respondents (62%) disagreed 38 respondents (11%) disagreed and 4 respondents (12%) were not sure. This means that majority of the respondents disagreed that some revenues in Bitereko and Kanyabwanga sub counties were not tendered out. They mentioned that they are tendered out only that high poverty levels reduce tremendously amount of revenue collected from these two sub counties internal revenue sources.

Table 5: Showing the interpretation of revenue mobilization and service delivery using mean and standard deviation.

N=26

NO	Article	Mean	SD	Interpretation
1	Revenue from internal sources is used to provide services in Bitereko and Kanyabwanga.	2.85	1.109	Good
2	External sources generate most services in Bitereko and Kanyabwanga sub counties.	2.78	1.064	Good
3	There are potential revenue services in Bitereko and Kanyabwanga sub counties.	2.77	0.912	Good
4	Market fees are adequately collected in Bitereko and Kanyabwanga sub counties	2.75	1.058	Good
5	All potential revenue sources are tapped and budgeted in Bitereko and Kanyabwanga sub counties.	2.72	0.996	Good
6	Some potential revenue sources are not tapped in Bitereko and Kanyabwanga sub counties.	2.65	0.906	Good
7	All revenues in Bitereko and Kanyabwanga sub counties are not tendered out.	2.61	0.797	Good
8	All revenues in Bitereko and Kanyabwanga sub counties are tendered out.	2.60	0.914	Good
9	There is a relationship between revenue mobilization and service delivery in Bitereko and Kanyabwanga sub counties	2.54	1.020	Good

Source: field data 2016

The data under this section was quantifiable and therefore only respondents who were given questionnaires were considered.

These were only 26 in number to give the rating that led to deliberations either positive or negative accordingly. The level of how revenue mobilization has affected social service delivery in Bitereko and Kanyabwanga sub counties. The interpretation was reached upon through rating using likert scale considering:

5- Strongly agree,

- 4- Agree,
- 3- Strongly disagree,
- 2- Disagree and
- 1- Neutral / not sure.

These were supported by the mean range that brought about the interpretation according to the table below.

Mean range	Response mode	Interpretation
3.26 - 4.00	Strongly agree	Very good
2.51 - 3.25	Agree	Good
1.76 - 2.50	Strongly disagree	Fair
1.00 - 1.75	Disagree	Satisfactory
1.25 - 1.00	Neutral	Poor

The results were analyzed in the table, however, it should be noted that, this mean range was meant to be used where applicable in subsequent questions in the study of revenue mobilization and performance of local governments.

From the study findings according to the table, the revenue from internal sources are used for the provision of services in Bitereko and Kanyabwanga sub counties had the mean score of 2.85 and the standard deviation of 1.109 interpreted as 'Good'. This meant that, it was agreed by all the respondents that revenues from internal sources are used for provision of services. This was considered important following the way local revenue is mobilized and the performance of local governments in selected sub counties of Bitereko and Kanyabwanga.

The second component was external sources generate most services in Bitereko and Kanyabwanga sub counties. It had a mean score of 2.78 and standard deviation of 1.064. This was interpreted as good meaning that revenue generation contribute greatly to service provision in the sub counties under the study.

The third ranked variable was that market fees are adequately collected in Bitereko and Kanyabwanga sub counties. This obtained mean score of 2.75 and standard deviation of 1.058 interpreted as 'Good' perspective that most markets in Bitereko and Kanyabwanga sub counties are tendered out to private individual to collect revenues on the behalf of the sub counties. This helped in transparency accountability and value for money in local governments. This means that market fees are adequately collected as a source of internal revenue mobilization used in service provision in Kanyabwanga and Bitereko sub counties.

The fourth ranked variable was that are revenue sources are tapped and budgeted for. In this cause income and expenditure should be put under consideration by local governments especially Bitereko and Kanyabwanga sub counties. This variable had a mean score of 2.72 and standard deviation of 0.996 interpreted as 'Good' the reason behind this was that income and expenditure follows a policy guided prudent for policy makers to prioritize the most pressing needs /issues of local governments as priority areas.

The fifth ranked fact was that some revenue sources are not tapped in Bitereko and Kanyabwanga sub counties. This had a mean score of 2.65 and standard deviation of 0.906 interpreted as 'Good' this implied that revenue enhancement plan needs findings from village level which in most cases is not carried out by the sub county planners and parish chiefs. Sub counties always have deficits in their budgets.

The sixth ranked variable was that most revenues sources in Bitereko and Kanyabwanga sub counties are not tendered. It had a mean score of 2.61 with a standard deviation of 0.797 interpreted as 'Good' meaning that working with an organization for a long time requires delegation of some functions such as revenue collection to match the needs of the population and this developed a desire to achieve the set objectives by undertaking various types of functions.

The seventh item was that all revenue sources in Bitereko and Kanyabwanga sub counties are tendered out. This had a mean score of 2.60 and standard deviation of 0.914 and interpreted as 'Good' this implied that local governments have well trained staff and qualified ready for

mobilization of resources and implementation of government policies and programmes in sub counties.

The eighth variable was the relationship between revenue mobilization and performance of local governments. The variable got the mean score of 2.54 with standard deviation of 1.020 interpreted as 'Good'. Therefore, it should be important and an obligation of the community to take part in revenue collection and decisions that affect them though some times are not consulted. This explains why policies on revenue mobilization and collection are very clear and important in revenue management.

4.3. Effect Of Revenue Mobilization On Infrastructure Development.

Table 6: Showing effect of revenue mobilization on infrastructure development

RESPONSE	SA	A	SD	D	N
Tax education improves response of tax payers and infrastructure development.	204	80	28	16	4
Tax collectors have skills in revenue mobilization and provision of key infrastructures.	183	144	3	2	-
People in Bitereko and Kanyabwanga sub counties are engaged in infrastructure development.	120	180	20	10	2
Revenue collected is properly used in infrastructure development.	80	110	70	60	12
Tax assessment among tax payers is done fairly for proper service delivery.	128	173	19	10	2
Tax defaulters are adequately dealt with in sub counties in order not to compromise services.	47	66	190	19	10
Revenue generated from taxes is reflected in infrastructure provided.	73	118	80	60	1
There is positive political involvement in infrastructure in development.	150	170	5	5	2

Source: field data 2016.

Key

- 5. SA: Strongly agree,
- 4. A: Agree,
- 3. SD: Strongly disagree,
- 2. D: Disagree and
- 1. N: Neutral / not sure.

From the table findings indicated that tax education improves response to tax and improves infrastructure development. Responses from respondents were that 204 respondents strongly agreed, 80 agreed, 28 respondents strongly disagreed, 16 respondents disagreed and 4 respondents were not sure whether tax education improves response of tax payers and infrastructure development. This was evidenced by the road net works that were all worked in these two sub counties.

On the question whether tax payers have adequate skills in revenue, findings indicated that 183 (55%) strongly agreed, 144 (43%) agreed, 3 (0.9%) strongly disagreed and 2 (0.6%) disagreed as shown in the table 4.3. This implied that only technical people were involved in collection of revenues in two sub counties however, due to tendering systems adopted by local governments other revenues were collected by people with no skills especially markets as indicated by percentages besides this class of people, they have skills in tax collection.

On whether people in Bitereko and Kanyabwanga sub counties are engaged in infrastructure development the following responses were got from both sub counties 120 respondents (36%) strongly agree, 180 respondents (54%) agreed, 20 respondents (06%) strongly agreed, 10 respondents (03%) disagreed and 2 respondents (0.65%) were not sure. This implied that the people of Bitereko and Kanyabwanga sub counties are engaged in infrastructure development especially '*burungi bwansi*' in all villages.

Furthermore, findings on whether revenue collected is properly used for infrastructure development, responses were that 80 respondents (24%) strongly agreed, 110 respondents (33%) agreed, 70 respondents (21%) strongly disagreed, 60 respondents (18%) disagreed and 12 respondents (3.6%) were not sure. This meant that the revenue collected is used according to priorities in the budget and annual work plan and this was evidenced by majority respondents in both sub counties.

The respondents were asked whether tax assessment among tax payers is fairly done for effective service delivery and the following were the responses: 128 respondents (52%) agreed, 19 respondents (6%) strongly disagreed, 10 respondents (3%) disagreed and 2 respondents (0.6%)

were neutral. This meant that tax assessment among tax payers is done fairly especially with local service tax which is assessed basing on ones level of income and therefore. it doesn't discriminate and treats people equally.

Again respondents were asked whether tax defaulters are dealt with adequately in two sub counties of Bitereko and Kanyabwanga and the following were responses: 47 respondent (14.156%) strongly agreed, 66 respondents (20%) agreed, 190 respondents (57%) strongly disagreed, 19 respondents (6%) disagreed and 10 respondents (3%) were not sure whether dealt tax defaulters are adequately dealt with in two sub counties of Kanyabwanga and Bitereko. However, most of them mentioned that strong stringent measures on tax defaulters were in existence before the abolition of Graduated tax but with other taxes that remained the response rate is low and most tax defaulters evade it thus yielding low relations and low service delivery.

Further still, respondents were asked whether revenue generated from taxes is reflected in service delivery and the following were responses. Findings indicated that 73 respondents (22%) strongly agreed, 118 respondents (36%) agreed, 80 respondents (24%) strongly disagreed, 60 respondents (18%) disagreed and 1 respondent (0.3%) was not sure about the subject matter under investigation whether revenue generated is reflected in service delivery in two sub counties of Bitereko and Kanyabwanga. This meant all revenues collected by lower local governments are spent with in legal frame work and the budget in place while providing essential services to the population.

Also the respondents were asked whether there is positive political involvement in infrastructure development and findings indicated that 150 respondents (45%) strongly agreed, 170 respondents (51%) agreed, 5 respondents (1.5%) strongly disagreed, 5 respondents (1.5%) disagreed and (0.3%) 1 respondent was neutral whether there was positive political involvement. These responses were backed by LCs who identified various dates when they do '*burungi bwasi*' and it was found to be a mandatory requirement for all the people to participate in infrastructure development.

4.3.1 Ranking The Effect Of Revenue Mobilization On Infrastructure Development In Bitereko And Kanyabwanga Sub Counties Were Analysed Using Likert Scale.

The respondent's reactions were clearly presented, analyzed, interpreted and discussed to suit the interests in line with research objectives. These findings were further analyzed using mean and standard deviation.

Table 7: Analysing the effect of revenue mobilization on infrastructure development in Kanyabwanga and Bitereko sub counties using likert scale.

NO	Article	Mean	SD	Interpretation
1	Tax education improves response of tax payers and infrastructure development.	3.49	0.839	Very good
2	Tax collectors have adequate skills in revenue mobilization and provision of key infrastructures.	3.22	0.755	Good
3	People in Bitereko and Kanyabwanga are engaged in infrastructure development.	3.18	0.811	Good
4	Revenue collected is properly used in infrastructure development.	3.11	0.881	Good
5	Tax assess among tax payers is done fairly for proper service delivery.	3.11	0.761	Good
6	Tax defaulters are adequately dealt with in Kanyabwanga and Bitereko so as not to compromise services delivery on infrastructure development.	2.99	0.778	Good
7	Revenue generated from taxes is reflected in infrastructure provided.	2.78	0.859	Good
8	There is positive political involvement in infrastructure in development.	2.54	0.903	Good

Source: field data 2016.

The good education tax system has improved the response of tax payers and this has improved infrastructure development in Bitereko and Kanyabwanga sub counties and this was first positioned with the mean score of 3.49 and standard deviation of 0.839, interpreted as very good according to the table as it was strongly agreed upon by respondents. This means that tax education was being done at all levels of administration in Bitereko and Kanyabwanga sub counties.

The question on whether tax collectors have skills in revenue mobilization and provision of key infrastructures was considered second with an average mean score of 3.22 and standard deviation of 0.755, thus interpreted as 'Good' this implied that tax education improves infrastructure development. This means that tax education is very important in facilitating revenue mobilization which is a recipe for infrastructure development in local governments.

The third ranked variable was whether the people of Bitereko and Kanyabwanga sub counties are engaged in infrastructure development. This had average mean score of 3.18 and standard deviation of 0.811 thus interpreted as good according to the table. This was due to the fact that much of the work was being done by local council ones (LC1s) in the opening and monitoring infrastructures in the sub counties of Bitereko and Kanyabwanga.

The issue of properly collected revenues being used in infrastructure development was ranked fourth with an average mean score of 3.11 and standard deviation of 0.889 interpreted as 'Good'. This meant value of collected revenues is manifested in infrastructure development in all villages of Bitereko and Kanyabwanga sub counties. This was in agreement with Linda (2003) who asserted that collected revenues are important in infrastructure development in Bitereko and Kanyabwanga sub counties.

On whether the tax assessment was being done fairly for proper service delivery, from the findings this yielded an average mean score of 3.11 and standard deviation of 0.761 interpreted as good. This meant that tax assessment is properly done and this has improved on service delivery.

On whether tax defaulters are adequately dealt with in Bitereko and Kanyabwanga sub counties so as not to compromise service delivery, from the findings this was ranked sixth with an average score of 2.99 and standard deviation of 0.778 interpreted as 'good' implying that tax defaulters are seriously dealt with by arrests and surcharge.

The issue that revenue generated from taxes is reflected in service delivery provided was ranked seventh with an average mean score of 2.78 with standard deviation of 0.895 by calculation and interpreted as 'Good'. This meant all revenues in service taxes are reflected in service delivery and that all the resources are spent according to the budget throughout the year. Thus improving service delivery in Bitereko and Kanyabwanga sub counties as indicated in the table above.

Lastly in relation to whether there is positive political involvement in infrastructure development which was ranked eighth with an average mean score of 2.54 with a standard deviation of 0.903 which was interpreted as good from the table. This meant that politicians do participate in infrastructure development especially councilors at all levels and they help in mobilization process of people to get involved in infrastructure development such as community access roads and buildings at health centre's and schools through operation and maintains plans.

Plate 1 showing buildings built using LGMSD funds for both in Kanyabwanga and Bitereko sub- counties



The plates showing Local Government Management and Service Delivery (LGMSD) fund facilities where the communities accessing health services

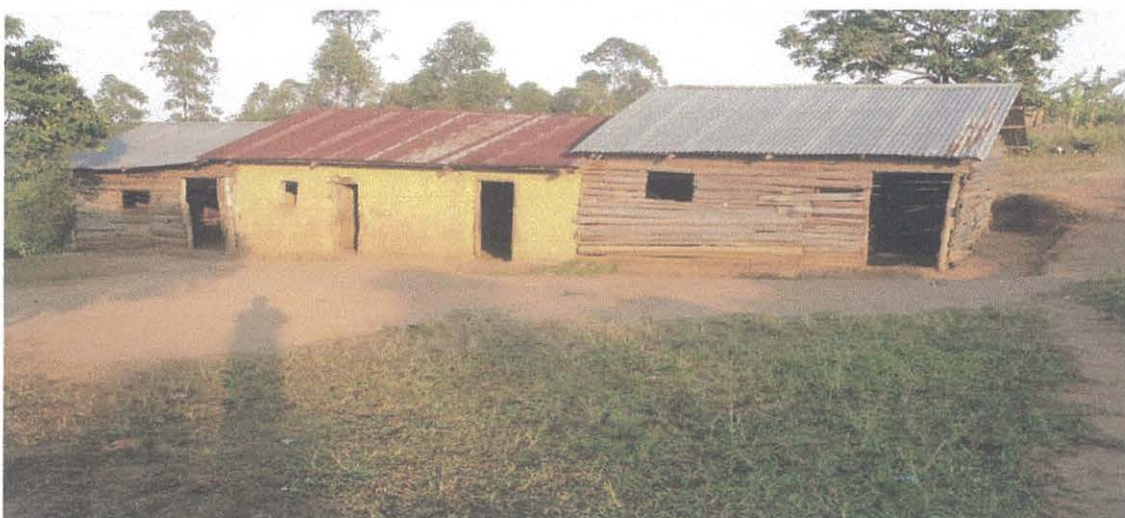


The plates showing Local Government Management and Service Delivery (LGMSD) fund facilities where the communities accessing health services



The plates showing Local Government Management and Service Delivery (LGMSD) fund facilities where the communities accessing health services

Plates showing buildings built using locally mobilized funds for both in Kanyabwanga and Bitereko sub counties



The plates above showing communities accessing the facilities built using locally mobilized funds



The plate above showing communities accessing the facilities built using locally mobilized funds

This implied that most of the external sources are conditional from that one used to provide specific services in the sub counties and therefore this money cannot be used for other things apart from the specified services by the grant in question which are in most cases conditioned to constructing schools and hospitals. From the plates or pictures indicated above, the first ones Kanyabwabga Health Center III, Kigarama Secondary Schools and Bitereko Health center III are the ones constructed using LGMSD funds and the second category of Kebiremu Primary school shows infrastructure developed by locally mobilized funds. This means that locally mobilized funds in the two sub counties are still low especially in Kanyabwanga sub counties as shown by the nature on the infrastructure developed respectively. Therefore the local population in the two sub counties need to be mobilized and sensitized so that the un tapped local revenue can be utilized to raise more funds and improve on infrastructure development in their sub counties as government grants like LGMSD funds are not enough to cater for all the community needs.

4.4. Revenue mobilization and local capacity of the community

Table 8: Showing revenue mobilization and local capacity of the community

RESPONSE	SA	A	SD	D	N
Tax education improves local capacity of the community.	201	80	30	19	2
Tax collectors have skills in local capacities of the community.	100	220	10	2	-
People engaged in income generating projects to increase the local capacities.	240	80	5	5	2
Revenue collected is properly used for capacity buildings.	150	140	30	10	2
Tax assessment among tax payers is done fairly basing on the local capacities of the people.	80	80	90	70	12
Revenue generated from taxes is reflected in local capacities provided to the communities.	110	160	40	20	2
There is positive political intervention in revenue for local capacity's development.	40	80	100	100	12

Source: field data 2016.

Key

5. SA: Strongly agree,

4. A: Agree,

3. SD: Strongly disagree,

2. D: Disagree and

1. N: Neutral / not sure.

The findings indicated that 201 respondents strongly agreed, 30 respondents strongly disagreed, 19 respondents disagreed and 2 respondents were not sure whether tax education improves local capacities of the community according to the table above. This means that mainly tax education improves revenue collection and local capacity in communities.

Also findings indicated that 100 respondents strongly agreed, 220 respondents agreed, and 02 respondents disagreed on whether tax collectors have skills in local capacities of the community

as indicated in the table. This meant that the people involved in tax collection have the right skills and are therefore able to mobilize revenues to improve local capacity in communities.

Again on the question whether people in Bitereko and Kanyabwanga are engaged in income generating projects to increase their local capacities the responses were as follows: 240 respondents strongly agreed, 5 respondents strongly disagreed, 5 respondents disagreed and 2 respondents were not sure whether people in Kanyabwanga and Bitereko sub counties are engaged in income generating projects that aim at promoting their local capacities for development. This mean that majority of the people in Kanyabwanga and Bitereko sub counties are engaged in income generating activities which improve the capacity and again provide more avenues for revenue mobilisation

Furthermore, on whether local revenue collected is properly used for capacity building, the following were responses 150 respondents strongly agreed, 140 respondents agreed, 30 respondents strongly disagreed, 10 respondents disagreed and 2 respondents were not sure about the subject matter that was being investigated as shown in the table. This means that local revenue however little it may is well used to improve peoples' capacity in their respective communities.

The respondents were again asked whether tax assessment among tax payers is done fairly basing on the local capacities of the people and the following responses were reached, 80 respondents strongly agreed, 80 respondents agreed, 90 respondents strongly disagreed, 70 respondents disagreed and 12 respondents were not sure as whether tax assessment in Bitereko and Kanyabwanga sub counties is done fairly basing on the local capacities of the population. This means that the people of Kanaybwanga and Bitereko sub counties are comfortable with the tax assessment process much as the challenge is that the avenues are still very little.

Also responses on whether local revenue generated from taxes is reflected in local capacities provided to help in communities' development and the following were responses 110 respondents strongly agreed, 160 respondents agreed, 40 respondents strongly disagreed, 20 respondents disagreed and 02 respondents were not sure whether local revenue from taxes is

reflected in local communities to help in community development indicating that local revenues generated in these sub counties are well reflected in improving local capacities to help communities develop.

Respondents were further asked whether there is positive political involvement in revenue collection for local capacities development and the response were as follows: 40 respondents strongly agreed, 80 respondents agreed, 100 respondents strongly disagreed, 100 respondents disagreed and 12 respondents were not sure whether there is positive political involvement in local revenue mobilization for local capacities development efforts to achieve sustainable development and improve economic live hoods of the people in Bitereko and Kanyabwanga sub counties which meant that there is no proper positive political environment in revenue collection for local capacities development.

Furthermore, the responses on local revenue mobilization and local capacity of the community were analyzed using mean and standard deviation to achieve at the interpretation in the following table.

Table 9: Analysis of responses on local revenue mobilization and local capacity of the community

NO	Article	Mean	SD	Interpretation
01	Tax education improves local capacity of the community.sss	2.85	1.109	Good
02	Tax collectors have skills in local capacities of the people.	2.78	1.063	Good
03	People in Bitereko and Kanyabwanga are engaged in income generating projects.	2.77	0.913	Good
04	Revenue collected is fairly reflected in capacity building.	2.72	0.996	Good
5	Tax assessment among tax payers is done fairly basing on local capacities.	2.65	0.906	Good
6	Revenue generated from taxes is reflected in local capacities provided in communities.	2.61	0.797	Good
7	There is positive political involvement in local capacities development for development.	2.60	0.914	Good

Source: field data 2016.

The level of revenue mobilization and local capacity of the community was looked at basing on categories according to different respondents. The data under this section was quantifiable and therefore only respondents who were given questionnaires were considered and these were only forty five (45) in number to give the rating their led too deliberations either positive or negative accordingly. The interpretation was reached through rating using likert scale considering: 5- Strongly agree, 4- Agree, 3- Strongly disagree, 2- Disagree and 1- Not sure.

These were further supported by mean range and interpretation according to the table.

Mean range	Response mode	Interpretation
3.26 - 4.00	Strongly agree	Very good
2.51 - 3.25	Agree	Good
1.76 - 2.50	Strongly disagree	Fair
1.00 -1.75	Disagree	Satisfactory
1.25 - 1.00	Neutral	Poor

The result were analyzed in the table, however, it was noted that, mean range was meant to be used whether applicable in subsequent questions in the study of revenue mobilization and local capacity of the people in both Bitereko and Kanyabwanga sub counties. The ranking was done basing on the scores of mean and standard deviation and finally avoided at the interpretation as 'good' as indicated in the table. About the level of revenue mobilization and local capacity of the community was analyzed by the researcher in Bitereko and Kanyabwanga sub counties in the following table.

Table 10: level of mobilization and local capacity of the communities

Level of mobilization and local capacity of the communities.	Great	Good	Average	Poor	No contribution	Total
Respondents	5	4	3	2	1	
	80	182	60	9	1	332
Percentage	24%	59%	18%	3%	0.3%	100%

Source: field data 2016.

Findings from the table showed that revenue mobilization influences local capacity of the community in Bitereko and Kanyabwanga sub counties at (59%) therefore the negligence of the mobilization of local revenue in providing for local capacities was very essential element in Bitereko and Kanyabwanga sub counties thus local government to have their local governments budget limits on the local revenue to be collected and these limits are followed by implementing agencies in (LGs) said by one of the respondents.

4.5 Analysis Of The Relationship Between Revenue Mobilization And Performance Of Local Governments

The researcher established that most of the respondents agreed that local revenue mobilization affects the performance of local governments in Bitereko and Kanyabwanga sub counties. This would enable local governments to generate revenue for national development programmers through public investment expenditure and encouragement of diversification of the revenue through development of private sector and strategic plan in the management of local revenue to achieve sustainable livelihoods of the people.

Table 11: The relationship between revenue mobilization and performance of local governments

		Local government performance	Local revenue mobilization
Local government performance	Pearson Correlation Sig. (2-tailed)	1	.793*
	N	332	332
Local revenue mobilization	Pearson Correlation Sig. (2-tailed)	.793*	1
	N	332	332

Source: Primary data (2016) * Correlation is significant at the 0.05 level (2 tailed)**

The relationship between revenue mobilization and performance of local governments was found to be positive and significant with correlation coefficient (r) of 0.793. This implied that revenues play a big role in improving the performance of local governments especially in: promoting infrastructure development, improving service delivery and improving local peoples' capacity in their communities.

Null hypothesis was rejected according to the above table and it was concluded that there is a significant relationship between local revenue mobilization and local government's performance in Bitereko and Kanyabwanga sub counties.

4.6 Qualitative data analysis in relation to revenue mobilization and local governments performance (N=306)

Category	Frequency	Percent
Sources of revenue		
Locally mobilized	92	30
Government grants	214	70
Total	306	100
Local revenues		
Trading Licenses	138	45
Market fess	168	55
Others	0	0
Total	306	100
External revenues		

LMSGD	230	75
CAR	46	15
Others	30	10
Total	306	100
How revenues affects LGs		
Better performance	275	90
Poor performance	31	10
Others	0	0
Total	306	100
Challenges faced		
Limited revenue bases	168	55
High tax evasion	123	40
Limited economic activities	15	5
Total	306	100

Source primary data, 2016

Findings from interviews indicated that 70% of the respondents indicated that the revenues used in local governments are mainly from central governments, 30% indicated that they are locally mobilised sources. This means that mainly the revenues used by local governments in providing services to the communities are from central government grants with little support from the locally mobilized revenues.

Findings more still indicated that 45% of the revenues collected and mobilized by the sub counties of Bitereko and Kanyabwanga are from trading licenses and 55% indicated that these revenues are from market fees. This means that mainly fees collected from the markets in these sub counties are the major sources of locally generated revenues with complementation from the fees collected from trading licenses from businesses run in such sub counties.

Findings from interviews as shown in the table indicated that external revenues are mainly in form of LGMSD (75%), 15% indicated that they are in form of CAR while 10% indicated that

they in form of other assistances sent to local governments by central government to help improve on the services extended to the local communities.

More the respondent where asked about how revenues affect local governments and 90% revealed that where there are many avenues for revenue generation there is better service delivery and therefore good performance of local governments while 10% indicated that where there are less avenues for revenues generation then there challenges in providing the services to the community. This accounts for why Bitereko is better than Kanyabwanga in terms of development and performance as well as service delivery to the local communities because it has many avenues for revenue collection compared to Kanyabwanga which almost depends on local government grants for development and service provision to its people.

In relation the challenges the two sub counties face while mobilizing the local revenues, findings from the interviews with respondents as shown in the table indicated that 55% of the respondents revealed that there is a challenge of limited avenues for revenues mobilization. 40% mentioned that tax evasion is another challenge as there are some people especially business men who do not register their business and therefore do not pay the local taxes, while 5% indicated that there are limited economic activities in these sub counties due to the challenges that majority of the rural population in these areas are poor. This means that in addition to the locally mobilized funds being little, it is also not easy to collected such funds and meet the expected revenue collections and budgets in their respective local communities.

CHAPTER FIVE

DISCUSSION , CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarized discussion, conclusion and recommendations of the study. Discussions, conclusions and recommendations addressed the research questions derived from research objectives of the study developed from chapter one. The researcher discussed the detailed findings and drawn conclusions which suggested appropriate recommendations on local revenue mobilization and performance of local government a case of selected sub counties of Bitereko and Kanyabwanga Mitooma district.

5.1 Discussion of findings

A comparative study of local revenue mobilisation and performance of local government in Uganda was conducted in Bitereko and Kanyabwanga sub counties. This was done with the purpose of establishing the effect of local revenue Mobilisation on the performance of local government of the two sub counties

This study was guided by the theory of Romer (1986) and Lucas (1988). The theory holds that local government performance is primarily a result of local revenue mobilization. The empirical evidence from the theory indicated that there exists a positive correlation between revenue mobilization and performance of local governments especially in Bitereko and Kanyabwanga sub counties. In Bitereko where mobilization of local revenue is high performance is also high whereas in Kanyabwanga where revenue mobilization is low, the performance level is also low.

5.1.1 Findings on the effect of revenue mobilization on service delivery,

In relation to how revenue mobilization has affected service delivery in Bitereko and Kanyabwanga sub counties, it was found out that revenue mobilization followed a budget which was generated from the budget conference of sub counties that generated revenue services for budget performance in line with planning cycle of government and submission of mandatory document like annual work plan, budget and enhancement plans. The budgeting process of lower local councils followed plans and procedures following both long term and short terms

expenditure frame work. This meant service delivery in Bitereko and Kanyabwanga sub counties was dependent on the amount of revenues mobilized locally in addition to the grants from the central government. This was in agreement with Banyoya (2012) who asserted revenue mobilization follows a budgetary instrument where the appropriate sources of revenue and expenditure are indentified for easy revenue mobilization and performance of local governments. This was evidenced in Bitereko sub County.

Concerning external sources and potential revenue sources for effective mobilization and service delivery in local governments, it was found out that most of the services are offered and facilitated by external sources such as in education and health and roads due to limited local revenue in sub counties however, Bitereko was better in terms of revenue mobilization while Kanyabwanga was the worst because of limited revenue base potentials as most of the services were provided by external sources as a major revenue for the sub county. This means that areas with limited revenue sources have difficulties in service delivery to their communities as they mainly depend on the grants which are always conditioned to some projects that are not usually the priority of these communities. This view was in consonant with Prest A (1877) who said that much of the public finance in less developed countries is got from external sources to finance most of the essential services like education, water, health and roads due to inadequate revenue source sat their disposals for development programmes. This opened their economics to be outward looking instead of inward looking thus revenue mobilization plays a crucial role in the development of a society /government.

As regards the state of services, the research found out in the sub counties studied there are still some areas lagging behind in terms of infrastructure development, health and education monitoring has remained a challenge as some of the local leaders cannot afford transport to visit there institutions because monitoring costs entirely comes from local revenue. Thus limited local revenue entirely affects implementation of government's programmes and therefore service delivery especially social services for the people in the area. This view was in agreement with Moyer. Harris (2002) who asserted that limited revenue bases constrain the economy from offering essential services that aim at improving economic and social livelihoods of the people and later determine whether the government / organization is performing or not.

5.1.2 Findings on the effect of revenue mobilization on infrastructure development,

Objective two of the study was to ascertain the effect of revenue mobilization on infrastructure development in Bitereko and Kanyabwanga sub counties. The findings indicated that revenue mobilization plays an important role in infrastructure development. This is true because local governments are mandated to collect revenues and co-fund to all capital projects (10%) in their areas of jurisdiction and this co-funding entirely comes from local revenue. And failure to meet co-funding obligation means a failure of the local government to access funds and fails to meet the minimum conditions for assessment by the ministry of local governments. This is in agreement with ministry of local government assessment report (2003) about Annual Assessment of minimum condition and performance measures of local governments which asserted that local government are mandated to collect mobilize and account for local revenues they collect in their local governments and spent of this money should be spent on infrastructure development.

The findings further revealed that the amounts of local revenue collected are always less than what was collected in the previous year which is due reduced avenues for revenue collection. This was in agreement with decentralization policy in Uganda (2004) which pointed out that amount of local revenue collected doesn't fall to its lowest in the financial year, where senior executives constantly, look into the sub counties mobilization and collection data and product portfolio a head what other organizations /sub counties respect in terms of innovation, market opportunities and an attempt to expand mobilization share to increase service delivery.

The findings further revealed that the demand for services greatly influences the value of revenue collected. The basic strategy of mobilizing resources to maximize the provision of infrastructure development requires collection of more revenues. This was in consonant with Richard (1997) who asserted that the demand for services in form of infrastructure development greatly influences the ability to collect more revenue in a given sub county for this case Bitereko and Kanyabwanga sub counties. The pricing element of revenue sources strategy has an influence on the amount of revenue collected. The sub counties carefully consider realistic policies for local revenue collection. Generally a high point of collection meant a higher degree of service delivery including more infrastructure development. This view agrees with Jerson (2002) who mentioned that amount of revenue collected depends on the available resources for infrastructure

development. However, there is no specific level that you can charge what will assure you in regards to infrastructure development.

5.1.3 Findings on the Effect of revenue mobilization on the capacity of the community in Bitereko and Kanyabwanga,

In relation to this, the researcher found out that the community's capacity determine amount of revenue to be collected in the sub county. The capacity of the community determines the taxable capacity and taxable base for which the local governments can put emphasis through revenue enhancement plans. It was found out that amount of money generated on the other hand was very important in improving the capacity of the people especially ability to engage in gainful production that would work as basis of taxation in local governments. This view was in agreement with local governments Act (1997) which asserted that the capacity of the community to plan, budget and collect revenue is a key element in the performance of local government and that increased collection of revenues also improves the capacity of the community to manage their affairs.

About the relationship between revenue mobilization and performance of local governments, it was that there was a positive and significant relationship between revenue mobilization and performance of local governments and in this case in Kanyabwanga and Bitereko sub counties.

5.2 Conclusions

The general objective of the study was to find out the effect of revenue mobilization and performance of local governments in Uganda. It was therefore concluded that there is positive relationship between revenue mobilization and the performance of local governments specifically in Bitereko and Kanyabwanga sub counties in terms of social services delivery, infrastructure development and local capacity of the community.

Further it was found out that Bitereko sub county is better than Kanyabwanga simply because of more revenue from markets of weekly and monthly, it has more primary schools showing that level of education is high. It has four (4) secondary schools of government aided, good roads whereas Kanyabwanga has few primary school, poor roads and only one secondary school and fewer markets

5.2.1 Findings on the effect of revenue mobilization on service delivery

In relation to effect of revenue mobilization on service delivery, it was revealed that the views that: the revenue from internal sources are used for the provision of services, external sources generate most services, market fees are adequately collected and well used, and that revenue sources are tapped and budgeted for were all well ranked by the respondents as good indicating that revenue mobilization revenues play a great role in improving service delivery in local governments and in this case in Kanyabwanga and Bitereko sub counties. It was therefore concluded that areas with many revenue mobilization bases and avenues have better chances of improving service delivery like the way Bitereko is better off than Kanyabwanga in service delivery due to having many tax bases.

5.2.2 Findings on the effect of revenue mobilization on infrastructure development

By assessing the level of revenue mobilization and its effect on infrastructure development in Bitereko and Kanyabwanga sub counties to ascertain the effect of revenue mobilization on infrastructure development, it was found out that much of the infrastructures in local governments of Bitereko and Kanyabwanga sub counties are maintained by both local and external revenues mobilized by prospective local governments. Most of the infrastructures developed using mobilized revenue are schools, health units, roads, water and sanitation among others. It was therefore concluded that with well developed sources and avenues for revenue mobilization, infrastructures are bound to be developed in the communities by local governments.

5.2.3 Findings on the effect of revenue mobilization on local capacity of the community

In relation to revenue mobilization and the capacity of the community, findings indicated that revenue mobilization empowers the community to engage in more productive activities and in turn increases the community's capacities and expands local government revenue base and taxable capacity of the economy. This helps to enhance efficient revenue management of local governments of Bitereko and Kanyabwanga sub counties. This is done through regular mobilization meetings with stake holders in identifying potential revenue sources in the sub counties by empowering communities through capacity building to expand taxable capacity of

local governments, so that realization of these revenues and capacity building requires a high incentive in execution of their budgets and plans. Therefore it was concluded that revenue mobilization and the capacity of the community have a close link as one variable influences another either positively or negatively to make both ends meet.

5.3 Recommendations

The findings of this study have shown that recommendations have been reached basing on study findings and conclusions to be taken by the sub counties of Bitereko and Kanyabwanga Mitooma district and Uganda as a whole so that this research could be of relevancy to policy makers, planners and economists and local governments while planning for the economy and the people.

5.3.1 Recommendations on Revenue mobilization and performance of local governments.

Given the fact that revenue mobilization affects the performance of local governments of Bitereko and Kanyabwanga sub counties, sub counties should always work hard to increase local revenues by identifying the tapped resources and be able to exploit available resources and the population to create new markets so that revenues can be increased to also increase on social services already being provided in such sub counties.

All sub counties in the country should embark on budget conferences in which stake holders are called upon to participate in identifying revenue sources and be integrated in annual work plans and budgets. This would help to make revenue enhancement plans for lower local governments and be able to improve on their performance.

Again the study recommended that mobilization should include key important elements like identification mobilization, sensitization of the masses collection and accountability. All these should be done through planning and budget execution and evaluation by lower local governments.

5.3.2 Recommendations on Revenue mobilization and infrastructure development

The study demonstrated that revenue mobilization and infrastructure are interdependent on each other and this meant that revenue mobilization should be improved to contribute to the improvement in infrastructure development like roads, schools, health centers, water and sanitation among others, usage in the country in terms of quantity and quality. This in turn would contribute to financial sustainability due to increased usage of infrastructures resulting from increased revenues collected and mobilized by local governments of Bitereko and Kanyabwanga sub counties.

5.3.3 Recommendations on Revenue mobilization and local capacity of the community.

Analyzing the responses from the respondents according to revenue mobilization and the capacity of the people /community the study recommended that revenue mobilization as an activity should be integrated in work plans and budgets at all levels from the village level, parish, level and sub county level and then to other subsequent levels of the District and National levels. This would help the communities to develop skills and ability to access and control resources within their disposal hence increasing their capacities in the management of financial resources for the improvement in the livelihoods of the people.

5.4 AREA FOR FURTHER RESEARCH.

Further research should be conducted in the following areas.

1. Donor findings and the economic performance of local governments.
2. Social services availability and reliability and rural development.
3. Regular monitoring of social policy planning and house hold incomes of rural and urban areas.
4. Water coverage and disease burden among the population.

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APPENDIX I: INFORMED CONSENT

I am Bitenihirwe Jonath a Masters student at Kampala International University. I am carrying out a research on the topic *“Revenue mobilization and performance of local governments. Acase of Bitereko and Kanyabwanga Sub Counties Mitooma District”*. You are being requested to be part of this research by answering the questionnaire sent below. Kindly fill in the questionnaire as objectively as you can. On my part, I promise you absolute confidentiality on whatever information you may provide. The information you provide here, shall be used strictly for this research. I thank you in advance for responding to the request and promptly sending it back.

Consent for participation in interview research

1. I volunteer to participate in a research project by Bitenihirwe Jonath the study of Revenue mobilization and Performance of Local governments.
2. My participation in this project is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty.
3. Participation involves being interviewed by researchers at any time.
4. I understand that the researcher will to identify me by name in any reports using information obtained from this interview, and that confidentiality as a participant in this study will remain secure.
5. I have read and understood the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.

My Signature.....Date.....

My printed name.....

APPENDIX 11: RESEARCH BUDGET

Code	Particulars	Unit	Unit cost (Ugx)	Total cost (Ugx)
01	Transport			
	Data collection	5 times	30,000	150,000
	Meeting supervisor	3 times	30,000	180,000
	Documentation	3times	40,000	120,000
				450,000
02	Accommodation			
	Data collection	2 times	30,000	60,000
	Documentation	2 times	40,000	80,000
				140,000
03	Meals			
	Data collection	10 times	10,000	100,000
	Meeting supervisor	3 times	20,000	60,000
	Documentation	3 times	40,000	80,000
				240,000
04	Stationery			
	Reams of paper	2	15,000	30,000
	Clipboard file	1	10,000	10,000
	Pens	5	500	2,500
	Pencils	2	250	500
	Bag	1	20,000	20,000
	Box file	1	10,000	10,000
	Secretarial work	-	-	-
	Printing	200pgs	1,000	200,000
	Photocopying	600pgs	100	60,000
	Internet	General	General	100,000
	Binding	4 books	10,000	40,000
	TOTAL			1,303,000

APPENDIX III: SAMPLE SIZE DETERMINATION

Table for Determining Sample Size for a Finite Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note – N is population size S is sample size.

Source: Krejcie & Morgan, 1970.

APPENDIX IV: QUESTIONNAIRE

Section A: Bio – Data of respondent

1. Gender: Male ☐ Females ☐
2. Age: 18-30 ☐ 1-45 ☐ 46-60 ☐ 60+ ☐
3. Marital Status: Single ☐ Married ☐ Separated ☐ Widowed ☐
4. Employment status:
- Not employed ☐ Privately employed ☐ Civil servant ☐

Section B: Research objective one: Tick in the correct box using the scale provided

Here below is a list of statements which may be used to describe revenue mobilization and performance of local Government in Mitooma District. Give your views about the statements using the scale given

1	2	3	4	
Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure

Research objective one: Revenue mobilization and social service delivery

	STATEMENTS	SCALE				
		4	3	2	1	0
1	Internal sources generate most revenue in Bitereko & Kanyabwanga sub counties					
2	External sources generate most revenue in Bitereko and Kanyabwanga sub counties					
3	There are potential revenue sources in Bitereko and Kanyabwanga Sub Counties					
4	Market fees are adequately collected in Bitereko and Kanyabwanga Sub Counties					
5	All potential revenue sources are tapped in Bitereko and Kanyabwanga Sub Counties					

6	Some potential revenue sources are not tapped in Bitereko and Kanyabwanga Sub Counties					
7	All revenues in Bitereko and Kanyabwanga Sub Counties are tendered					
8	Some revenues in Bitereko and Knyabwanga Sub Counties are not tendered					

Research objective Two: Effect of revenue mobilization on Infrastructure development.

	STATEMENTS	SCALE				
		4	3	2	1	0
1	Tax education improves response of tax payers and revenue collection					
2	Tax collectors should have adequate skills in revenue mobilization					
3	People in Bitereko S/C should engage in Income Generating Projects					
4	Revenue collected should be properly accounted for					
5	Tax assessment among tax payers should be done fairly					
6	Tax defaulters should be adequately dealt with in S/counties					
7	Revenue generated from Taxes should be reflected in services provided					
8	There should be positive political intervention in revenue mobilization					

Research objective Three: Revenue mobilization and local capacity of the community

	STATEMENTS	SCALE				
		4	3	2	1	0
1	Tax education improves response of tax payers capacity					
2	Tax collectors should have adequate skills in community mobilization					
3	People should engage in Income Generating Projects to increase their incomes					
4	Revenue collected should be properly used for capacity building					
5	Tax assessment among tax payers should be done fairly basing on the capacity of the people					
7	Revenue generated from Taxes should be reflected in services provided to the communities					
8	There should be positive political intervention in revenue mobilization					

APPENDIX V: INTERVIEW GUIDE FOR TAX PAYERS

1. What are the sources of revenue for Bitereko and Kanyabwanga Sub Counties?
2. Which revenue do you mobilize locally or internally in Bitereko and Kanyabwanga Sub-Counties?
3. Which revenue do you get from external sources?
4. How does revenue mobilization affect local government performance?
5. Who mobilize / collects revenue in Bitereko and Kanyabwanga Sub Counties?
6. What challenges does Bitereko and Kanyabwanga Sub Counties face in revenue mobilization?
7. What is the revenue status of Bitereko and Kanyabwanga Sub Counties?
8. How is Bitereko and Kanyabwanga Sub Counties performing in terms of service delivery?
9. Are citizens / tax payers positively responding to tax payment?
10. Are there any untapped revenue sources in Bitereko and Kanyabwanga Sub-counties?
11. What is the relationship between tax payers and revenue collectors in Bitereko and Kanyabwanga?

APPENDIX VI: RELIABILITY TEST

Reliability Statistics	
Cronbach's Alpha	No. of Items
.878	32

The Cronbach's formula that was used as follows:

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum \delta^2}{\delta^2} \right)$$

Where:

K= number of items

$\sum \delta^2$ k = Sum of variances of k parts of the tests

δ = is the standard deviation of the instrument.