

**REVENUE COLLECTION AND SERVICE DELIVERY IN KAMPALA CAPITAL CITY
AUTHORITY (KCCA)**

BY

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DECLARATION

I declare that this dissertation is my original work and has never been submitted to any other university / institution for any award.

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APPROVAL

This dissertation has been carried out under my supervision and is submitted for the award of a degree of Master of Science in Accounting and Finance with my approval as the candidates' supervisor.

Signature.....

Mr. Owino Joshua Geopellini (Supervisor)

Date.....

DEDICATION

This dissertation is dedicated to my parents and friends who tirelessly stood with me during my study. I also dedicate this dissertation to my wife and children who dearly missed me during the course of preparation of this piece of work.

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LIST OF ABBREVIATIONS

CIT	-	Corporate Income Tax
EPA	-	Estimated Property Appraisal
GDP	–	Gross Domestic Product
GPS	–	Global Positioning System
IFMS	-	Integrated Financial Management System
KCCA	-	Kampala Capital City Authority
LGDP	-	Local Government Development Program
LREP	-	Local revenue enhancement plan
NAADS	-	National Agricultural and Advisory Services
NGO	-	Non Governmental Organizations
PIT	-	Personal Income Tax
USAID	–	United States Agency for International Development
VAT	–	Value Added Tax

ABSTRACT

The study examined the role of the role of revenue Collection on service delivery in Kampala Capital City Authority. The study mainly focused on the following objectives: to examine the how KCCA has provided budget support to ensure proper drainage system in Kampala city, to establish how KCCA has sensitized the community on tax compliance to ensure better health in Kampala city and to examine how KCCA has supervised receipt of revenue to ensure provision of clean/safe water in Kampala city

The study employed a cross sectional survey research design and used a population of 214 with a sample size of 139 respondents. The sampling methods used were; simple random and purposive techniques in selection of respondents. The study used both primary and secondary data collection methods. In collection of primary data, the questionnaire instrument. Secondary data were collected by reviewing of documents in line with revenue management. The data collected was analyzed using SPSS version 20 and presented in tables with frequencies and percentages.

The findings revealed that there is a significant relationship between revenue Collection and Service delivery in KCCA indicated by a correlation coefficient of $r= 0. 677$.

The study recommends that KCCA should sensitize the public about proper garbage disposal to avoid blockages drainage systems, allocate budget votes for specific drainage channel in the city especially the loaded ones running round the highly populated areas and spend substantial amount of local revenue collected on drainage opening and monitoring so that the city is kept clean.

CHAPTER ONE

INTRODUCTION

Background to the study

The study is about revenue Collection and service delivery in local authorities in Uganda, it focuses on Kampala Capital City Authority.

The current study is important because revenue is the life blood of every organization whether profitable or non-profit making. Revenue Collection by the local government greatly determines the quality and kind of services provided by the local government unit or municipality, Hemmings (2001).

Local revenue is fundamental in the management of local governments, it contributes significance to the funding of the both recurrent and development expenditure in the local governments. The collection of local revenues by local governments has been declining over the years and this has resulted in over reliance in the central transfers which is not the original essence of decentralization (The World Bank, 2013).

Revenue is the total amount of money received by any business entity or organization for the goods sold or services provided during a certain period. For the Government, public revenue means those amounts it receives from different sources. In other words, the income of the Government is public revenue. This revenue is from taxes, licenses, and fees (FASAB, 2005).

According to Brillantes and Sonco (2005) there is widespread consensus that though public revenue has continued to grow, the quality and level of public service delivery is less than what is desirable or what was originally planned. Existing monitoring data and information shows that most city dwellers do not have access to clean water, health care and roads are in sorry states around the outskirts of the central business district.

Revenue is also referred to as returns to the authority which is essentially paid for the future

development of the community (Kango, 2001). In this case, revenue collected has been a source of the budget for socio-economic development of all countries in the world. Through revenue Collection, the government has been able to provide social services to people and to build infrastructure which is essential for economic development (Kean, 2002). Generally, revenue is the legal amount of funds collected from taxpayers for the socio-economic development of a society or nation.

The American Tax Policy Center (2013) defines Revenues as funds collected from the public that arise from the government's exercise of its sovereign or governmental powers. Federal revenues come from various sources, including individual and corporate income taxes, excise taxes, customs duties, property tax, gift taxes, license fees and fines, contributions for social insurance programs, and miscellaneous receipts (such as earnings of the Federal Reserve System, donations, and bequests). Federal revenues are also known as federal governmental receipts.

The study was based on Efficiency and long-run growth theory. The effects which theory suggests the level and composition of taxes can have on efficiency and long-run growth—via investment, human capital acquisition, and innovation have proved hard to identify robustly. For OECD countries, Arnold (2008) concludes that property taxes are least damaging for growth, followed by consumption taxes, the personal income tax (PIT), and the corporate income tax (CIT): this is as theory suggests, with taxation of capital income having a potentially strong impact on investment.

Zhou and Madhikeni (2013) noted that public revenue collection is an integral component of fiscal policy and administration. It is the fuel of every government; the main instrument through which government funding is ensured. With growing donor fatigue and dwindling domestic revenue reserves in most developing countries, the need to strengthen national revenue collection systems has become particularly imperative. Bird (2010) also reiterated that a sound revenue

Collection system for local governments is an essential pre-condition for the success of fiscal decentralization and service delivery. In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities.

Local revenue is domestic revenue which are used to finance recurrent and development expenditure at the authority. The Local Tax revenue includes Non-Tax revenue consists of license fees, taxi fees, market dues, fines and penalties, property rates, parking fees and advertising fees.

The study chooses KCCA because of its diversified sources of revenue and the duration of time that the authority has been operating since before it was branded KCCA from KCC. The study is in position to get more reliable information.

In order to facilitate revenue Collection, and improve on the delivery of social services such as health, water, education, roads among others, the revenue directorate is required to ensure that there are adequate organization structure exists for collection of revenue and that proper account of revenue collected is made to the Accounting Officer (Executive Director).

According to KCCA Act 2010, the directorate of revenue collection was created and became effective on 1st march 2011 following the appointment of Director Revenue by His Excellency the President of Uganda.

Over the years, the Government of Uganda and the citizens of Uganda, particularly those residing and working in Kampala City and its environment were disillusioned by the despondency of Management staff and political leadership of KCC, the poor delivery of services and management of public properties by the KCC. Kampala City had been in existence for the last 50 years. The last 40 or so had seen the stagnation, deterioration plunder and theft of public funds and properties and the near total breakdown of service delivery and law and order. Government and all Ugandans were constantly embarrassed about the state of the city. There was total breakdown of systems and service delivery in KCC stemming from mismanagement, fraud and lack of

financial accountability by both staff and political leaders. These resulted in massive financial loss, loss of public property, poor service delivery, infrastructure breakdown and the haphazard, uncontrolled development of Kampala City over the years.

It is because of the aforementioned challenges that the Government of Uganda decided to pay more attention to Kampala and to elevate its status not only as the Capital City of Uganda but to directly administer it. The Government of Uganda by Constitution (Amendment) (No. 2) Act, 2005 decided to among others; provide Parliament with the powers to enact an enabling law for the creation of a governing and administrative body for Kampala Capital City. Government presented and, Parliament passed the KCCA Act 2010 to Change the status of Kampala from a local Government to a Central government corporate entity.

Revenue is a key factor for Kampala Capital City Authority (KCCA) in achieving her mandate as provided for in Kampala Capital City Act 2010 (Section 50). The Act provides for the power to levy taxes giving KCCA the responsibility to levy, charge, collect and appropriate fees and taxes in accordance with the law was enacted by Parliament under article 152 of the Constitution.

Kampala Capital City Authority faces intense challenges in delivering services to the city dwellers despite the improvement in revenue collections from sources such as trading licenses, market dues, fines, and fees among others.

Table 1.1: KCCA NON TAX REVENUE REALIZED FOR THE PERIOD 2014/2015 TO 2016/2017

FINANCIAL YEARS	ANNUAL COLLECTION (UGX BN)
2014/2015	55.210
2015/2016	60.550
2016/2017	80.670

The Directorate of Revenue Collection was established to achieve the following objectives;

1. To provide budget support in ensuring proper drainage system
2. To sensitize the community on tax compliance
3. To supervise revenue receipts of ensuring of clean and safe water within KCCA.
4. To review the business Procedures using existing guidelines, policies and any other documentation in place.
5. To come up with a revised position which is expected to enhance Revenue operations in terms of data collection and analysis?
6. To establish a clear link between the payment/collection of taxes and the provision of services for which they are meant to finance.
7. To conduct taxpayer sensitizations, education and mobilization, policy review, decision making, and ultimately Revenue collection maximization.
8. Mobilizing appropriate levels of revenue mainly from local tax base to effect service provision and address poverty.

Research Problem

In 2010, the government of Uganda enacted the Kampala Capital City Act 2010 and section 50 of the said Act provides the responsibility to KCCA to levy, charge, collect and appropriate fees and taxes in accordance with the law was enacted by Parliament under article 152 of the Constitution.

In spite of the well- intended objectives of the KCCA act and the effort put in place to improve revenue Collection and Revenue collection has continued to improve but the populace has

continually criticized the level of service delivery. Though revenue collection has continued to improve from Sh.55.210 billion in the financial year 2014/2015 to Sh.6.550 billion in the financial year 2015/2016 and to Sh.80.670 billion in the financial year 2016/2017 (Directorate of Revenue Report 2017), the communities are facing a numerous difficulty in access to basic and services from the Authority.

Majority of the citizens are in general, not satisfied with health condition in the city citing cholera, dysentery that could be as a result of poor drainage system. Clean water coverage, poor state of public schools, street lighting and port holes along some city Roads (Performance survey report 2017). It's upon this background that the study sought to assess the role of revenue Collection on service delivery in local governments focusing on KCCA.

The Purpose of the Study

The purpose of the study was to examine the role of revenue Collection on service delivery in Kampala Capital City Authority.

The objectives of the Study

The study was guided by the following research objectives:

- i) To examine the how KCCA has provided budget support to ensure proper drainage system in Kampala city.
- ii) To establish how KCCA has sensitized the community on tax compliance to ensure better health in Kampala city.
- iii) To examine how KCCA has supervised receipt of revenue to ensure provision of clean/safe water in Kampala city.

Research Questions

The study addressed the following research questions: -

- i. How does KCCA provide budget support to ensure proper drainage system in Kampala city?

ii. How KCCA does sensitize the community on tax compliance to ensure better health in Kampala city?

iii. How does KCCA supervise receipt of revenue to ensure provision of clean/safe water in Kampala city?

Research Hypothesis

The following were the hypotheses of the Study:

Ho: There is no significant relationship between revenue Collection and Service delivery in KCCA

Hi: There is a significant relationship between revenue Collection and Service delivery in KCCA.

Scope of the Study

The scope of the study includes content scope, geographical scope and time scope

Content scope

The Study examined the role of revenue Collection on service delivery in KCCA. It specifically looked how KCCA has provided budget support to ensure proper drainage system in Kampala city, how KCCA has sensitized the community on tax compliance to ensure better health in Kampala city and how KCCA has supervised receipt of revenue to ensure provision of clean/safe water in Kampala city.

Geographical location

The study was carried out at KCCA Headquarters specifically the Directorate of Revenue Collection. KCCA headquarters is located on plot 86/88 William Street. The division covers a total of 15.64Km². It is situated 32 degrees and 15 minutes East of Greenwich; 0 Degrees and 19 minutes north of the equator, which is about 45km north of the equator. The Central division

urban council covers an area of 14.64 Sqm.km. The division is administratively divided into 20 Parishes and 135 zones.

Time scope

The Study covered a period of three years ranging from 2014/2015 to 2016/2017 financial years, this being the period when service delivery was at its lowest yet revenue collection had improved.

Significance of the study

The study would provide empirical evidence about the role of revenue Collection on service delivery in local governments in Uganda. The findings would be used by both KCCA political and Central Division Urban council leadership, Local government and Finance Ministries, Academicians and professionals, relevant stakeholders and the development partners to understand the impact of revenue Collection on waste management in local governments at large.

Kampala Capital City Authority:

The findings of the study would help KCCA local government leadership with information for use in taking rightful decisions about designing revenue Collection strategies and enforcement of their collections in the future as well as ensuring provision of quality services to the residents of Kampala Capital City.

Ministry of Local government:

The findings would provide information on the need to formulate key policies governing revenue Collection and waste management in local governments.

Ministry of Finance:

The findings would provide information on the need to formulate key policies governing local revenue Collection, collection and management in KCCA.

Academicians and Professionals:

The study findings would also be of practical importance to academicians and the general revenue Collection and collection management practitioners. This will add on the pool of knowledge in the revenue management field and will provide information for further research in related areas.

Development partners:

The study findings would be of importance to the development partners and donor community, who up to recently were the major funders of Ugandan government budget.

General public and other stakeholders:

The study findings will be of help to the residents of Kampala and other revenue management stakeholders so as to get reliable and accurate information concerning revenue Collection and their relationship to service delivery.

Setting of the Study

The area that was to become Kampala today was an ideal breeding and hunting ground for various game, particularly a species of antelope, the impala (*Aepyceros melampus*) by the King of Buganda. The area, that comprised of rolling hills with grassy wetlands in the valleys formally became 'Kampala' with repeated usage of the reference to the area in the local dialect (Luganda) as 'Akasozi K'empala. Kampala was established as a municipality in 1947 and became Uganda's capital city at -independence in 1962. Kampala is said to have originally been built on seven hills, Kasubi Hill, Mengo Hill, Kibuli Hill, Namirembe Hill, Lubaga Hill, Nakasero Hill, Nsambya Hill, and Kampala Hill, (also known as Old Kampala);

Over the years, the city limits were substantially expanded to include many of the surrounding communities within the city; including: Namirembe, Naakulabye, Kasubi, Bwaise, Kawempe,

Kikaaya, Mpererwe, Lubaga, Nateete, Busega, Mutundwe, Ndeeba, Katwe, Kibuli, Kabalagala, Ntinda, Kiwaatule, Kisaasi; Najjanankumbi; Nakawa, Kyambogo, Nagulu, Bugoloobi, Mbuya, Luzira, Port Bell and Butabika. Kampala has since grown to be the largest urban centre and the only City in Uganda. It is Uganda's political seat, the country's economic hub accounting for 80% of the country's industrial and commercial activities; and generates 65% of national GDP.

The City is currently divided into five urban divisions of Kampala namely Central, Kawempe, Makindye, Lubaga, Nakawa all covering a total of 189 squares Kms with 169 squares Kms of land and 19 square Kms of water. Kampala has about 23% of its area as fully urbanized, a significant portion (60%) semi-urbanized and the rest considered as rural settlements.

Arrangement of the Study

This Study is arranged into seven chapters.

Chapter one; contains the background of the study, statement of the problem, the purpose of the study, objectives of the study, research questions, and scope of the study, the setting of the study, significance of the study and arrangement of the report.

Chapter two; presents the study literature. It highlights literature survey, literature review and conceptual framework.

Chapter Three; presents research methodology. It highlights research design and data collection and management.

Chapter Four; present the findings on how KCCA has provided budget support to ensure proper drainage system in Kampala city.

Chapter five; presents the findings on how KCCA has sensitized the community on tax compliance to ensure better health in Kampala city.

Chapter Six; presents the findings on how KCCA supervised receipt of revenue to ensure provision of clean water in Kampala city.

Chapter seven; Links the findings to literature review and suggest the way forward for revenue

Collection and service delivery in KCCA.

Chapter eight; covers the summary of findings, conclusions and recommendations of the study.

CHAPTER TWO

STUDY LITERATURE

Introduction

This Chapter contains three sections. Section one presents literature survey of relevant studies in regards to factors affecting revenue collections Government Authorities with the view of establishing gaps left and how the current study intends to close those gaps. Section two presents literature review. It highlights theories and models that have been developed in the important area of Revenue Collection with the aim of constructing a conceptual framework within which to understand and explain issues involved in revenue Collection and service delivery in KCCA.

Literature Survey

Literature survey looks at research works conducted locally by different scholars in Uganda in the area of revenue Collection with the purpose of establishing the gaps left in KCCA. This establishes the gap that the current study is attempting to close on revenue Collection and service delivery in KCCA.

Mamounda, (2011) studied the impact of revenue collection on service delivery in local governments. Case study: Iganga district local government. The purpose of the study was to establish the relationship between revenue collection and service delivery. The researcher used descriptive and exploratory survey research designs based on results from questionnaires, interviews and observation. Both qualitative and quantitative research designs were used in this study.

The findings revealed that 15 out of the 30 respondents (50%) strongly agreed, (26.7%) agreed, 10% strongly disagreed and 13.3% disagreed. Since the majority of the respondents strongly agreed, this implied that declining revenue collection in Iganga District Local Government majorly led to poor service delivery.

Finally, the study concludes that, even though most of the challenges were inherent in the structures of the Local Government, they were not beyond control. It showed that low or poor revenue collections within the District Local Government could be improved by implementing various policies, such as; motivate the tax authorities, check on political interference, sensitizing communities, privatization of revenue collection services, increase on Government grants to Local Governments (Robert, 2011).

Ongom Olero (2003) carried out a research on decentralization and its implication on revenue mobilization in local authorities. The emphasis was decentralization as after influencing revenue in Kampala Central Division. **Olero (2003)** argues that further research should be carried out in a more comprehensive and comparative analysis to boost the knowledge base since the case study was just a division with in a district. The current study looks at the relationship between revenue collection and service delivery.

Kijjambu (2003) studied the role of graduated tax revenue in the financial performance of local governments in Uganda. He took a case study of Mpigi Town Council. However, graduated personal tax is just one revenue source out of the existing possible sources. Therefore, this research is distinct in that it has been undertaken to study the impact of revenue management by government. Kijjambu's study did not relate how revenue Collection can have an impact on service delivery within the District.

Abal (1998) carried out a research in Apac on the topic "Strategies for improvement of Local Government Revenue Collection and Generation". He also observed that the district was not realizing the objectives of revenue due to under staffing, lack of skills, low motivation and experience of staff politics and narrow revenue base. He recommended for staff motivation, training on job and refresher courses. He also recommended for staff structure with detailed roles. His research did not touch the element of service delivery.

Wamibi (1998) carried out a research in sironko district on the topic “strategies for improvement of local government Revenue collection and generation”. He observed that the district was not realizing the objectives in revenue collection due to staffing, lack of skills, low motivation and inexperience of staff, politics and a narrow revenue base. He recommended for staff structures with detailed roles. His research did not touch the element of service delivery.

Literature Review

This section discusses theories or models that researcher has put forward to explain issues regarding revenue Collection and service delivery in other context similar to KCCA. The objective is to derive a conceptual framework of analysis for the current study.

Efficiency and long-run growth

The effects which theory suggests the level and composition of taxes can have on efficiency and long-run growth—via investment, human capital acquisition, and innovation have proved hard to identify robustly. For OECD countries, Arnold (2008) concludes that property taxes are least damaging for growth, followed by consumption taxes, the personal income tax (PIT), and the corporate income tax (CIT): this is as theory suggests, with taxation of capital income having a potentially strong impact on investment. But there has been much less work for developing countries, and what there is tends to find no significant effect from either the overall level of taxation or the direct-indirect tax mix (Adams and Bevan, 2005).

Evidence that trade liberalization fosters growth suggests a potential impact from reduced reliance on trade tax revenue (Juul, 2006). Other effects likely operate through the considerable volatility of tax revenue in many developing countries (there being some evidence that this depresses public investment. Ebeke and Ehrhart, (2010), stressing the value of diversifying revenue sources. Distributional effects are important in themselves (poverty relief is a major motivation for raising revenue in the first place) and for their impact on compliance. Two points

are critical in assessing these effects. First, what ultimately matters is not the impact of any tax instrument in isolation, but the combined impact of all such measures and of the spending they finance (Chelogy, Anyango and Odembo, 2004). A regressive tax may be the only way to finance strongly progressive public expenditure; conversely, where the ability to target spending is relatively weak, progressivity on the tax side is a greater concern. Second, those who bear the real burden of any tax may not be those responsible for remitting it to the government. To the extent that capital is internationally mobile, for instance, a small country cannot affect the after-tax return required by foreign investors: trying to do so will simply reduce the income of immobile factors (Heady, 2002)

The study examined the applicability of several theories among them, the overlapping Authority model propounded by Anthony, and Young, (2004) on intergovernmental relationship. This theory states that public revenues decentralization occurs when lower tiers of government have statutory power to raise taxes and carry out spending activities within specified legal criteria.

Literature review

Literature review examines how the same study problem has been or is being handled elsewhere. The purpose is to provide the conceptual framework upon which the current study can be based on.

Ansel (1970) showed that at the level of local self-government in Madagascar, a close link could be established between many governmental services and their financing through taxation etc. it is far easier to base local taxes on a judicious admixture of the benefits – received principle, cost of services principle and the principle mixture of taxable capacity. While it is quite difficult to determine relative taxable capacity of members of society at national or even regional level, the task is much less difficult at the local level.

Seligman (1960) wrote that the financial resources of local bodies might comprise assigned taxes, shared taxes, grants, loans, incomes from revenue creative activities. It is expected that in providing for resources to local bodies, a state would be guided by the finding and recommendations of the state finance commission. Citizens cannot participate in public affairs, even over matters that affect them directly; unless they are empowered, “Empowerment” refers to the process through which peoples’ freedom of choice and action is expanded to enable them have more control over resources and decisions that affect them. People at the grass root lack sufficient organization, which always exposes their agenda to risk of elite capture.

According to *World Bank Report (2001)*, the Government of Rwanda started the National Decentralization policy in May 2000 with the general objective to provide adequate resources to fulfill local services, responsibilities under the system, local elected bodies were created at district (Uturere) sectors (Inurenge) and cells (Utugali) of these, the Akarere became the legal entity which financial and administrative autonomy over time significant number of services provision responsibilities have been transferred to the Akarere. The government of Rwanda attaches great importance to the decentralization process because decision making has been devolved to local authorities. The key components of financial decentralization include tax sharing, empowering local authorities to set tax and license rates and be able to levy service fees collect, property tax, establish local development funds, and strengthen accounting and auditing systems for local government. It introduces the arrangement of tax sharing on VAT (indirect tax) in order to expand districts own revenue source.

USAID (2005) Funds collected and retained in the locality itself are the Local Government’s own source revenues. In developing countries, it is typical to find that own source revenues are a small (or very small) portion of a Local Government’s total revenue. This can be due to a variety of factors including: restrictions imposed from higher levels of government on the types of revenue sources available to the Local Government and the rates that can be charged; a history or

culture of dependency in the relationship of Local Government to higher levels; local politics that oppose local revenue collection; poor revenue collection technology or effort at the local level; and corruption. Whatever the combination of causes, the result is that Local Government is usually over dependent on transfer payments and less able to exercise decentralized leadership for development.

Though the revenue allocation system mandates that a certain fraction of the federation account be allocated to local governments, these funds are never enough to meet expenditure requirements. This is so because the size of the account is related to revenue from oil, which is subject to fluctuations, and the expectations of local governments far exceed the available resources. In a system characterized by ethnic and clan conflicts, state governments have attempted for political reasons to frustrate the existence and effectiveness of local governments. Our results indicate that most state governments defaulted on their statutory allocations to local governments, rendering local governments financially and politically impotent.

Ullah & Pongquan (2010) points out that rural local government in Bangladesh are devolved with some revenue power and functions but practically they cannot exercise their mandated responsibilities due to shortages of funds and institutional capacities. Besides insufficient central allocation, institutional weaknesses are also continuing for the lack of effective mechanism to coordinate and integrate the role and functions of rural local governments' functionaries, sectoral agencies, NGOs, cooperatives as well as private sectors.

Understanding the realities, recent concentration of Bangladesh government on poverty reduction strategy has integrated local governments' role to instill rural development, combating rural poverty and attainment of Millennium Development Goals. In this respect, the relatively small scale Union Parishad (UP), the lowest tier rural local government, closest to the rural people, has offered realistic possibilities to play the vital role. Therefore, the objective of the study is to examine the trend and performance of UPs own financial resources mobilization.

While the operation of the public involves money flow of receipts and spending expenditures, the basic problems are not issues of inadequate financing, rather there are problems coupled with price and level and stability and growth. Therefore, there is need to rethink about the principles of public economy or more precisely, into those aspects of economic policy that raise in the operations of the public budget in to increase the size of the revenue base.

The determination of the expenditure plan, de vitide Macro argues that taxes must satisfy the voters. Unless they feel their tax payment are put to good use, any economic and political reduction will set be in to restore equilibrium.

Choosing the appropriate method of finance does not only make a good plan better but can determine its success. Using the wrong financing methods like: excessive deficit funding and loans with high interest can water even the best plans. For too often the finance has been.

Most Local Governments cannot adequately fund and address all their important priorities in a single year or even in few budget ears. Therefore, some sense of priority should be established so that available budget funds are directed towards the most important goals or outcomes. Any of these priorities are apple vs Orange” companies meaning that all are good, needed and very difficult and controversial.

While the Local Government came up with strict regulations governing the resource mobilization and Collection. The necessity from prior authorization may be questioned. It may appear that the sanctioning procedure enables policies which local councils pursue but the contemporary controls are exercised by other means and cannot be passed by the expediency of meeting capital expenditure form revenue and thereby avoiding the necessity for loan consent. While this true for Europe it is not easy were banks charge high interest rate (15% or more).

(Jean, Lee, Malarkey & McMahon 2010) Of all the financial resources available for Local Governments, local revenue generation was consistently underutilized and often constituted a

limited proportion of Local Government's budgets. Of the districts interviewed, local revenue generation accounted for less than 10% percent of their budgets. The limited ability to collect revenue hinders Local Governments' ability to execute discretion, as these funds theoretically allow the highest level of discretion. Depending on the opinion of those interviewed, Local Governments are constrained, by either weak revenue bases or weak revenue collection. Regardless of the source of the constraint, these shortfalls position them to be heavily dependent on central transfers and international donors in order to finance service delivery.

As the following figure illustrates, the FDS policy provides discretionary opportunities within all revenue sources – both locally generated and transferred. In reality however, the flexibility provision is irrelevant, because it is not being effectively utilized. Local revenue generation contributes a minimal amount to local budgets and is therefore provides insignificant levels of discretion. Unconditional grants are apportioned for salary expenses with little discretionary funding remaining, and conditional grants, which are least discretionary in nature, provide the most decision making power to Local Governments for deciding how and where services are delivered. This disconnect is not just a matter of misaligned policy and practice, but a product of the various constraints on Local Governments.

Lack of compliance by constituents (and a lack of resources for poorer districts) is also deemed a major hindrance to the proper collection of taxes. This problem, as Local Governments explained, stems in part from the perceived difficulty in the ability to link locally generated revenue to effective service delivery. In addition, the Local Governments identified specific and localized constraints in some districts that prevent their officials from being able to collect the full potential value of local revenue. This can include anything from tax exemptions on certain properties (reducing the potential value of collecting property taxes) to infrastructure issues, which may limit the ability of tax collectors to reach certain properties.

Nature of taxation

Local Revenue Collection

By their nature, business licenses and property taxes can be devolved (and can be more effectively managed under certain conditions) to local government level; effective administration is a key to this process. These revenue sources have a common set of administrative functions and procedures. As figure 3 graphically illustrates, the administrative procedures must be comprehensive, covering all the revenue administration functions- from data base maintenance to cash office management

The administrative system for revenue management must be well designed and in place. Kelly et. at 2001 study showing administrative functions in a local revenue (where obligations are pre-assessed) is presented in figure 2.1:

Figure 1 .1 Administrative Functions for a pre-assessed revenue management system

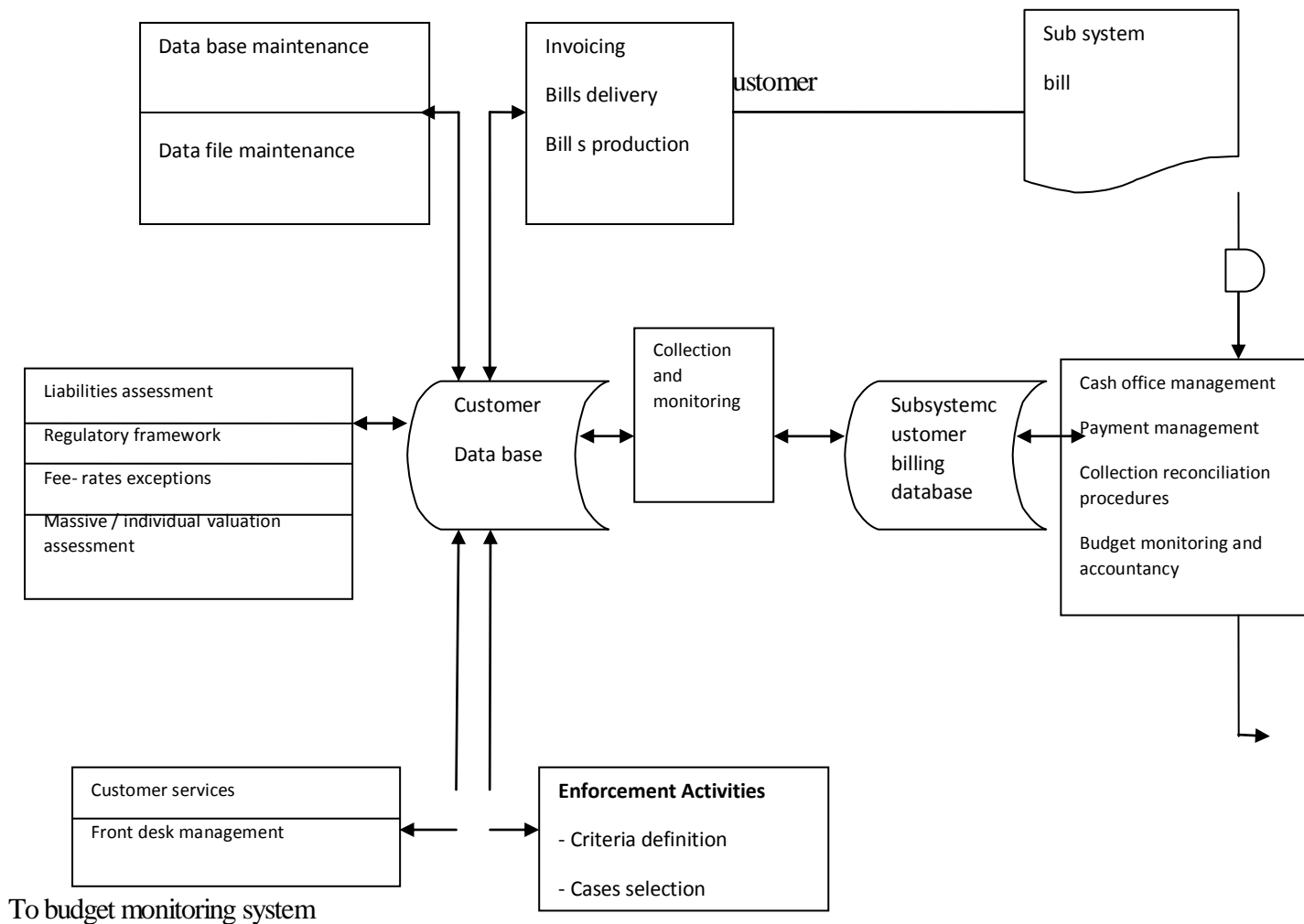


Figure 2.1: Administrative functions for a Local revenue (pre- assessed system)

The tax objects (businesses and properties) have normally to be identified and information collected, recorded and managed within the respective tax base registers. Using this information, local governments determine tax liability, produce liability notices, and deliver these bills to the respective taxpayers. The assessed taxes are then collected through a financial/cash management office and using the financial system and innovations where feasible. Collections can be monitored and action can be taken against noncompliance. Throughout the administrative process, taxpayer service is to be provided to promote voluntary compliance. In addition to the establishment of simplified, yet effective administrative procedures, local government capacity can be strengthened through targeted training, technical assistance and dissemination programs, with central government support when needed. In addition to the practical local administrative training, it is important that local management capacity be strengthened to use the generated databases and corresponding analysis and information to mobilize additional local revenues.

All of these administrative components should ideally be linked through an integrated financial management system (IFMS) to reduce administrative and compliance costs, improve transparency and enhance accountability. (Annex A).

Tax Base Coverage

Revenue mobilization is based on identification of the tax base. A coverage ratio of the local revenue, the extent to which the tax objects are captured on the tax rolls (Annex B) needs to be determined and monitored. In some cases, the information on property or businesses is non-existent, incomplete, outdated and/or uncoordinated. Since many cities have informal markets and unregistered businesses, data on these operations is limited or non-existent. Elsewhere, district registers of small, local businesses have inadequate or outdated information. Larger or transnational businesses that also operate in a locality may have their information stored in other registers at national level.

In some municipalities, property tax registers must be created for the first time. In others, valuation rolls for property

tax purposes might have been completed some years ago. Slums and informal property deserve special attention in many cities and different countries. There is a need, therefore, to update and adjust the basic information and valuations regularly. Supplementary valuation rolls are needed, for example, to incorporate new housing developments into the tax net.

Registry of Property and Property Tax Information

In a majority of countries, the authority in charge of land and property registration very likely has basic maps, property titles/deeds, and other baseline information. Some of this information is fully computerized; in many developing countries, though, the land registry and property valuation rolls are in various states of computerization. The use of these various information sources, along with simple field procedures helps local governments to create and maintain business and property registries for their management and collection functions. The task of local authorities is to properly identify the tax object, collect the relevant tax object information, and maintain and manage the information in a systematic manner to keep it up-to-date. This involves using a system of simple maps, unique property identification numbers, property and business information collection forms, data collection and information management procedures.

For effective collection purposes it is important, therefore, to establish simple but effective property and business register standards and procedures, in order to collect and maintain only the essential information necessary for business licensing and property tax administration. Relevant information would include the legal information needed for tax assessment and billing as well as the physical property characteristics, business type and valuation-related information. All mapping standards and information needs should be tailored specifically to

The revenue objective for example, the measurement and data quality standards for a fiscal cadastre are less stringent than those required for a legal cadastre. Efforts should be made to ensure that the tax administration collects only timely, relevant and reliable information on a few key variables in a cost effective manner. Although existing tax object information should be used to the extent possible, it is often more cost effective

to undertake a separate field data collection exercise to create, build and/or update the tax registers. Simple, cost effective approaches to field data collection have been used successfully in several countries. Field data collection procedures must be structured to be cost effective. This is discussed further in Part Two.

Many systems use a combination of factors including the underlying construction costs, adjusted for location, cost inflation, availability of services and infrastructure, the age and condition of the property, the construction materials used and the facilities available on site. Commercial areas can be zoned according to the degree of commercial potential or special locations. With some slight changes—introducing adjustments for size, construction type, location and access to services—it would be possible to dramatically improve the equity of this approach, allowing for the introduction of a simple mass appraisal approach for property tax purposes.

Business Licenses

Businesses and commercial activities are a natural revenue base for local governments. These can be justified as a form of benefit tax to pay for local services, or, from another viewpoint, as a payment for the right to trade in a locality – a sort of economic rent paid to the local community. Local governments seek to make their areas attractive for investments and business licenses – the rates, length of time and the ease or difficulty of processing are factors affecting the competitive rating of a city. Internationally, local taxation of business activities ranks second only to property taxation as a source of finance for local government. While the main tax instruments on economic activities (such as the income tax, corporate profits tax, sales or value added tax) have generally been assigned to central governments, many countries grant local governments powers to mobilize revenues from local businesses.

A standard mechanism for mobilizing revenues from business has been through licensing. Although the original intent may have been only regulatory, business licensing has also increasingly generated important local revenues. Business licenses generate revenues as well as information to be used for regulatory purposes related to public safety, health and welfare. Local governments, due to their proximity, are in an ideal position to register, collect revenues from and monitor the business

activities in their jurisdictions. Typically, business licenses finance between 5% and 30% of local budgets.

License Register and the Tax Base

Local governments in many countries have the duty to set and collect license fees. Over the long run district governments in developing countries need to mobilize license fees from a broad set of economic operations including transportation, communications, hotels and restaurants, financial institutions, agro-business, professionals, educational institutions, medical facilities, entertainment, manufacturing, tourism services and workshops. This broad licensing base will both generate revenues and provide a comprehensive information base on economic activities that can be used to assist in regulatory activities related to public safety, health and welfare.

Local governments need to focus on the creation of a comprehensive business register eventually covering all businesses in their jurisdiction. To include all businesses, the business registry should be constructed using the classifications contained or proposed in the business permit/licensing policy. Local governments would be required to complete the comprehensive business registry and provide a summary report of the registry identifying the aggregate number of each business type and scale within each jurisdiction. Using this business registry, local governments would assume responsibility for maintaining the licensing information required for revenue and regulatory purposes which could then be coordinated by the central government at national level. A copy of the business register and summary information should be submitted to the central government agency in charge.

Ideally, business census should be carried out jointly with the business community to ensure a comprehensive registration, accurate classification and effective sensitization of the business community. Local governments should have some limited discretion in choosing the appropriate fee schedule in accordance with revenue needs, services provided, level of previous license and related fees, etc. The local government in consultation with the business community should choose fee levels and the local

government should be held accountable for the fee level chosen. As with other operating costs, business licenses paid should be deductible from the central government income tax in calculating corporate profits. Those already in the income tax net would therefore not be taxed twice while those outside of the net would be contributing to government expenditures.

If there is some concern with the local capacity to effectively manage expanded licensing responsibility resulting from decentralization, a two stage strategy can be considered: The first stage could involve the transfer of the existing business licenses only. Stage two would expand the revenue base to include all businesses. To minimize the cost of constructing the first business registry, however, it is proposed that the local government begin collecting information on all businesses and trades—including professions and occupations from the start.

Fee Structure

Depending on the structure of the license fees, revenues from local businesses may be either easy or difficult to collect. A simple license fee is comparatively easy to administer and to enforce, since the tax object is relatively obvious, and action can be taken against defaulters.

A flat rate fee structure, or one which varies by type of business, is easy to administer but this can penalize small businesses. Therefore, to make the tax more equitable, and/or to generate more revenue, the license fees can be based on some measure of turnover or profitability. Annex C.

License fee schedules should be designed to be fair and to reduce administration and compliance costs. Fairness is increased by making the fee structure more progressive—so that larger businesses may pay more than smaller businesses. For example, the fee structure can be designed so that a large trader will pay more than a small or medium trader. For example, the highest fee paid in any jurisdiction can be from a large five-star hotel or a large industrial plant while the lowest fee would be paid by a small informal sector trader/street vendor. The difference between the lowest and highest fee payment would range by a factor of about 50. To

simplify administration, the policy would also provide clear and simple guidelines to distinguish between small, medium and large businesses. Although turnover could be one measuring factor, local governments would face major administrative problems in trying to estimate turnover. Thus, the fee schedules use some indicative measures such as the number of employees, size and location. In addition, normative fee schedules simplify administration by grouping all businesses in broad categories ranging from traders to industries.

Fee schedules or relative business classification structures could be initially approved by the central government. Over time, it is anticipated that local governments will have increased discretion over rate setting.

Property Taxation

Property taxation is considered one of the more complex levies to manage because it interfaces with some of the basic human conceptions relating to inherited or acquired property rights on land, location and related issues. It is complex for several reasons: First, property taxes are linked to land—which comes with strongly felt cultural values. Land is considered in many societies as family wealth, not individual asset. It is passed from generation to generation with ownership rights deeply treasured and valiantly defended. Second, property taxes are levied on property rights—the right of property use and/or ownership. Property rights in many regions are not clearly defined making it difficult to identify the tax liability and ultimately enforce revenue collection. Third, property taxes are a form of wealth tax—not linked to direct revenue generation. Thus, property owners must generate the cash to pay the tax either through using the land itself as an input for generating income (i.e., using the land for agriculture or a business) or having a separate income generating activity—apart from the land or property. Taxes on residential property, for example, must be paid from cash generated from sources other than assets—often creating a situation of being “asset-rich but cash poor.” Therefore, if local governments are to succeed in converting property taxation into a reasonable source of revenue, they need to be empowered and given the capacity to deal effectively with these issues.

There is general agreement among public finance practitioners that the tax rate structure should be kept

as simple as possible to facilitate tax administration. It is recommended that local government flexibility to set tax rates should be constrained until the tax administration capacity is fully effective. Priority should be to ensure full collection and enforcement, complete coverage of taxable property and accurate property valuation before allowing changes in the tax structure. Over time, as administration capacity improves, the law/or regulations can be changed to provide for flexible rates with a prescribed range and ultimately with greater discretion. In some cases, vacant land is taxed separately and at a high tax rate with the objective to influence development decisions though how effective this policy is has to be further researched. Attempts to introduce differential rates to make the property tax progressive also are ineffective unless applied within a comprehensive property tax system (i.e., a wealth tax). Progressive rates in fact can encourage subdivision of parcels, bribery and spurious legal challenges.

Establishing an Appraisal Model for Properties

Using collected property information, local government must determine a relative value in order to assess the property tax levy. This section proposes an appraisal methodology designed to suit the need of different types of local governments for implementing a simple property levy system in an environment where the property tax is a new tool for improving the financial performance of the local government. It is not intended to replace a commercial valuation approach, which necessarily requires focusing attention on a more detailed description of each individual property. This is a mass appraisal approach, intended to provide a relative measure of the value of each property and is intended for property taxation purposes only. The model produces an estimated property appraisal (EPA) for each property. The most important characteristic of the EPA(s) generated by the Appraisal Model is that they are based in the same set of parameters with identical adjustment factors for each one applied to all properties uniformly. The final distribution of Estimated Property Appraisals is normally considered fair and equitable enough to be used for taxation purposes in the jurisdiction. Using appropriate analytical tools, it is possible to build Valuation Models that produce good approximations to Market Values of Properties, as used in the USA and Denmark.

These models are based on a statistical analysis of a sample of available commercial values (e.g., recent transaction values) for a number of properties. Due to the lack of reliable sources of transaction values in many countries, a Normative Approach can be adopted, which has proven to be effective and much less controversial in many developing countries. That is, the Model should produce proportionally higher values for properties that objectively are more valuable than other properties in the area while objectively similar properties should be given similar values. “Objective” in this context should be understood as a subjective appreciation of similar, higher or lower value among a number of non-biased observers. The appraisal model presented is a normative valuation model to establish the relative distribution of values for properties within a jurisdiction. That is, every property is given a relative value compared to any other property in the jurisdiction, calculated on a common base value for land and buildings, modified by the set of adjustment coefficients taking into account specific characteristics of every single property. This type of valuation model is quite useful for property taxation purposes, where the main interest is not to obtain a market value for each and every property in the jurisdiction, but to obtain an equitable and fair distribution of individual property values to establish an appropriate tax base. Fairness, an important consideration when dealing with taxation issues, is ensured because exactly the same evaluation criteria are applied to the characteristics of every property in the jurisdiction. Moreover, the same base values are used for similar land locations and building classes. Additionally, if a computer-assisted mass valuation methodology is used, the possibility of calculation errors is reduced. The scope for taxpayer’s complaints and appeals to a wrong description of the property characteristics can more easily be corrected. The property information quality can be maintained by the use of a multiple selection form during the Data Collection Exercise, leaving little room for interpretation errors. To achieve fairness and equity, the Appraisal Roll should be opened for public review by taxpayers before the issuance of property tax bills. Also within a reasonable limited period (e.g. 6-8 weeks), owners should be entitled to request a review to correct possible mistakes. As will be discussed below, it is recommended that an independent appeals board

be established to deal with the appeals process. The normative appraisal model provides that similar properties are given similar appraisals, based on the set of characteristics that define and differentiate each property. Therefore, correctly collecting the physical characteristics of properties becomes a crucial concern to ensure equity and fairness in the distribution of the tax burden on taxpayers.

Efficiency in Revenue Collection

Means assessment of overall pattern of revenues in mobilization of resources, not only the defect tax structure, but also revenue from all sources as actually collected. Sometimes there is efficient in revenue collection, but the lack of proper reporting system a portion of collected revenue can be diverted into personal expenditure leading to deficits, URT (1984) put down that revenue reports are used in managing revenue trends. On revenues collection there are four types of reports:

Revenue Flash Report - the revenue flash report is a monthly report giving brief information on the total revenue collected as per cashbook during the month being reported. This report is compiled by the receiver in the implanting agency and submitted to the Treasury by the 5th of the ensuing month. The report enables the receivers of revenue to get information on the performance of their collection. At the same time the Treasury is enabled to get information on the performance of each receiver of the revenues and the national collection position in relation to the estimates.

Monthly Statements of Revenue Collection: This is a statement of revenue collected during the month compiled by the Receiver of Revenue. It is a more detailed statement and it shows the amount collected against estimates for each revenue item.

Monthly Revenue Collection Progress report: This report gives details of cumulative figures or revenue collection up to the month of reporting.

Mid – Year Revenue Collecting Reporting: this report gives the cumulative collection of the first half of the annual budget (July – December) and the projection of revenue collection for the second half of the year (January – June). It is prepared for the purpose of the budget review of the reporting year. It is useful when making projections for the next financial year.

“The essence of responsibility accounting is the accumulation of cost and revenue according to areas of responsibility in order that deviations from standard costs and budgets can be identified with the person or group responsible” (Scarpens, 1989), He stresses that financial knowledge is necessary in maintaining loans. People are unable to manage revenue because of lacking financial knowledge; therefore, the importance of financial knowledge is crucial into loan access.

Collection and Enforcement

Local revenue collection rates in general are below their potential, and much improvement must be done not only to improve collection, but also to improve the statistics on actual 211 The Lilongwe City Assembly, Malawi in 2001 hired private appraisers to produce the valuation roll for about \$52 dollars per parcel. In contrast, the World Bank project to value properties in Dar Es Salaam, Tanzania costed \$30 per parcel, while the Nkhata Bay District Assembly use of mass valuation costs about \$3-5 per parcel also in 2001 collection. Of primary importance is to focus attention on the substantial scope for improvement.

Mobilizing the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection. Many local governments rely heavily on individual persuasion to mobilize revenues—rather than utilizing the various enforcement mechanisms available through legal processes. The lack of collection and enforcement can be attributed to several factors—one of which is the lack of apparent political will. Mobilizing political will requires education and incentives for those involved in the revenue mobilization effort. Political will require leadership and the building of a consensus around local public

sector finance and service objectives. Taxpayers and business owners must be convinced to pay their tax obligations; this can be facilitated if they observe improved local services provision and perceive that the taxes and fees are being administered fairly and efficiently. The first priority, for city administrators therefore, is to improve service delivery—since people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services.

To improve credibility, local governments must implement strictly the established laws, regulations and procedures, and ensure that the taxes and fees are being administered in a transparent, accountable and fair manner. Management and operational staff need to ensure that the property tax and business registers are complete and kept up to date, assessments are calculated properly, tax demand notices are distributed, taxpayers are made aware of their obligations and the procedures to pay, and taxes and fees are collected systematically and fairly from all rate payers and businesses. Effective collection depends on having a well-functioning administrative system and motivated staff.

Close supervision and improved management of revenue collection can improve the revenue yield and equity of the rating and business licensing system. Transparency in the whole process is essential. In La Paz, Bolivia for example, then Mayor Ronald MacLean Abaroa supported collection through established banks, and adopted external auditing mechanisms to minimize possibilities of corruption (Klitgaard et al. 2000).

Monitoring and supervision are very important. Often tax revenue compliance is monitored through the use of tax receipts and business licenses, which requires local staff to check and identify individual compliance in the field on a case-by-case basis. Although these spot compliance checks can generate additional local revenues, a well-maintained, up-to-date delinquency (i.e., defaulters) list can be used effectively by local enforcement agencies to follow up on noncompliant taxpayers. These tax delinquency lists can be widely publicized to ensure transparent and consistent action against noncompliance. Depending on local cultures, ‘name and shame’ strategies like these can work. This can enable local governments to effectively target their resources to

maximize collections. Excessive enforcement efforts (for example the same businesses are targeted for visits more than once a month), can result in negative incentives: on one hand, forcing businesses to become part of the informal sector; and on the other hand, sometimes, as a result of harassment on the part of tax officials, to forcing the closure of operations by business owners altogether.

Local governments should try to use appropriate but also cutting edge information and communication technologies when feasible in administering these local revenue programs.

Among the technologies that have proven to be effective are various computerized systems, satellite photography and GPS mapping systems for property registration and valuation and electronic and banking systems for payments and accounting.

Service delivery in Local Governments

The Local Government is a crucial institution from where people can best define their priority problems and organizes to deal with them. Moreover, the poor interact almost exclusively with the Local Government from which they seek services and support. For example, District Local Government directs National Agricultural and Advisory Services (NAADS), and support given to farmers (Robert, 2011).

Local Governments are capable of providing public services, mobilizing community resources, stimulating private investments, expanding rural-urban linkages, adopting national development to Local conditions and investing in Local infrastructure. They can also be a crucial source of empowerment by offering opportunities for long neglected citizens to participate in the Local decision making processes. They hence act as a voice for Local needs at higher levels and providing adapted support for Local people's initiatives (Abelson, 2006).

Key sector outputs and allocation are relevant to the District political and administrative officials. The department work plan summarizes the main outputs of each sector within a department (for example hospitals, primary healthcare, and the director of health services office), and the total budget for the sector. The output indicators should be limited to three or four per sector. Again the recurrent indicators should be drawn, where possible from the sector guidelines. In the preparation of recurrent summaries in some sectors, it may also require to add indicators of service delivery volume as well as well as outputs (Productivity Commission, 2008).

It may not be enough to know the prevailing pupil to teacher ratio (output) for the District indicators of the volume of service delivery such as the number of pupils enrolled and the teachers on the payroll are important. A description indicating how services are being delivered to the community throughout the Local Government can be formulated (Robert, 2011). For example, there is a section that sets out the summary for the District as a whole, then a section that splits the sector budget into geographical areas (for example the Local council, and provides information on the service outputs, such as the pupil to teacher and textbook and pupils in a given area. Indicators may be on service delivery levels and not traditional activities. For example, in education, information on the enrolment and number of teachers, textbooks and pupils in a given sub county/division will be provided in place of indicators on the number of activities (Productivity Commission, 2008). This service being delivered data will provide information on the service delivery outputs, such as the pupil to teacher and textbook ratios.

The desegregation of data area helps to ensure that funds are allocated fairly throughout the District/municipality. For example, this involves service delivery investments by section and geographical area such as counties and sub counties. Members of sector committees, councilors,

departmental managers are interested in service delivery in their areas and therefore ensure that proper policies are designed and later implemented to ensure effective service delivery to the community (Productivity Commission, 2008).

A major weakness of the literature review regarding service delivery is that it assumes that the services are provided by default by the District Local Government from the revenue collected. It portrays a scenario whereby the public automatically benefits from the programs in the communities and is quite misleading as it tries to correlate the rural-urban linkages, and shows how the citizens directly participate in decision making which is not always the case (Abelson, 2006).

The Purpose of Revenue in Local Service Delivery

Data issues an important challenge in revenue purpose of local government in Uganda. Until June 2005, local governments had wide discretion in structuring their own revenue systems, and local government revenue instruments therefore varied widely from council to council. No system was in place to gather data on revenue collections by different types of local revenue instruments or by type of tax (e.g., sales tax, income tax, etc.), and to analyze (the variations in) local government revenue collections in a systematic manner. Local government resources, local taxes and local non-tax revenues are collected on a regular basis (some variables by both PO-RALG, and other statistics by the Ministry of Finance) no single, comprehensive database of local government fiscal data is currently available. But even to the extent that analysts are able to collate the available data, no systematic analysis is performed on these data to monitor the overall local government finance system. To this end, the TORs for the current study requested the development of a revenue profile for local governments in Tanzania. However, in this regard, the TORs for the current study were largely overtaken by the completion of the Local Government Fiscal Review in November 2004. In response to the need for local government

finance statistics, a number of coordinated efforts are under way by LGRP and MOF (under the auspices of the Coordinating Block Grant Implementation Team) to assure that a more complete set of local fiscal data is generated and systematically analyzed. In November 2004, these efforts by the CBGIT culminated into the first annual Local Government Fiscal Review document. The purpose of the Local Government Fiscal Review 2004 is to provide an accurate, comprehensive and up-to-date overview of intergovernmental fiscal relations in mainland Tanzania. Based on data from the Ministry of Finance, as well as self-reported local government budget data aggregated by the LGRP, the Review provides the first comprehensive profile of local government expenditures, revenues, transfers, and local government borrowing. Local government revenues are specifically dealt with documenting the current resource profile of Local Government Authorities in Tanzania, and noting any significant trends in the composition and amount of local resources (Ministry of Finance, 2004)

The importance of correct forecasting and budgeting of revenues for any Local Government cannot be overestimated. Realistic expenditure estimates can be framed only if revenue estimates are being based on realistic expectations. In other words, the announced grant figures from the ministry of finance, planning and economic development, secured funding from donors and the previous financial years and Locally collected revenues add a reasonable percentage increase (Productivity Commission, 2008).

Nevertheless, most Governments produce optimistic and thus unrealistic revenue budgets, which in turn create frustration amongst the implementers who have to slow down or put on hold ongoing and planned activities. This frustration could however be avoided if the principle of producing sound revenue budgets was taken seriously by the politicians and technocrats which is always difficult to adhere to due to political interests as well as lack of well trained personnel to

formulate sound revenue budgets (Robert, 2011).

The enumeration and registration committee identifies and trains interviewers to collect the required data. The interviewers are also trained how to approach the public, the kind of questions to be asked and how to deal with non-responses. The more effective a revenue source will be, the more it yields good revenue returns and hence quality service delivery to the Local Government (Robert, 2011).

However, the identification of revenue sources is quite a challenge to the Local Government authorities. For example, it may be quite difficult to identify various income generating activities, as most of the economic activities in rural areas are not well documented. Yet the identification of sources of revenue is done by management, which is sometimes detached, from the grassroots or the common taxpayer. It is true that the enumeration and registration committee identifies and trains interviewers on how to approach the public but this in most cases does not yield the anticipated responses hence hindering revenue collection and effective service delivery (Productivity Commission, 2008).

Strategies for Improving Local Revenue Collection

Improvement in revenue performance is also critically dependent upon the ability of local authorities to minimize the cost of collecting revenues. There are four possible actions could be taken by local government to improve their administrative efficiency; Improving the existing tax administration procedures through administrative simplification, Efforts to calculate collection efficiency for each type of revenue, Efforts to reduce cost of collection, Efforts to eliminate the identified factors in the field that has contributed to sub-optimal revenue (Mahi, 2002)

A classical economist Adam Smith (1776) put forward the canons or general principles of taxation which he said should be observed when imposing a tax, and these are; equity, certainty, convenience, productivity, buoyancy and economy.

Convenience. Under the principle of convenience, Adam Smith stated that, every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or, when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he has occasion to buy the goods. As he is at liberty, too, either to buy, or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconveniency from such taxes.

Canon of Equity: according to this principle, every person should pay to the government depending upon his ability to pay. The rich class people should pay higher taxes to the government, because without the protection of the government authorities (Police, Defense, etc.) they could not have earned and enjoyed their income. Adam Smith argued that the taxes should be proportional to income, i.e., citizens should pay the taxes in proportion to the revenue which they respectively enjoy under the protection of the state.

Productivity: It is also known as the canon of fiscal adequacy. According to this principle, the tax system should be able to yield enough revenue for the treasury and the government should have no need to resort to deficit financing. This is a good principle to follow in a developing economy.

Certainty: The canon of certainty has to be put into consideration in order to improve on the Local revenue. The taxpayer must be protected from unnecessary harassment by revenue officials by advocating for the certainty and non-arbitrariness of the taxes, fees, and charges that each individual is bound to pay. This is because unpredictable taxes discourage investment and reduce effort of work.

Economy: This principle states that there should be economy in tax administration. The cost of tax collection should be lower than the amount of tax collected. It may not serve any purpose, if the taxes imposed are widespread but are difficult to administer. Therefore, it would make no sense to impose certain taxes, if it is difficult to administer.

Flexibility/ Buoyancy: It should be easily possible for the authorities to revise the tax structure both with respect to its coverage and rates, to suit the changing requirements of the economy. With changing time and conditions, the tax system needs to be changed without much difficulty. The tax system must be flexible and not rigid.

Diversity: This principle states that, the government should collect taxes from different sources rather than concentrating on a single source of tax. It is not advisable for the government to depend upon a single source of tax, it may result in inequity to the certain section of the society; uncertainty for the government to raise funds. If the tax revenue comes from diversified source, then any reduction in tax revenue on account of any one cause is bound to be small.

Adam Smith International (ASI) is seeking a Short-term Tax Policy Advisor to assist the Ministry of Finance (FPD in particular) in Kabul in quantifying the fiscal impacts on the government budget resulting from VAT introduction and other tax policy changes, including changes in the fiscal regime within the mining sector. The advisor would also work on tax policy recommendations, on assessing long term impacts of tax policy decisions and helping to integrating them within the government's medium term fiscal framework with the possibility of extension (Smith, 2013).

Tax Assessment and service delivery

Assessment is the determination of the amount to be paid in respect of a particular revenue item and raising a formal notification of the amount to be, the basis for its determination, the due date and mode of payment among other to the tax payer. An assessment must be based on a clearly defined tax base and must reflect the rates applicable a tax base. The assessment exercise helps

Local Governments to keep a record of the amount and due date for payment of the respective revenue items assessed, the name, location and other details of the taxpayer (Anderson et al, 2003)

The assessment exercise requires first the identification of suitable assessors and then training them before embarking on the assessment exercise. A good revenue system must have a team of well-trained assessors whose main responsibility is to prepare, raise, and distribute assessments in line with the regulatory and policy framework for Local and central Government.

Revenue Enhancement Plan and service delivery

A revenue enhancement plan is a charge against a citizen property or activity for the support of the Government (American Business dictionary). In a bid to curb and reverse the declining Local revenue, many Local Governments to come up with revenue enhancement plans to increase the revenue base to improve on the amount of revenue collected (Byrnes, 2006).

Local Governments have the right and obligation to formulate, approve, and execute budgets and plans. Revenue Enhancement Plans should therefore be separately developed in line with and integrated into the Local Government's Developments Plan. The Revenue Enhancement Plan ensures a coordinated approach to revenue generation by the Local council and it is able to measure progress against plan (Caulfield, 2000).

Among other revenue sources and strategies for revenue enhancement for District Local Government include; rent/hire administration buildings at District and sub county headquarters, bricklaying, loading and offloading fees, sand pit fees, stone query fees. The Ministry of Local Government has gone ahead to avail more money to fund the implementation of revenue enhancement initiatives under the Local Government Development Program (LGDP), Local revenue enhancement plan (LREP) is normally a three years plan, which is normally based on

the premise of the existing problem for example declining Local revenue trends (Caulfield, 2000).

It identified the various causes of the problem and came up with solutions to reverse the situation. For example, for the case of declining trend in revenue collection, Local revenue enhancement plan (LREP) had such broad objectives. These included, assessing the problems, constraints, and challenges of the current system for each revenue source (Cleary, 2006).

As a result, it helps to cultivate close cooperation with the business in the District by raising awareness of revenue collection and service delivery, improving on the efficiency in the collection of revenue in the District by coming up with ways of doing that among others. Local Revenue Enhancement Plan aimed at maximizing revenue collection in the Local Government so that the Local Government captures a firm position to deliver quality services to its community (Dollery, 2005).

A revenue enhancement plan cannot be regarded as a shield against poor revenue collection in District Local Government as portrayed in the preceding literature. For example, it is quite difficult for the District Local Government to separately develop Revenue Enhancement Plan and integrate it into the Local Government development plan (Dollery, 2005).

Therefore, it is common for the Revenue Enhancement Plan to fail to ensure a coordinated approach to revenue generation by the Local council. Revenue Enhancement Plans should therefore be separately developed in line with and integrated into the Local Government's Developments Plan. The Revenue Enhancement Plan ensures a coordinated approach to revenue generation by the Local council and it is able to measure progress against plan (Entin, 2004).

Budgeted Versus Actual Collections

Budgeted revenue collections refers to the Local Governments estimated amount of revenue to be collected in a financial year and the costs to be involved in collecting that revenue. In

addition, the actual revenue collections are what the Local Governments actually collect by the end of a given financial year. In some instances, the actual collections could be greater than the budgeted and this shows good performance in revenue collection (USAID, 2007).

In other instances, the actual collections could be less than the budgeted. This shows negative performance in revenue collection and it is not desirable if the Local Government is to deliver quality and sufficient services to its people (Tregilgas, 2006).

The Local Government must produce a budget because; the Local Government has scarce resources, which are not sufficient to carry out all its programmes and projects. It is a legal requirement, in order to identify and disclose the sources of revenue, in order to requisition for funds to implement approved programmes and projects, in order to give an overview of past financial and output performance. In order to control the implementation of various programs so that a particular program do not encroach on the resources of others.

It is a requisition of good governance and a political tool that provides overall guidance, it is an information/communication tool for both the central Government and donors detailing how transfers from them to Local Governments be utilized, and whether compliance with donor and national objectives is being met (Robert, 2011).

It is noteworthy that not all deficit budgets are indicators of poor performance as the literature above purports to assert. This is because some deficit budgets are an inducement to economic growth and economic development. The authorities may use deficit budgets to solicit big funds from donors and hence foster development in Local Governments for example by encouraging investors and at the same time some deficit budgets aim at relieving the taxpayers of the burden

of taxation. Yet even though the Local Governments produce budgets as a must due to various significances of the budgets, sometimes these budgets do not necessary meet the standards hence failing to meet the intended objectives (Illyas and Saoldigi 2010).

Relationship between Revenue Collection and Service Delivery

The relationship between revenue Collection and service delivery can be clearly portrayed by various rules and regulations governing the Local Governments (Entin, 2004).

Published reports as well as some tools for integrated planning such as the Local Government act, 1997, the Local Government financial and accounting regulations, 1998, Compliance with national priorities, The Local Government budget framework paper, Linkage between the Local Government budget framework paper and annual work plans as explained below: -

The Local Government Act, 1997. Local Governments budgetary powers laid down in the Local Governments Act, 1997, Section 78(1), which states that Local Governments shall have the right and obligation to formulate, approve and execute their budgets and plans provided the budgets should be balanced. The Act further states that no appropriation of funds by a Local Government can be made unless approved in a budget by its council (the Local Governments Act section 83, subsection 1).

Thus the Local Government budget, including the explanatory notes, constitutes the decisive financial management tool as it forms the legal and operational basis for the implementation of the policies set by the council in order to deliver services to the public (Mullins, 2004).

Without an approved budget or vote on account, the administration may not collect revenue nor incur expenditure, and any deviation from this rule may call for appropriate legal action by the relevant stakeholders. The Local Government Act provides that the Local Government budget shall reflect all revenues to be collected or received by the Local Government, and to be

appropriated for each year (section 78, sub-section 4). In this way a Local Government serves as an administrative management instrument providing detailed information about revenues to be collected and the expenditures to carry out the projects and activities set by the council hence effective service delivery.

Provision of budget support to enhance sustainable drainage and safe water in local governments

Serageldin (1989) noted that public works systems in the Third World have long been recognized as complicated and disorganized. Most urban utilities in Third World cities are not strong organizations and do not provide good services in general. Efficient public works companies do exist, but far too many are plagued by government interference, poor leadership and management, lack of autonomy, and a policy environment that hinders their development. While these issues merit more discussion on their own, the focus here is on their effect on satisfactory service and expanded coverage in existing but unserved neighborhoods, i.e., the informal sectors.

Further still Serageldin (1989) noted that municipal services in less developed countries are frequently managed either by several companies or by one company usually with multiple functions. The first instance is exemplified in Mexico City, with a population of some 15 million. General company supplies water, other district companies install the piping, another citywide company reads the meters and charges the customer, and still another company collects and reinvests the payments. The other extreme can be seen in the typical municipal public works company in Colombia. There, one company usually manages water distribution, the sewers, garbage collection, municipal markets, slaughterhouses, the city zoo, and public transportation. With such a broad range of activities to oversee, management responsibility within the company often gets diluted. It becomes difficult for the technician, and indeed for the company itself, to know *where* to initiate a project to bring services to a poor neighborhood.

When the cost of piped water is compared with what low-income families actually spend for water, it generally turns out that water from vendor trucks and buckets costs far more than water from a domestic hook-up. Also Peterson (1987) reiterated that it is also generally true that whatever the cost families will sacrifice food, heat, and shelter to pay for minimum water consumption. For these reasons, the provision of a close, safe source of drinking water can usually be demonstrated to be amply affordable to beneficiary families. But there is a danger that this point, which generally is part of project feasibility studies, overlooks the extraneous but significant costs associated with water consumption. The focus in recent years on encouraging public works companies to apply financial discipline and to become more efficient so that the poor hopefully can be reached is certainly a step forward. However, the basic formula applied increasing charges and collection of payments to cover operating costs and to leave a small margin has tended to focus exclusively on eliminating deficits and providing autonomy, while eclipsing any discussion of needs and of the public nature of a utility.

In theory, the introduction of a systematic pricing and collection system may raise revenues significantly and thereby increase the possibilities of cross subsidy. For most, readjusting the pricing schedules has not been easy. Not only has accounting never been a forte of many public works companies in less developed countries, but pricing schedules are also further complicated by confusing or combined institutional roles. However, even with adequate pricing policies, when utility companies operate as monopolies, they create no incentive to trim operating costs or to improve efficiency or coverage. Indeed, the utility company that introduces an effective profit motive into its operations tends to view investment in poor neighborhoods as increasingly unattractive (Peterson: 1987).

According to the Cornell service delivery Institute report (2001) Free-market theories of development suggest that a privately owned and operated water and sanitation company will find ways to increase efficiency and expand services to all possible markets, including the poor. Experience to date, though, suggests that the private service companies have not shown eagerness to extend infrastructure to poor informal neighborhoods. While there may be successful examples, the majority of privatized water and sanitation companies tend to avoid the poor neighborhoods, limit investment in new infrastructure, and demonstrate the more nefarious features of monopoly operations.

The process of land legalization and rezoning, an almost universal requirement for the provision of urban water and sanitation, can give rise to additional costs often the most burdensome. These requirements often make the cost of infrastructure unaffordable to low income families. Moreover, these families will not always appreciate the net benefits of a title deed and a zoning variance (Hermanson and Owens: 1990).

De Soto, (1989) noted that while families usually save on water charges when they hook up to a municipal aqueduct and stop buying by the gallon from water vendors, they also find themselves subject to additional charges, which may mount up. The cost of the initial connection fee (usually the cost of the water meter and house connection) plus the amortization of the capital investment costs can loom very high for families with low incomes, as can the charges for additional services that invariably emerge from the municipal water company's billing department. These might include costs for sewage collection, sewage treatment, trees and parks, garbage collection, fire brigades, and a municipal zoo. Few billing departments differentiate between who gets trees, parks, garbage collection, and protection from fire when they send out their bills, however.

Chand & Moene (1999) asserts that low-income families have neither the money to invest in infrastructure nor the support of others who could lend to them, so they turn to the city for financing. Yet Third World cities are notoriously short of funds and sources of financing, so they traditionally turn to the national government, which is usually more or less in the same straits. National governments can borrow both externally and internally and usually do, but they prefer to do so for projects that are more likely to pay off the loans, such as ports, roads, or power plants, than those that are not.

The Local Government Financial and Accounting Regulations, 1998. The Local Government financial and accounting regulations, 1998 make up the principal financial management framework for Local Governments. The Local Government financial and accounting regulations translates the Local Government act, as far as financial management provisions are concerned, into operational guidelines and provides the budget and accounting officers in

Local Governments at all levels with detailed legal and regulatory instructions on most aspects of Local Governments financial management (Abelson, 2006).

The main regulations concerning Local, Government budgets are contained in parts III of the Local Government financial and accounting regulations 1998. Therefore, the Local Government financial and accounting regulations enable the Local Governments to collect revenue and thereafter deliver services to the people.

The Local Government budget framework paper provides a profile of the Local Government. It provides previous financial year revenue performance against revenue budget estimates and revenue projections for the next three years, provides revenue projections for the next three years, and provides sector objectives and performance targets for the next three years (Brueckner, 2002).

The Local Government budget framework paper also provides indicative allocations and sector objectives and performance targets for the next three years, show sector unfunded priorities and reallocations of funding.

Therefore, the Local Government budget framework paper greatly links revenue collection in the Local Government with the services delivered to the community.

Service delivery in Local Governments

The Local Government is a crucial institution from where people can best define their priority problems and organizes to deal with them. Moreover, the poor interact almost exclusively with the Local Government from which they seek services and support. For example, District Local Government directs National Agricultural and Advisory Services (NAADS), and support given to farmers (Emezi, 2003).

Local Governments are capable of providing public services, mobilizing community resources, stimulating private investments, expanding rural-urban linkages, adopting national development to Local conditions and investing in Local infrastructure (Ssentamu 2004). They

can also be a crucial source of empowerment by offering opportunities for long neglected citizens to participate in the Local decision making processes. They hence act as a voice for Local needs at higher levels and providing adapted support for Local people's initiatives.

It may not be enough to know the prevailing pupil to teacher ratio (output) for the District indicators of the volume of service delivery such as the number of pupils enrolled and the teachers on the payroll are important (Omotoso, 2001).

A description indicating how services are being delivered to the community throughout the Local Government can be formulated. For example, there is a section that sets out the summary for the District as a whole, then a section that splits the sector budget into geographical areas (for example the Local council, and provides information on the service outputs, such as the pupil to teacher and textbook and pupils in a given area. Indicators may be on service delivery levels and not traditional activities. For example, in education, information on the enrolment and number of teachers, textbooks and pupils in a given sub county/division will be provided in place of indicators on the number of activities. This service being delivered data will provide information on the service delivery outputs, such as the pupil to teacher and textbook ratios (Omotoso, 2001).

The desegregation of data area helps to ensure that funds are allocated fairly throughout the District/municipality. For example, this involves service delivery investments by section and geographical area such as counties and sub counties. Members of sector committees, councilors, departmental managers are interested in service delivery in their areas and therefore ensure that proper policies are designed and later implemented to ensure effective service delivery to the community (Pradeep, 2011).

A major weakness of the literature review regarding service delivery is that it assumes that the services are provided by default by the District Local Government from the revenue collected. It portrays a scenario whereby the public automatically benefits from the programs in the

communities and is quite misleading as it tries to correlate the rural-urban linkages, and shows how the citizens directly participate in decision making which is not always the case (Robert, 2011)

Local Governments should budget for Local revenue basing it on the previous year's revenue and a reasonable percentage increase based on the previous years' increases.

To improve on Local revenue performance, Local Governments are also required to budget for revenue enhancement activities. That is to say, their cost and the income from such activities will be applied (Omotoso, 2001).

Unfortunately, Local revenue projections should be based on documented capacity to collect taxes and activities like tax campaigns, training, and mobility of tax collectors which Local Governments always fail to uphold. For example, Local Governments fail to avoid unrealistic increases from revenue enhancement activities, which make the realization of revenue and service delivery to be more of a dream than a reality (Robert, 2011)

Conceptual Framework

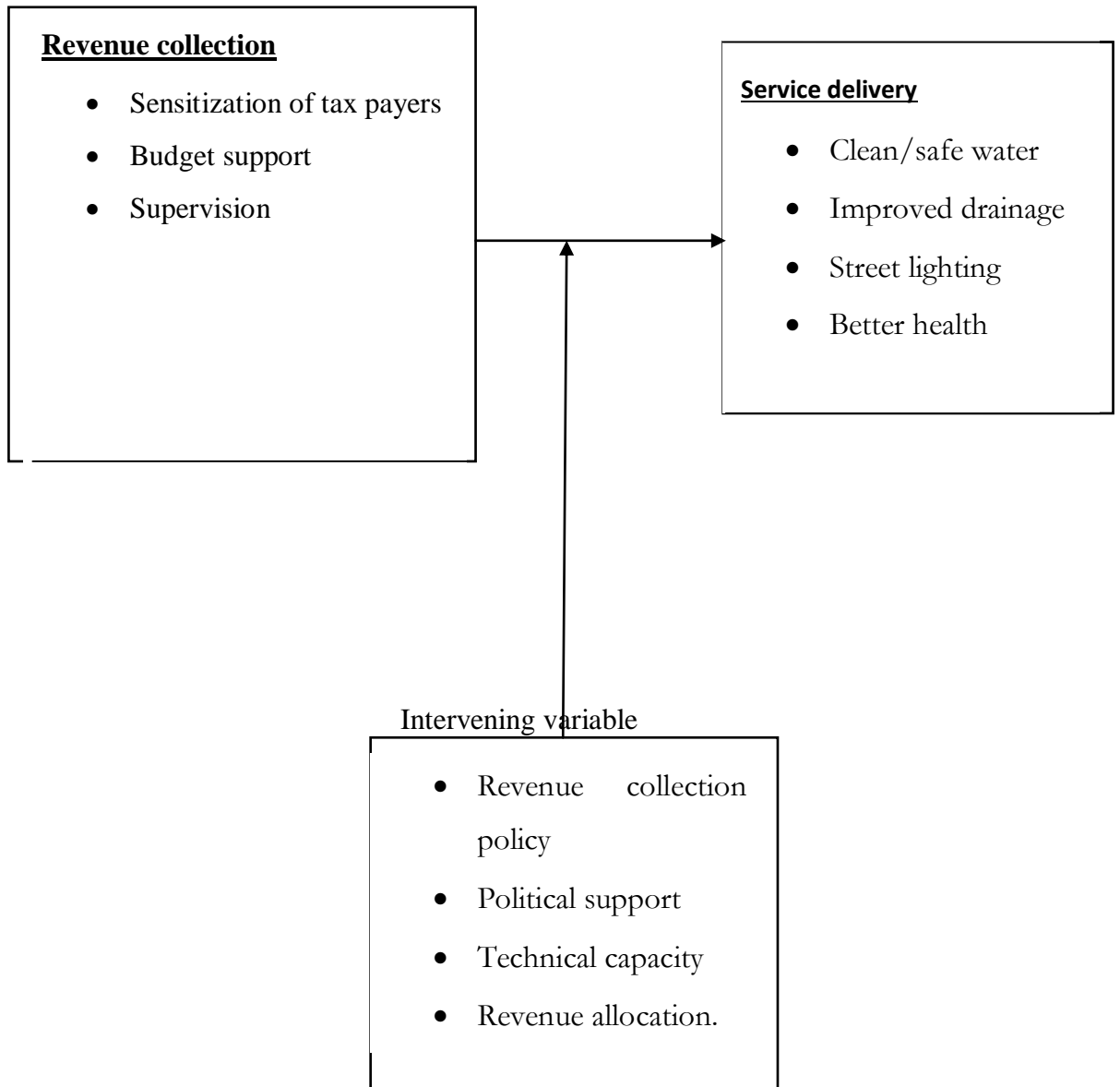
A conceptual framework is a systematic representation between the relationship of variables and congregative map. The conceptual framework theory describes the effectiveness of revenue collection and service delivery in Local authorities.

It consists of the independent and dependent variables as well as the control variables. The independent variable is revenue collection and dependent variable is service delivery, whereas the control variables consist of the various regulations that significantly influence both the independent and dependent variables.

Conceptual framework

Independent variable

Dependent variable



Source: Adopted from Miller (2009) model and modified by the researcher

Identification of Revenue Sources. The revenue collection process begins with identification of the various sources of revenue such as licenses, permits, fees and others from the community.

Sensitization of the people. The masses are sensitized about the benefits of paying taxes. For example, they should be enlightened that their contribution in form of taxes leads to effective service delivery.

Assessment /enumeration. There is need for tax assessment. This will enable the taxpayers to know the amount of revenue they are supposed to contribute. This may involve analyzing the various tax bases within the Local Government.

Revenue Enhancement Plan. After all this, a revenue enhancement plan is made. This aims at improving on the efficiency in the collection of revenues from the various sources.

Collection of the revenue. Finally, the Local authorities collect the revenue that contributes to the delivery of the various services to the people within the Local Government.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter presents the research adopted for the study. It highlights research design and data collection and management.

3.1 Research design

According to Creswell (2012), a research design is the basic plan which guides the data collection and analysis phase of the research project. The research design consists: research approach, research strategy, research duration and research classifications.

3.1.1 Research Approach

The research approach includes: positivism approach, phenomenological approach and combination approach. So in this case the researcher embraced both positivism-phenomenological approaches called combination approach, using hypothesis testing and explaining, also using both quantitative and qualitative information.

3.1.2 Research Strategy

Basically research strategy is a general plan of how a researcher goes about answering the research question. Therefore, research strategies include: experiment, survey and case study, so in this case the researcher employed both a case study and survey strategy asking broad questions and collecting data from participants to find out how revenue was utilized to enhance service delivery within Kampala Capital City Authority.

3.1.3 Research Duration

The research duration involves: cross sectional studies which is a study of a particular phenomenon at a partial time and longitudinal studies which is studying changes and developments over a long period of time. Therefore, the researcher used a cross sectional study research design.

3.1.4 Research Classification

The research may be classified according their purpose such as: exploratory, explanatory, and multi method. So the researcher used the explanatory approach to establish causal relationship between the research variables (revenue Collection and service delivery).

Data Collection and Management

The population for a research study is defined by Jegede, (1990; 114) as “the totality of all the observations that an investigator is concerned with”. The study population was 214 comprising of 94 employees of KCCA and 120 residents of Kampala city.

Sample size

From a population of 214, a sample size of 139 respondents was selected according to the formula advanced by Krejcie and Morgan (1970) (Confidence Level = 95%, Margin of Error = 5%) representing 65%.

$$n = \frac{N}{1 + N^{(e)^2}}$$

Where:

n = the required sample size

N = the study population

e = the level of significance

$$n = \frac{214}{1 + 214(0.05)^2}$$

$$= \frac{214}{1.535}$$

n = 139

Category of respondents	Available study population	Selected Sample size	Sampling Method
Urban central Political leadership	20	10	Simple random
Heads of Department	12	8	Purposive
Directorate of revenue staff	54	40	Simple random
Public health and environment department	8	8	Census
Kampala City residents	120	73	Simple random
Total	214	139	

sampling techniques

According to Kothari (2006) sampling as the selection of some parts of aggregate of the totality based on which judgment about the about the aggregate is done. The researcher employed a combination of techniques ranging from simple random

sampling, purposive sampling, Quota sampling and convenience sampling to select respondents who participated in the study in order to eliminate bias.

Simple random sampling: the process of selecting a sample that allows individual in the defined population to have an equal and independent chance of being selected for the sample. Simple random was a probability based sampling method in which every unit of the target population had an equal chance of being selected.

Purposive sampling; was also used to select key informants with specific information needed for the research based on the nature of their work. Purposive sampling: the process whereby the researcher selects a sample based on experience or knowledge of the group to be sampled called “judgment” sampling. Purposive sampling comprised of informed persons especially, KCCA political leaders, Heads of departments at KCCA and KCCA revenue staff who provided data that was comprehensive enough to gain better understanding of the revenue collection and service delivery in Kampala Capital City Authority (KCCA), Central division Urban council.

Data collection methods

The following data collection methods were used during the study.

Both primary and secondary data were obtained. Primary data was got directly from respondents while secondary data was got from KCCA relevant records like the revenue collection records, service delivery reports and public health department reports among others relevant documents.

Primary data method; this was collected through the use of questionnaires and interview guide from valid respondents. Questionnaires were distributed to

respondents who comprised of both technical staff at KCCA central division urban council and local resident in the central division urban council.

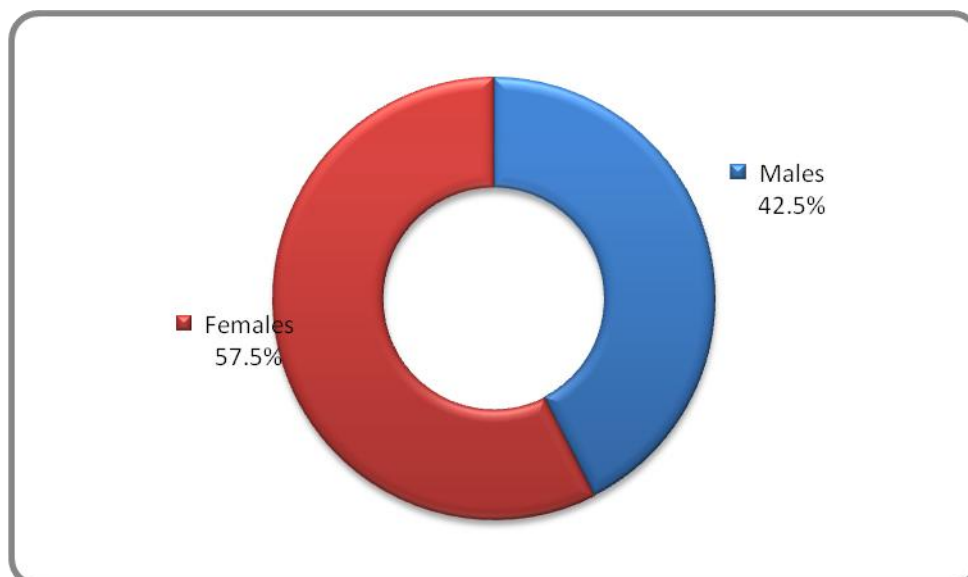
Secondary data method; this was collected through the use of existing and published data from literature journals, newspapers, the internet and magazines were reviewed.

Documentary review; this included reviewing existing literature, publications of other researchers, text books, journals and other correspondences, KCCA revenue collection performance reports, performance reports, KCCA Public health department records and Papers presented in seminars were reviewed to back up primary findings.

Background information of the respondents

This section of the study discusses the characteristics of the respondents in KCCA such as age group, gender, level of education of the respondents, tenure with KCCA. Results obtained are discussed in the tables that follow. The study constituted of 120 respondents all of whom were from the selected case study of KCCA.

Figure 3.1 Gender of respondents



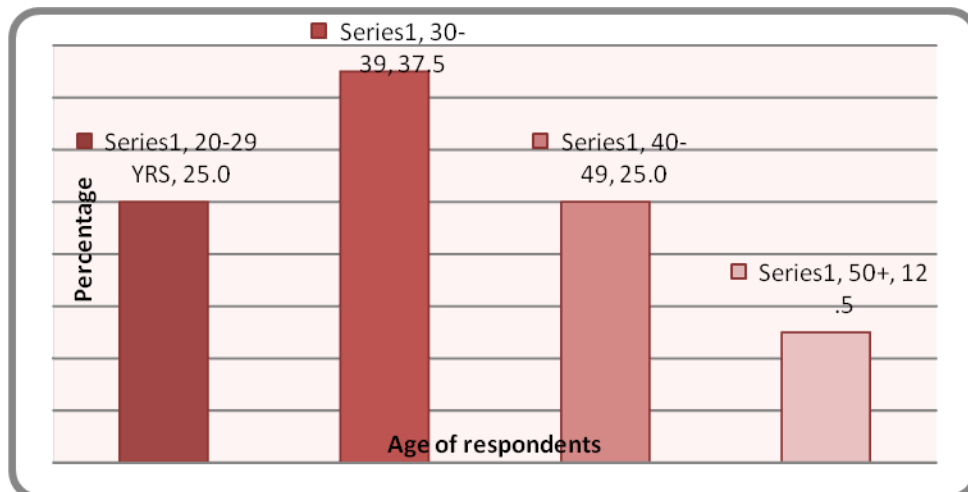
Source: primary data

Figure 3.1 above shows that out of the total respondents who participated in the study 57.5% of them are Female respondents and 42.5% were Male respondents. This implies that the research study considered gender balance during the study process at least all sex participated in the study and also represents the sex ration in KCCA.

Age Bracket of the Respondents

The respondents were asked to state their age brackets and the responses are shown in figure 3.2 below.

Figure 3.2: Age Bracket of the Respondents



Source: Primary Data

Figure 3.2 above shows the percentage of the age groups of the respondents in the study and it shows that; 37.5% were between 30-39 years, 25.0% were between 20-29 years, 25.0% were between 40-49 years, and 12.5% were 50 and above years. This implies that the respondents are mostly the active group since 87.5% of the respondents were between the ages of 20-49 years.

Education level of the respondents

It is important for the staff to be competent in performing their tasks. This requires a minimum level of formal education. The study asked the respondents to state their highest level of education and the computed in table 3.2 below

Table 3.2: Education level of respondents

	Frequency	Percent	Valid Percent
Valid PhD	5.0		5.0
Masters	17.5		17.5
Degree	55.0		55.0
Diploma	15.0		15.0
Certificate	7.5		7.5
Total	120	100.0	100.0

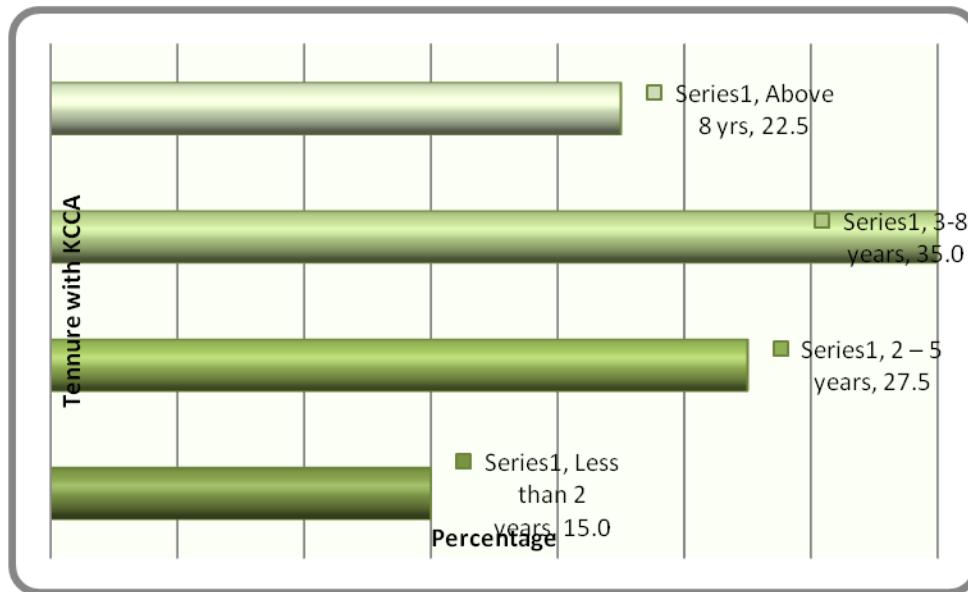
Source: Primary Data

Table 3.2 above shows the qualifications of the respondents used in this study. It shows that only 5.0% of the respondents have a PhD, 17.5% have Master's Degree, 55.0% have Bachelor's degree, 15.0% have a Diploma and 7.5% had Certificate. The majority 55.0% of the respondents possess a Bachelor's degree. This could be interpreted to mean that most of the workers in KCCA are highly qualified and thus are capable of understanding the principles of revenue management which can lead to better performance

Tennure

Efficiency and effectiveness in the delivery of service requires staff to have sufficient and reliable experience. in line with this, the respondents were asked to state the period they have served in the various departments and the responses are contained in the figure 3.3 below.

Figure 3.3: Tennure with KCCA



Source: Primary Data

Figure 3.3 above shows the time taken by the respondents in the different departments in KCCA. In terms of the respondents in particular departments, it shows that 15.0% had taken less than 2 years, 27.5% 2 – 5 years, 35.0% have taken 3 – 8 years and 22.5% above 8 years. The majority of the respondents, that is 57.5% had worked in KCCA for at least three years; this means that they had acquired adequate work experience to perform.

Data collection instruments

The instruments of data collection the researcher used included questionnaire, interview guide, documentary review and checklist.

Self-administered questionnaires (SAQs)

The main data collection method instrument that was used in this study was self-administered questionnaires (SAQs) (Appendix A). The self-administered questionnaires contained questions on variables like personal profile, revenue collection aspects and service delivery. The instrument was administered to valid respondents.

The questionnaires comprised of statements requiring the respondents to opt for one answer using the linkert scale (1=strongly disagree; 2= disagree; 3=Not sure; 4=Agree; and 5= Strongly Agree).

SAQs were used because of the busy schedule of respondents and this gave them time to consult their records and fill at their conveniences. The questionnaires were anonymous and it is hoped the information provided was more truthful.

Amin (2005) asserts that questionnaires are popular with researchers because information can be obtained freely, easily and the questionnaire responses are easily coded. The questionnaires enable the researcher to collect large volume of data in the shortest possible period of time since the respondents simply filled and returned them.

Interview guide

Amin (2005) observes that an interview is a conversation between an interviewer and interviewees with the objective of obtaining information about the prevailing situation. Face to face interviews were conducted with heads of departments and political leaders to obtain information about revenue collection and service delivery in KCCA. The interview guide contained structured questions that guided the interview. During the interviews clarifications were made on questions that were not clear and responses were noted down.

Validity and Reliability of Instruments

Aron & Aron (1999:561) state that “The validity of a measure refers to whether it actually measures what it claims to measure”. The questionnaires were tested so as to test levels of adaptability on all respondents who are included in the study. Guidance was sought from the supervisors and other researchers so as to ensure validity of

instruments. Reliability of an instrument refers to the ability of an instrument to give uniform responses/answers each time it is used on the same phenomenon.

Validity

The study used the formula below to measure the validity of research instruments.

$$CVR = (n - N/2) / (N/2)$$

CVR= content validity ratio or Index, n = number of respondents indicating "essential", N= total number of respondents.

The study used a content validity index (CVI) of 0.84 (84%), as a basis of ironing out the randomness within the factors considered in the instruments. Thus, with 84% score, the researcher remained confident that the instruments used in the study were valid for adaptation and use.

Reliability

Inter-rater reliability was employed. Here assistants were used to interview the respondents. To calculate this kind of reliability, the researcher reported the percentage of agreement on the same subject between his raters and that of the assistants. However, half of the test, instrument, or survey, was used to analyze the half as if it were the whole. Then comparison of these results was taken with the overall analysis. The Space Saver method was used in establishing the reliability of the questionnaire used. The number of cases entered was 120, while the number of items in the questionnaire was 42. The analysis yielded a scale Cronbach Alpha of 99.1% reliable in the collection of the data used in this research. This rendered credence to the reliability on the information generated and presented in this research because the reliability was above 0.6

Table 3.2: Reliability Statistics

Cronbach's Alpha	N of Items
.991	44

The computed CVIs were above the 0.60 threshold postulated by Odiya (2009) and an average of 0.86 is above this implying that the instruments that were used in collection of the data were valid.

Reliability

Reliability is the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. To ensure reliability, examination of trustworthiness is crucial. For the reliability of the instruments, Alpha coefficient with values equal or greater than 0.5 confirms the reliability. The Cronbach's Alpha will be calculated using the following formula adopted from Amin (2005):

$$\alpha = \frac{k}{k-1} \left(1 - \frac{\sum \sigma_k^2}{\sigma^2} \right), \text{ where } \sum \sigma_k^2 \text{ is the sum of variances of the } k \text{ parts (usually}$$

items) of the test σ is the standard deviation of the test.

The results obtained were as follows;

Data processing

Data from the filled questionnaires were compiled, sorted, classified and then entered into the computer for analysis.

Data analysis techniques

Data collected from the field was analyzed using both descriptive and inferential statistics in the SPSS computer package. Tables were used in presentation of findings, while correlation analysis was used to establish the relationship between revenue collection and service delivery in KCCA.

Ethical considerations

The purpose of this research was to promote the aims of the study, such as knowledge, truth and avoidance of error. For example, prohibiting against fabrication of data, plagiarism, falsifying, code of conduct and misrepresenting the research findings. So issues do to with honesty, objectivity, confidentiality and integrity during data collection and reporting research findings were abided to by the researcher. An introductory letter was obtained from the dean School of Business administration and permission obtained from the Director revenue department at KCCA while consent of the respondents was sought from them before administering to them the questionnaires and interview guides.

Limitation of the Study

The subjectivity of each respondent in a survey research is the inherent limitation and each survey has its own interpretation of the question, but survey method was applied, the limitation was identified and accepted in the current study. It was recognized that some responses were as a result of ignorance of an individual difference, unwillingness to participate by some respondents, but all the same the study was able to reach significant conclusions with regard to revenue collection and service delivery in KCCA.

The financial resources to facilitate the study were limited and the researcher had to mobilize extra resources from friends and adjust the budget to suit the study.

CHAPTER FOUR

KCCA BUDGET SUPPORT TO ENSURE PROPER DRAINAGE SYSTEM

Introduction

This chapter presents analysis, interpretation and discussion of the findings in relation to objectives of the study. It specifically looks at how KCCA has provided budget support to ensure proper drainage system in Kampala City. Local revenue collection helps to support service delivery in the Local Government by co-funding development. Sometimes local revenue collections are used to fund standalone projects for the local population. Out of the 139 questionnaires distributed to the respondents, 120 questionnaires were filled and returned representing 86% response rate.

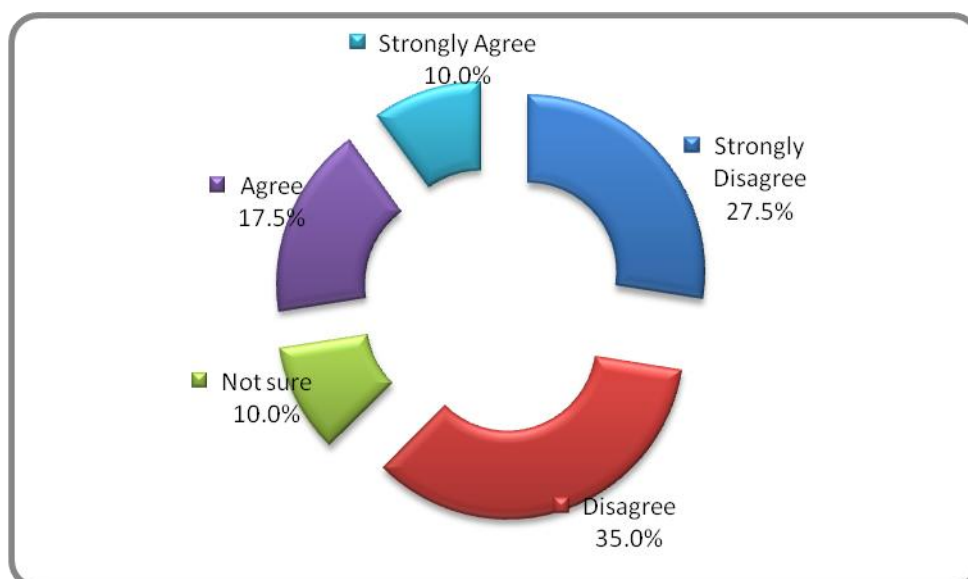
Service delivery such as proper drainage system has a direct relationship with the kind of budget allocation. Proper drainage system will be achieved if the budget adequately caters for such expenditure (Illyas and Saoldigi 2010)

How KCCA has provided budget support to ensure proper drainage system in Kampala City

Funds allocated for sewage management systems

The study asked respondents to ascertain whether enough funds have been allocated for sewage management systems in the city and the findings are indicated in the figure 4.1.

Figure 4.1: Enough funds have been allocated for sewage management systems in the city



Source: Primary Data

According to Figure 4.1, 33(27.5%) strongly disagreed, 42(35.0%) disagreed, 12(10.0%) were not sure, 21(17.5%) agreed and 12(10.0%) strongly agreed that enough funds have been allocated for sewage management systems in the city. The results indicate that the majority of the respondents that is 62.5% of total respondents generally disagreed with the statement. This means that the funds allocated by KCCA for sewage management is not enough for the work and that explains why Kampala streets are always flooded with sewage water from broken sewage lines.

Collection loopholes

Many times there are loopholes are hidden in many activities that affect the running and operation if not addressed. The study sought responses to ascertain whether Collection loopholes are identified and addressed in budgeting process. The results are presented in table 4.1.

Table 4.1: Collection loopholes are identified and addressed in budgeting process

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	45	37.5	37.5	37.5
Disagree	24	20.0	20.0	57.5
Not sure	15	12.5	12.5	70.0
Agree	21	17.5	17.5	87.5
Strongly Agree	15	12.5	12.5	100.0
Total	120	100.0	100.0	

Source: Primary data

According to results in table 4.1, 45(37.5%) strongly disagreed, 24(20.0%) disagreed, 15(12.5%) were not sure, 21(17.5%) agreed and 15(12.5%) strongly agreed. The majority of the respondents that is a total of 57.5% generally disagreed that Collection loopholes are identified and addressed in budgeting process. The 42.5% who agreed could be the ones who are have identified the loopholes but have no capacity to address it. This means that there are loopholes that still need to be identified and addressed and if they have been identified already, and then they need to be addressed by the authority.

Prioritizing revenue Collection

Revenue collection is one of the core activities for any development in the city. The study sought responses to ascertain whether the council prioritizes revenue Collection in the budgeting process and the findings are presented in table 4.2.

Table 4.2: The council prioritizes revenue Collection in the budgeting process

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	15	12.5	12.5	12.5
Disagree	15	12.5	12.5	25.0
Not sure	15	12.5	12.5	37.5
Agree	45	37.5	37.5	75.0
Strongly Agree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

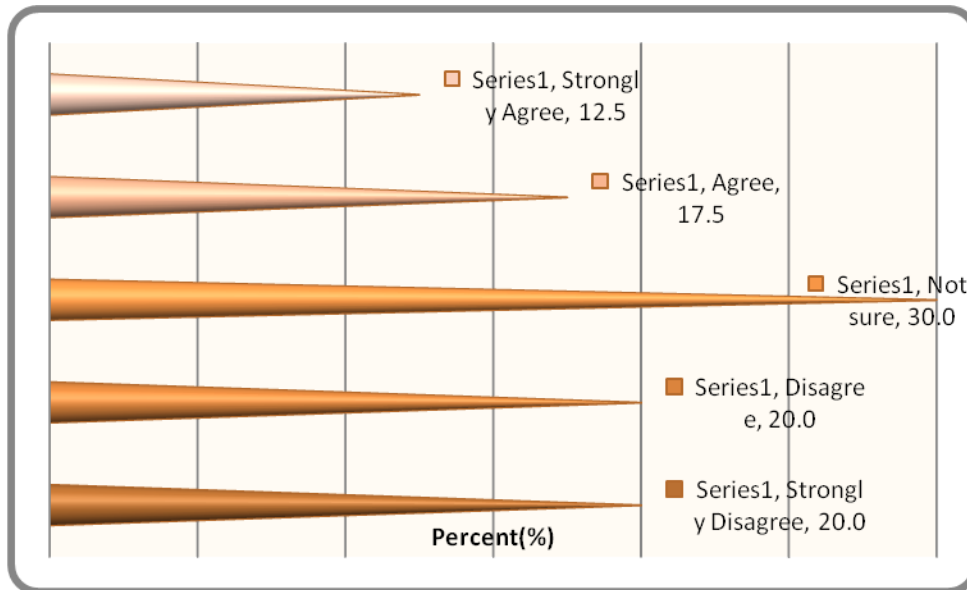
Source: primary data

The results in table 4.2 indicate that 15(12.5%) of total respondents strongly disagreed, 15(12.5%) disagreed, 15(12.5%) were not sure, 45(37.5%) agreed and 30(25.0%) strongly agreed. According to the results in the table, the majority that is a total of 62.5% generally agreed to the council prioritizes revenue Collection in the budgeting processes. However, the 37.5% of the respondents who disagreed implies that they are not informed about it. This means the revenue is utilized well but the challenges come during allocation and management. Revenue Collection is very vital as Zhou and Madhikeni (2013) noted that public revenue Collection is an integral component of fiscal policy and administration. It is the fuel of every government; the main instrument through which funding is ensured.

Drainage maintenance

Drainage maintenance in Kampala city for long has been an issue to the public. The study asked respondents to find out whether Drainage maintenance charges are always modified to cover up budget gaps of drainage clean up in KCCA. The findings are presented in the figure 4.2.

Figure 4.2: Drainage maintenance charges are always modified to cover up budget gaps of drainage clean up in KCCA



Source: primary data

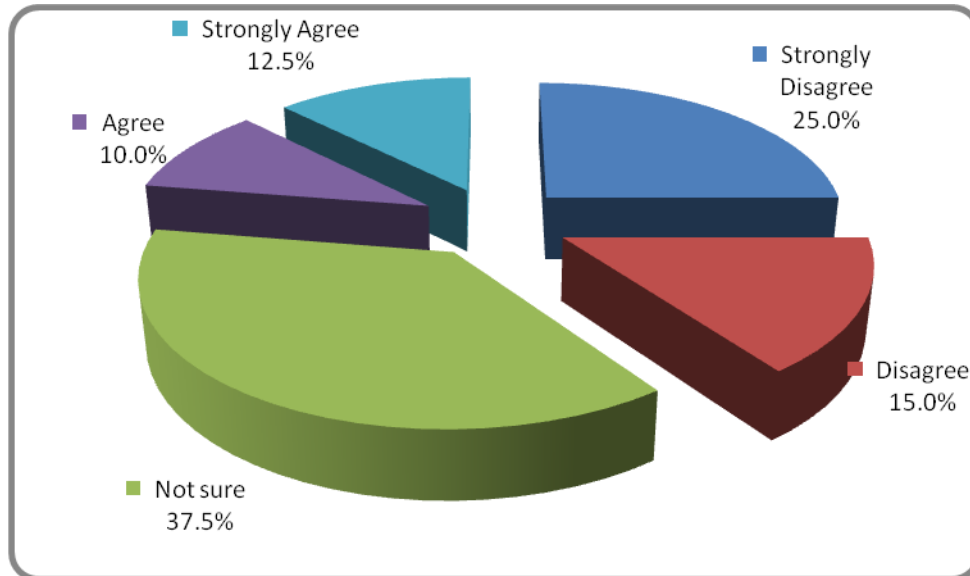
The results in table 4.2 above indicate that 24(20.0%) of total respondents strongly disagreed, 24(20.0%) disagreed, 36(30.0%) were not sure, 21(17.5%) agreed and 15(12.5%) strongly agreed. According to the results in the figure, the majority that is a total of 40% generally disagreed to the statement that Drainage maintenance charges are always modified to cover up budget gaps of drainage clean up in **KCCA**. This means that despite the increasing problems with the drainage systems in Kampala, KCCA does not increase the funds allocation to clean up explaining the constant stinking of the streets flooded with waste. This also means that there is no Systematic criteria are in place to ensure that the drainages are well kept because if it's there then funds must follow.

Standby team

Drainage system is one of the areas that need an emergency care every day. The study sought responses to ascertain whether KCCA has a standby team to oversee the

condition of the city drainage. The results were computed and the findings are presented in the figure 4.3.

Figure 4.3: KCCA has a standby team to oversee the condition of the city drainage



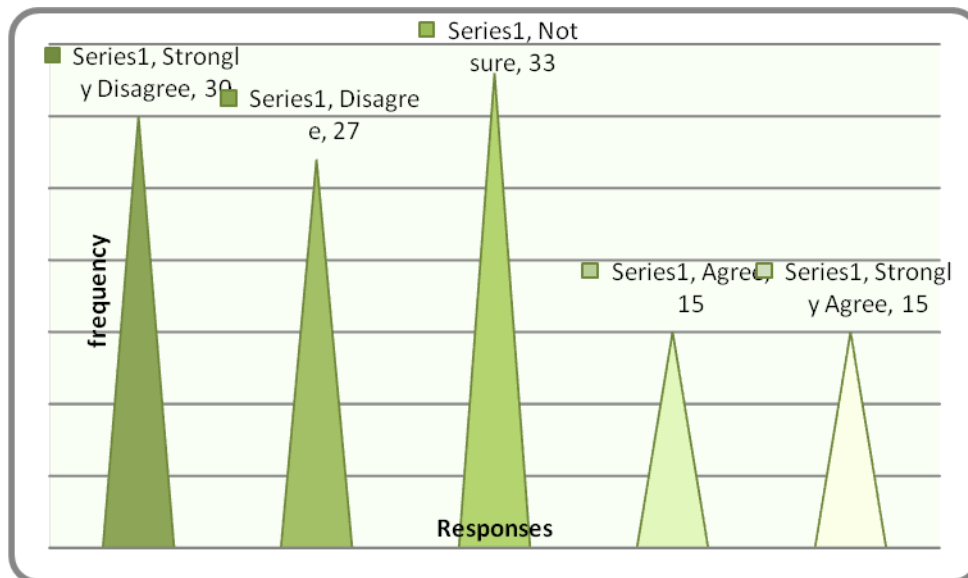
Source: primary data

According to table 4.3 above, 25.0% strongly disagreed, 15.0% disagreed, 37.5% were not sure, 10.0% agreed and 12.5% strongly agreed. The results indicate that the majority of the respondents that is a total of 40.0% generally disagreed to the statement that KCCA has a standby team to oversee the condition of the city drainage. 37.5% do not have concrete information to make a decision on what is on the ground. This means that KCCA has not really paid attention to the creation of emergency team to tackle the mess in the drainage system management.

Budget votes

It has been observed by citizens that Kampala is one of the dirtiest capital cities in Africa because of its poor drainage systems that burst and stink any time. The respondents were asked to ascertain whether Budget votes have been allocated for specific drainage channel in the city and the findings are presented below.

Figure 4.4: Budget votes have been allocated for specific drainage channel in the city



Source: primary data

The findings indicate that out of the 120 respondents, 30 (25.0%) strongly disagreed, 27 (22.5%) disagreed, 33 (27.5%) were not sure, 15(12.5%) agreed and 15 (12.5%) disagreed. The general results indicate that 57 (47.5%) of the respondents disagreed that Budget votes have been allocated for specific drainage channel in the city. This means that there is not enough fund allocation for drainage channels and yet there are problematic drainage systems that need budget votes.

Local revenue spending on drainage

Drainage system is one of the critical areas that the local revenue collected is supposed to address. The information collected to find out whether Substantial amount of local revenue collected is spent on drainage opening and monitoring in KCCA. The results were tabulated and presented in the table below.

Table 4.3: Substantial amount of local revenue collected is spent on drainage opening in KCCA

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	36	30.0	30.0	30.0
Disagree	42	35.0	35.0	65.0
Valid Not sure	30	25.0	25.0	90.0
Agree	12	10.0	10.0	100.0
Total	120	100.0	100.0	

The results in the table 4.3 shows that 36 (30.0%) strongly disagreed, 42(35.0%) disagreed, 30(25.0%) were not sure and 12(10.0%) agreed that Substantial amount of local revenue collected is spent on drainage opening and monitoring in KCCA. The majority of the respondents that is 65.5% of total respondents generally disagreed with the statement. This means that KCCA does not really spend substantial amount of money drainage opening and monitoring.

Waste recycling activities

In the recent past recycling has become one of the common activities around the city. The study sought responses to ascertain whether largest percentage of division solid waste management budget is spent on waste recycling activities. The findings are presented below,

Table 4.4: Largest percentage of division solid waste management budget is spent on waste recycling activities

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	15.0	15.0	15.0
Disagree	15	12.5	12.5	27.5
Not sure	21	17.5	17.5	45.0
Agree	33	27.5	27.5	72.5
Strongly Agree	33	27.5	27.5	100.0
Total	120	100.0	100.0	

Source: primary data

Results in table show that 18(15.0%) of the respondents strongly disagreed to this, 15(12.5%) disagreed, 21(17.5%) are not sure of this, 33(27.5%) agreed and 33(27.5%) strongly agreed that largest percentage of division solid waste management budget is spent on waste recycling activities. The majority 55.0% agreed to the statement. This means that a lot of money is spent by KCCA on recycling activities other than on sewerage management systems.

Kean (2002) puts it that revenue is critical as it determines to a large extent how much money will be available for spending. Without income, there will be no budget, and thus no spending thus there must be balancing on the activities to spend on.

CHAPTER FIVE

KCCA COMMUNITY SENSITIZATION ON TAX COMPLIANCE TO ENSURE BETTER HEATH

Introduction

Community awareness of taxation has an impact on tax compliance. A study by Ali, M. et al (2013) showed that tax knowledge and awareness have significant impact on tax compliance. Citizens' attitude and perception can help identify perceived weaknesses of the revenue generation efforts, and enable tax authorities to focus attention on improving revenues. This chapter explores how KCCA has sensitized the community on tax compliance to ensure better health in Kampala city.

Full responsibility

The study collected information to establish whether The KCCA has undertaken full responsibility of waste and garbage collection. The results are presented in the table 5.1.

Table 5.1: The KCCA has undertaken full responsibility of waste and garbage collection

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	21	17.5	17.5	17.5
Disagree	21	17.5	17.5	35.0
Not sure	18	15.0	15.0	50.0
Agree	33	27.5	27.5	77.5
Strongly Agree	27	22.5	22.5	100.0
Total	120	100.0	100.0	

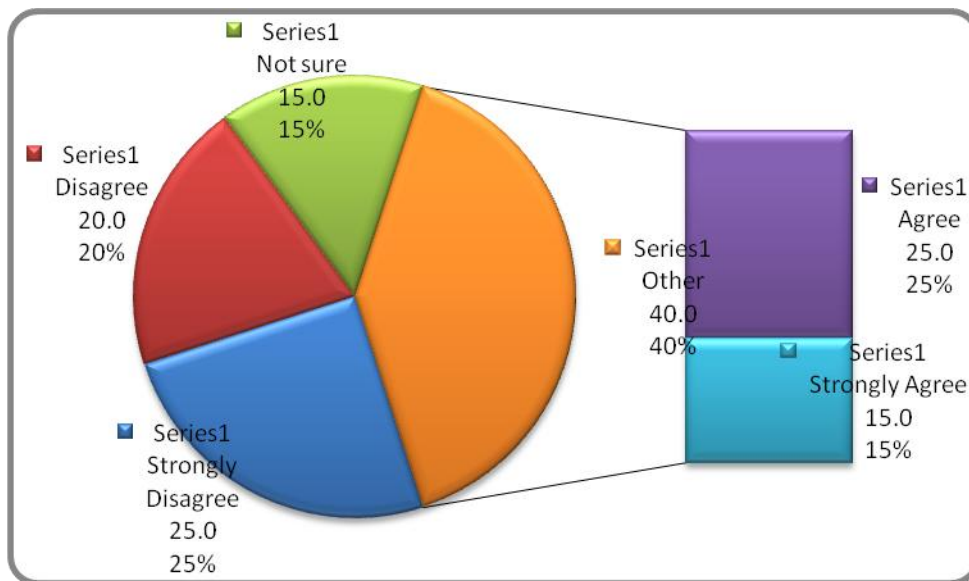
Source: primary data

The obtained results in table 5.1 above indicate that 21(17.5%) of the respondents strongly disagreed, 21(17.5%) disagreed, 18 (15.0%) were not sure, 33(27.5%) agreed and 27(22.5%) strongly agreed that KCCA has undertaken full responsibility of waste and garbage collection. The general results indicate that 50.0% of the respondents agreed to the statement. This means that all waste and garbage collection are carried out by KCCA.

Community education

Community education is one of the most important activities that need to be taken seriously. The study asked respondents to establish whether KCCA uses local media to educate the community about proper disposal of garbage. The findings are presented below.

Figure 5.1: KCCA uses local media to educate the community about proper disposal of garbage



Source: primary data

The obtained results show that 30(25%) of the respondents strongly disagreed, 24(20.0%) disagreed, 18(15.0%) were not sure, 30(25.0%) agreed and 18(15.0%) strongly agreed that KCCA uses local media to educate the community about proper disposal of garbage. The general results indicate 45% of the respondents disagreed with the statement. This means that the communities are not fully well informed about proper disposal of garbage in the city.

Waste generation

Strategies are implemented to minimize waste generation with the increasing rate of growth and development; new strategies have been discovered to minimize waste generation. The study asked respondents whether KCCA has Strategies to minimize

waste generation at both domestic and industrial levels and the findings are indicated in table 5.2.

Table 5.2: Strategies to minimize waste generation at both domestic and industrial levels

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	15.0	15.0	15.0
Disagree	15	12.5	12.5	27.5
Not sure	15	12.5	12.5	40.0
Agree	36	30.0	30.0	70.0
Strongly Agree	36	30.0	30.0	100.0
Total	120	100.0	100.0	

Source: primary data

Results in the table 5.2 above show that 18 (15.0%) of the respondents strongly disagreed, 15(12.5%) disagreed, 15(12.5%) were not sure, 36(30%) agreed and 36(30.0%) strongly agreed that KCCA has Strategies to minimize waste generation at both domestic and industrial levels. Results show that majority of the respondents that is a total of 60.0% agreed to the statement. This means that the amount of waste generated within KCCA area is less compared to what would have been generated without the strategies.

Advanced technology

The study also asked respondents whether advanced technology has been applied in treating and recycling of sewage waste. The obtained results were tabulated in table 5.3.

Table 5.3: Advanced technology has been applied in treating and recycling of sewage waste

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	15	12.5	12.5	12.5
Disagree	18	15.0	15.0	27.5
Not sure	9	7.5	7.5	35.0
Agree	39	32.5	32.5	67.5
Strongly Agree	39	32.5	32.5	100.0
Total	120	100.0	100.0	

Source: primary data

Results in the table 5.3 above show that 15(12.5%) strongly disagreed, 18(15.0%) disagreed, 9(7.5%) are not sure, 39(32.5%) agreed and 39(32.5%) strongly agreed. The results in the table above show that generally advanced technology has been applied in treating and recycling of sewage waste. This means that sewage waste can be recycled and be used for different purposes.

Curbside collection kits curbside collection kits

The study sought response to ascertain whether KCCA has provided curbside collection kits and the findings are revealed in table 5.4.

Table 5.4: KCCA has provided curbside collection kits

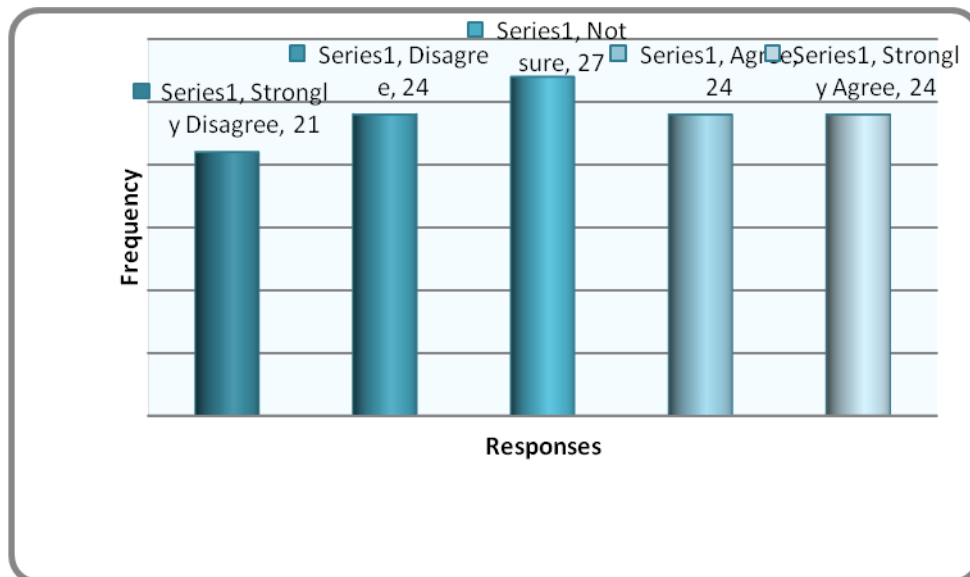
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	12	10.0	10.0	10.0
Disagree	12	10.0	10.0	20.0
Not sure	12	10.0	10.0	30.0
Agree	39	32.5	32.5	62.5
Strongly Agree	45	37.5	37.5	100.0
Total	120	100.0	100.0	

Source: primary data

Results in the table 5.4 above show that 12 (10%) of the respondents strongly disagreed, 12(10%) disagreed, 12(10%) are not sure, 39(34.8%) agreed and 45(37.2%) strongly agreed that the District uses revenue to address the needs of the residents. Results show that majority of the respondents that is a total of 66.7% agreed to the statement that KCCA has

provided curbside collection kits. This means the city workers are equipped to do their work.

Figure 5.2: KCCA uses community meetings to sensitize the public



Source: primary data

The results on community meetings to sensitize the public revealed that 21(17.5%) strongly disagreed. 24(20.0%) disagreed, 27(22.5%) were not sure, 24(20.0%) agreed and 20(20.0%) strongly agreed. The general results show that the majority of respondents that is 40.0% agreed that KCCA uses community meetings to sensitize the public about proper garbage disposal.

Village health teams

The study asked respondents whether KCCA use the village health teams to reach out to the residents. The results were computed and tabulated as seen in the table below.

Table 5.4: KCCA use the village health teams to reach out to the residents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	21	17.5	17.5	17.5
Disagree	21	17.5	17.5	35.0
Not sure	12	10.0	10.0	45.0
Agree	30	25.0	25.0	70.0
Strongly Agree	36	30.0	30.0	100.0
Total	120	100.0	100.0	

Source: primary data

Results in the above table 5.4 above show that 21(17.5%) of the respondents strongly disagreed, 21(17.5%) disagreed, 12(10.0%) not sure, 30(25.0%) agreed and 36(30.0%) strongly. The results in the table above show that 55.0% generally agreed that KCCA use the village health teams to reach out to the residents. This means that village health teams are still active to carry their duties.

Garbage drop-off locations

There have been complaints that the garbage drop-off points are far from the residents. The study sought responses to ascertain whether the garbage drop-off locations are easily accessed by residents in KCCA. The obtained results are indicated in the table 5.6.

Table 5.6: The garbage drop-off locations are easily accessed by residents in KCCA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	48	40.0	40.0	40.0
Disagree	18	15.0	15.0	55.0
Not sure	9	7.5	7.5	62.5
Agree	24	20.0	20.0	82.5
Strongly Agree	21	17.5	17.5	100.0
Total	120	100.0	100.0	

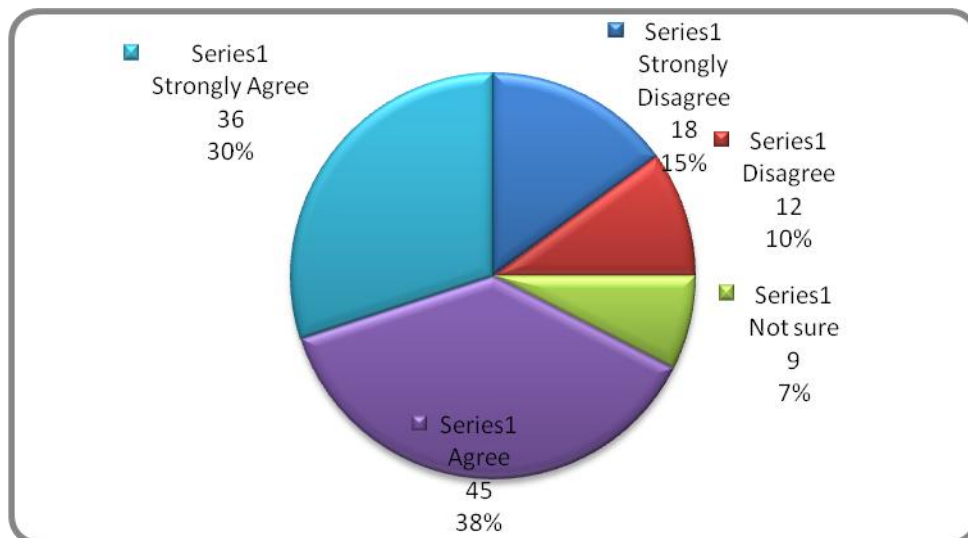
Source: primary data

Results obtained in the table 5.6 above show that 48(40%) of the respondents strongly disagreed, 18(15.0%) disagreed, 9(7.5%) were not sure, 24(20.0%) agreed and 21(17.5%) strongly agreed. This result in the table shows that 55.0% generally disagreed with the statement that the garbage drop-off locations are easily accessed by residents in KCCA. This means the residents are not able to access the locations and that is why garbage is sometimes residents drop.

Sensitization

Cholera is one of the diseases that come as a result of poor health hygiene. The respondents were asked whether Sensitization has reduced on the number of people suffering from cholera during rainy season. The findings are presented in the figure 5.3.

Figure 5.3: Sensitization has reduced on the number of people suffering from cholera during rainy season



Source: primary data

Results in the table 5.4 above show that 15.0% of the respondents strongly disagreed, 10.0% disagreed, 7.0% are not sure, 38.0% agreed and 30.0% strongly agreed that Sensitization has reduced on the number of people suffering from cholera during rainy season. Generally, 68.0% agreed with the statement. This means that adequate

education and training has been provided to communities to ensure clean environment which directly controls the spread of cholera.

Education and training

It is very important for the community to be educated on the various programs that are designed for them. The study sought to ascertain whether adequate education and training has been provided to communities to ensure clean environment and the results are presented in the Table 5.7

Table 5.7: Adequate education and training has been provided to communities to ensure clean environment

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	27	22.5	22.5	22.5
Disagree	18	15.0	15.0	37.5
Not sure	21	17.5	17.5	55.0
Agree	24	20.0	20.0	75.0
Strongly Agree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

The results in the table 5.7 indicate that 27(22.5%) strongly disagreed, 18(15.0%) disagreed, 21(17.5%) were not sure, 24(20.0%) agreed and 30(25.0%) strongly agreed that adequate education and training has been provided to communities to ensure clean environment. Generally, 45.0% of total respondents agreed with the statement. This means that KCCA has not provided adequate education and training to communities to ensure clean environment because the community is not committed to it.

Pit latrine penetration

The study sought responses to ascertain whether the level of level of pit latrine penetration has improved as a result of sensitization by KCCA staff. The findings are presented in the table 5.8

Table 5.8: The level of level of pit latrine penetration has improved as a result of sensitization by KCCA staff

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	24	20.0	20.0	20.0
Disagree	27	22.5	22.5	42.5
Not sure	18	15.0	15.0	57.5
Agree	24	20.0	20.0	77.5
Strongly Agree	27	22.5	22.5	100.0
Total	120	100.0	100.0	

The obtained results in table 5.8 above indicate that 24(20.0%) of the respondents strongly disagreed, 27(22.5%) disagreed, 18 (15.0%) were not sure, 24(20.0%) agreed and 27(22.5%) strongly agreed that the level of level of pit latrine penetration has improved as a result of sensitization by KCCA staff. The general results indicate that 42.5% of the respondents agreed and 42.5% disagreed with the statement. This means that sensitization by KCCA staff has not really impacted much on level of pit latrine penetration.

CHAPTER SIX

KCCA REVENUE SUPERVISION TO ENSURE PROVISION OF CLEAN/SAFE WATER

Introduction

Monitoring and supervision are very important. Often tax revenue compliance is monitored through the use of tax receipts and business licenses, which requires local staff to check and identify individual compliance in the field on a case-by-case basis. Although these spot compliance checks can generate additional local revenues, a well-maintained, up-to-date delinquency (i.e., defaulters) list can be used effectively by local enforcement agencies to follow up on noncompliant taxpayers. These tax delinquency lists can be widely publicized to ensure transparent and consistent action against noncompliance. Depending on local cultures, ‘name and shame’ strategies like these can work. This can enable Local Governments to effectively target their resources to maximize collections. Excessive enforcement efforts (for example the same businesses are targeted for visits more than once a month), can result in negative incentives: on one hand, forcing businesses to become part of the informal sector; and on the other hand, sometimes, as a result of harassment on the part of tax officials, to forcing the closure of operations by business owners altogether. The study sought responses as to whether KCCA has effectively reduced on influence peddle among tax collectors and the results are indicated in table 6.1 below.

Table 6.1: KCCA has effectively reduced on influence peddle among tax collectors

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	21	17.5	17.5	17.5
Disagree	21	17.5	17.5	35.0
Not sure	12	10.0	10.0	45.0
Agree	36	30.0	30.0	75.0
Strongly Agree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

Source: primary data

The results in table 6.1 indicate that 21 (17.5%) strongly disagreed, 21 (17.5%) agreed, 12(10.0%) were not sure, 36(30.0%) agreed and 30(25.0%) strongly agreed that KCCA has effectively reduced on influence peddle among tax collectors. The general results indicate that 55.0% of the respondents agreed with the statement.

Capacity building

It's important that every officer receives additional training in their field of service. The study collected information to establish whether Revenue officers are given drills and training on how to handle revenue collection. The obtained results were computed and presented in table 6.2 below.

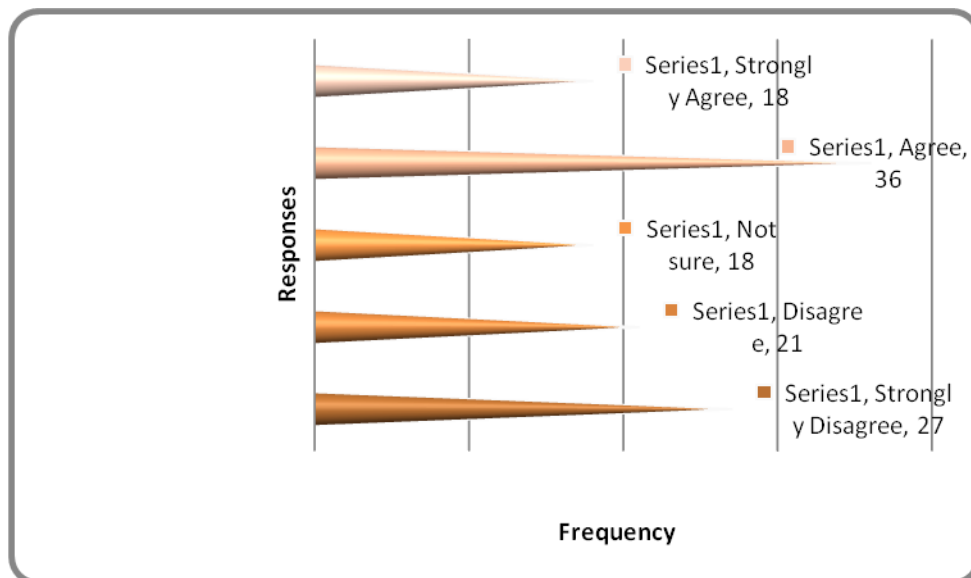
Table 6.2: Revenue officers are given drills and training on how to handle revenue collection

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	9	7.5	7.5	7.5
Disagree	9	7.5	7.5	15.0
Not sure	12	10.0	10.0	25.0
Agree	45	37.5	37.5	62.5
Strongly Agree	45	37.5	37.5	100.0
Total	120	100.0	100.0	

Source: primary data

Findings in 6.2 revealed that 9(7.5%) of the respondents strongly disagreed, 9(7.5%) disagreed, 12(10.0%) were not sure, 45(37.5%) agreed and 45(37.5%) strongly agreed. The general results indicate that 75.0% of the respondents agreed that Revenue officers are given drills and training on how to handle revenue collection. This means that the officers are well informed on revenues collection. Tax payers are always stubborn and very tactful that need also as intelligent person to handle them.

Figure 6.1: KCCA central division ensures regular update of the taxpayer registry in the division



Source: primary data

Findings in figure 6.1 show that 27(22.5%) of the respondents disagreed strongly, 21(17.5%), 18(15.0%) were not sure, 36(30.0%) agreed and 18(15.0%) strongly agreed 45% to the statement that KCCA central division ensures regular update of the taxpayer registry in the division. This means that KCCA updates its registry and it is easy to track the new persons in the market and capture the revenue.

Commitment

Commitment is one of the necessary aspects needed from employees to attain the objectives and goals of organizations. The study sought to know from the

respondents whether there is there is commitment from revenue officers and the results are indicted 6.3.

Table 6.3: There is commitment from revenue officers

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	15.0	15.0	15.0
Disagree	12	10.0	10.0	25.0
Not sure	12	10.0	10.0	35.0
Agree	42	35.0	35.0	70.0
Strongly Agree	36	30.0	30.0	100.0
Total	120	100.0	100.0	

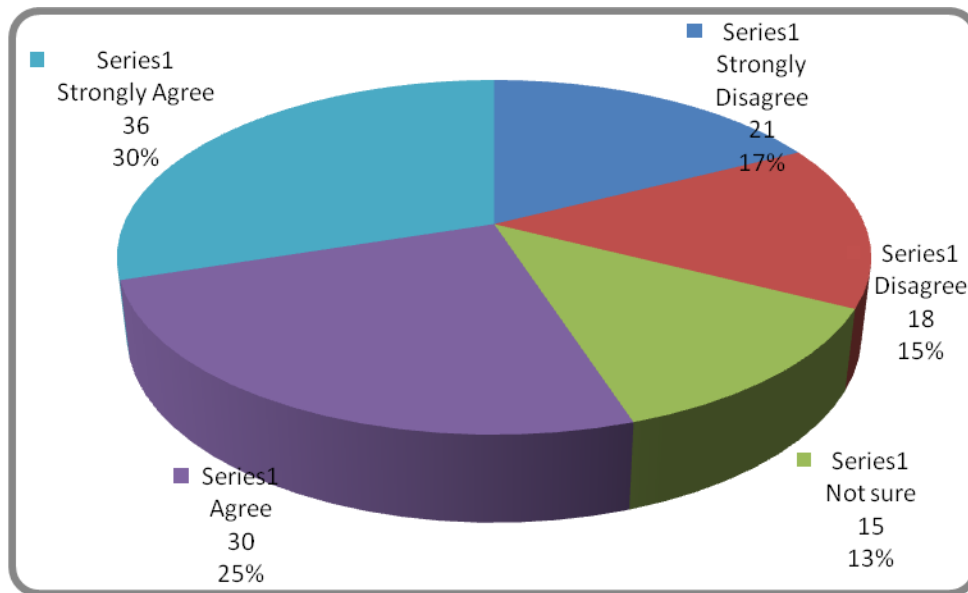
Source: primary data

The obtained results in table 6.3 revealed that 18(15.0%) strongly disagreed, 12(10%) disagreed, 12(10%) were not sure, 42(35%) agreed and 36(30%) strongly agreed. The results indicate that the majority of the respondents that is a total of 65% generally agreed that there is commitment from the officers'. However, the 25.0% who disagree could mean that some officers are commitment while others are not.

Recognition

In life everyone admires to be recognized because of the hard work among other things. The study asked respondents to ascertain thaw Central division urban council gives special recognition for account holders who always pay on time. The results are indicated in figure 6.2

Figure 6.2: Central division urban council special recognition for account holders who always pay on time



Source: primary data

The findings in figure 6.2 indicate that 9(7.5%) strongly disagreed, 6(5.0%) disagreed, 15(12.5%) were not sure, 39(32.5%) agreed and 51(42.5%) strongly agreed. The results indicate that the majority of the respondents that is 75.0% generally agreed that Central division urban council special recognition for account holders who always pay on time. This means that central division gives the account holders who pay in time and knows its tax payers. This is because it gives encouragement to the officers and also the ones not complying the opportunity to comeback.

Electronic channels of revenue collection

The study also collected information to ascertain whether Electronic channels of revenue collection are used for large organizations in the city and the results are indicated in the table 6.4

Table 6.4: Electronic channels of revenue collection are used for large organizations in the city

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	9	7.5	7.5	7.5
Disagree	6	5.0	5.0	12.5
Not sure	15	12.5	12.5	25.0
Agree	39	32.5	32.5	57.5
Strongly Agree	51	42.5	42.5	100.0
Total	120	100.0	100.0	

The results in the table 6.4 shows that 9 (7.5%) strongly disagreed, 6(5.0%) disagreed, 15(12.5%) were not sure and 39(32.5%) agreed and 51(42.5%) that Electronic channels of revenue collection are used for large organizations in the city. The majority of the respondents that is 75.0% of total respondents generally agreed with the statement. This means that large organizations in the city channels revenue collection using electronic method to KCCA.

Written reminders

It's important to always give reminders to customers so as not to break the flow of income and work. The study sought responses from the respondents to find out whether written reminders are sent to customers in arrears. The results obtained are presented in table 6.5.

Table 6.5: Written reminders are sent to customers in arrears

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	27	22.5	22.5	22.5
Disagree	18	15.0	15.0	37.5
Not sure	21	17.5	17.5	55.0
Agree	27	22.5	22.5	77.5
Strongly Agree	27	22.5	22.5	100.0
Total	120	100.0	100.0	

Source: primary data

The results in the table 6.5 above indicate that 27(22.5%) strongly disagreed, 18(15.0%) disagreed, 21(17.5 %) were not sure, 27(22.5%) agreed 27(22.5%) strongly agreed that Written reminders are sent to customers in arrears. The results indicate that the majority of the respondents that is 45.0% generally agreed to the statement. This means that the customers are served with letters reminding him or her about that they will have to pay.

Procedures

Procedures are one of the things that organize any activity in any office, the study asked respondents whether there are procedures put in place by central division urban council on how to deal with arrears and the results are indicated in table 6.6.

Table 6.6: procedures put in place by central division urban council on how to deal with arrears

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	33	27.5	27.5	27.5
Disagree	24	20.0	20.0	47.5
Not sure	18	15.0	15.0	62.5
Agree	27	22.5	22.5	85.0
Strongly Agree	18	15.0	15.0	100.0
Total	120	100.0	100.0	

The results in the table 6.6 above indicate that 33(27.5%) strongly disagreed, 24(20.0%) disagreed, 18(15.0%) were not sure, 27(22.5%) agreed and 18(15.0%) strongly agreed. The

results indicate that the majority of the respondents that is 47.5% generally disagreed with the statement that there are procedures put in place by central division urban council on how to deal with arrears. This means that KCCA does not have really very clear procedures of how to deal with arrears and this causes impatience in the office.

Revenue collection process

An assessment in revenue collection process is very important because it gives direction to the whole process to be successful. The study asked respondents whether an audit in revenue collection process is routinely conducted and the results are indicated in the table 6.7.

Table 6.7: An audit in revenue collection process is routinely conducted

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	15	12.5	12.5	12.5
Disagree	12	10.0	10.0	22.5
Not sure	12	10.0	10.0	32.5
Agree	42	35.0	35.0	67.5
Strongly Agree	39	32.5	32.5	100.0
Total	120	100.0	100.0	

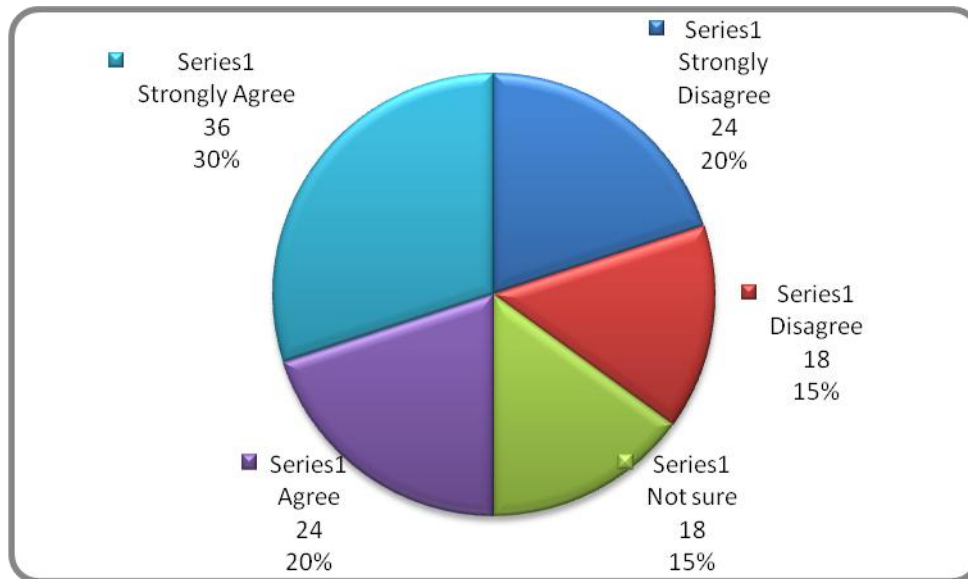
Source: primary data

The results in the table 6.7 above indicate that 15(12.5%) strongly disagreed, 12(10.0%) disagreed, 12(10.0%) were not sure, 42(35.0%) agreed and 39(32.5%) strongly agreed. The results indicate that the majority of the respondents that is 87.5% generally agreed that an audit in revenue collection process is routinely. This means the revenue collection process of KCCA is very good and sound.

Banking

As it is expected all money should first be banked after collection to suit the budget. The study asked respondents all revenues are banked intact and in the right collection accounts and the findings indicated in figure 6.3

Figure 6.3: All revenues are banked intact and in the right collection accounts



Source: primary data

According to the figure above, 20% of the respondents strongly disagreed, 15% disagreed, 15% were not sure, 20% agreed and 30% strongly agreed with the statement. Generally, 50.0% of the respondents agreed that all revenues are banked intact and in the right collection accounts. This means that the money is kept and spent with a reasonable budget.

Service delivery

Local Governments are capable of providing public services, mobilizing community resources, stimulating private investments, expanding rural-urban linkages, adopting national development to Local conditions and investing in Local infrastructure (Ssentamu 2004). They can also be a crucial source of empowerment by offering opportunities for long neglected citizens to participate in the Local decision making processes. They hence act as a voice for Local needs at higher levels and providing adapted support for Local people's initiatives.

Disease outbreak

Cholera outbreak has been one of the most common disturbances in Kampala city.

The study sought responses to ascertain whether there is a reduction in levels of cholera epidemic in the city and the results are indicated in table 6.8.

Table 6.8: There is a reduction in levels of cholera epidemic in the city

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	15.0	15.0	15.0
Disagree	15	12.5	12.5	27.5
Not sure	12	10.0	10.0	37.5
Agree	36	30.0	30.0	67.5
Strongly Agree	39	32.5	32.5	100.0
Total	120	100.0	100.0	

According to Table 6.8, 18(15.0%) strongly disagreed, 15(12.5%) disagreed, 12(10.0%) were not sure, 36(30.0%) agreed and 39(30.0%) strongly agreed that There is a reduction in levels of cholera epidemic in the city. The results indicate that the majority of the respondents that is 52.5% of total respondents generally agreed with the statement. This means that the cholera epidemic in the city has now become a rare occurrence due to the hard work of the staff.

Environmental impact assessments

The study sought responses on whether Environmental impact assessments are adequately conducted before gazetting landfills and waste disposal sites. The results are indicated in table 6.9

Table 6.9: Environmental impact assessments are adequately conducted before gazetting landfills and waste disposal sites

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	15	12.5	12.5	12.5
Disagree	12	10.0	10.0	22.5
Not sure	15	12.5	12.5	35.0
Agree	45	37.5	37.5	72.5
Strongly Agree	33	27.5	27.5	100.0
Total	120	100.0	100.0	

Source: primary data

The obtained results in Table 6.8 indicate that 15(12.5%) of the respondents strongly disagreed with the statement, 12(10.0%) disagreed, 15(12.5%) were not sure, 45(37.5%) agreed and 33(27.5%) strongly agreed that environmental impact assessments are adequately conducted before gazeting landfills and waste disposal sites. This means that KCCA is concerned about environmental conservation and it works together with NEMA for the good of the city.

Human resource

The study sought responses to establish whether Human resource needed in handling waste and garbage is available and enough and the results are indicated table 6.10.

Table 6.10: Human resource needed in handling waste and garbage is available and enough

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	27	22.5	22.5	22.5
Disagree	15	12.5	12.5	35.0
Not sure	12	10.0	10.0	45.0
Agree	42	35.0	35.0	80.0
Strongly Agree	24	20.0	20.0	100.0
Total	120	100.0	100.0	

Source: primary data

The findings revealed that 27(22.5%) strongly disagreed, 15 (12.5%) disagreed, 12(10.0%) were not sure, 42(35%) agreed and 24(20.0%) strongly agreed that

Human resource needed in handling waste and garbage is available and enough. The general results indicate that 55.0% of the respondents agreed to the statement. This means that KCCA has enough capacity to deliver good services to the people in the city.

Clean environment

The study also asked respondents to establish whether KCCA ensures clean environment around the drainage channels. The results are indicated in table 6.11.

Table 6.11: KCCA ensures clean environment around the drainage channels

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	42	35.0	35.0	35.0
Disagree	39	32.5	32.5	67.5
Not sure	12	10.0	10.0	77.5
Agree	18	15.0	15.0	92.5
Strongly Agree	9	7.5	7.5	100.0
Total	120	100.0	100.0	

Source: primary data

The results in table 6.11 indicates that 42(35.0%) strongly disagreed, 39 (32.5%) disagreed, 12(10.0%) were not sure, 18(15.0%) agreed and 9(7.5%) strongly agreed that KCCA ensures clean environment around the drainage channels. The results generally show that 65.5% of the respondents disagreed with the statement meaning that the environment around drainage channels are not really clean.

The study sought responses to establish whether adequate resources are mobilized for efficient management and disposal of waste and the results are presented in table 6.12

Table 6.12: Adequate resources are mobilized for efficient management and disposal of waste

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	30	25.0	25.0	25.0
Disagree	27	22.5	22.5	47.5
Not sure	15	12.5	12.5	60.0
Agree	33	27.5	27.5	87.5
Strongly Agree	15	12.5	12.5	100.0
Total	120	100.0	100.0	

Findings in 6.12 revealed that 30(25.0%) of the respondents strongly disagreed, 27(22.5%) disagreed, 15(12.5%) were not sure, 33(27.5%) agreed and 15(12.5%) strongly agreed. The general results indicate that 47.5% of the respondents disagreed that adequate resources are mobilized for efficient management and disposal of waste. This means that the resources mobilized are not efficient management and disposal of waste.

Budget support

The study collected information to establish whether the budget support for management of solid waste is annually increased and the results were tabulated and presented in table 6.13.

Table 6.13: The budget support for management of solid waste is annually increased

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	24	20.0	20.0	20.0
Disagree	21	17.5	17.5	37.5
Not sure	12	10.0	10.0	47.5
Agree	24	20.0	20.0	67.5
Strongly Agree	39	32.5	32.5	100.0
Total	120	100.0	100.0	

The results in the table 6.13 shows that 24 (20.0%) strongly disagreed, 21(17.5%) disagreed, 12(10.0%) were not sure, 24(20.0%) agreed and 39(32.5%) strongly agreed that the budget support for management of solid waste is annually increased. The majority of the respondents that is 52.5% of total respondents generally agreed with the statement. This means that KCCA increases the budget support for waste management every year.

Street cleaning

The study also collected information to establish whether Street cleaning supporting staff are facilitated with all the necessary equipments and tools for use in garbage and waste collection and the results are indicated in table 6.14

Table 6.14: Street cleaning supporting staffs are facilitated with all the necessary equipments and tools

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	24	20.0	20.0	20.0
Disagree	15	12.5	12.5	32.5
Not sure	18	15.0	15.0	47.5
Agree	33	27.5	27.5	75.0
Strongly Agree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

Findings in table 6.14 revealed that 24(20.0%) of the respondents strongly disagreed, 15(12.5%) disagreed, 18(15.0%) were not sure, 33(27.5%) agreed and 30(25.0%) strongly agreed. The general results indicate that 52.5% of the respondents agreed that Street cleaning supporting staff is facilitated with all the necessary equipments and tools for use in garbage and waste collection. This means that the staff can carry out all their responsibilities because everything is provided for them.

Dumping of garbage

Data was also collected to find out whether there is no more dumping of garbage in the drainage channels and the results are indicated in 6.15

Table 6.15: There are no more dumping of garbage in the drainage channels

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	33	27.5	27.5	27.5
Disagree	30	25.0	25.0	52.5
Not sure	12	10.0	10.0	62.5
Agree	15	12.5	12.5	75.0
Strongly Agree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

The obtained results in table 6.15 above indicate that 33(27.5%) of the respondents strongly disagreed, 30(25.5%) disagreed, 12 (10.0%) were not sure, 15(12.5%) agreed and 30(25.0%) strongly agreed that there is no more dumping of garbage in

the drainage channels. The general results indicate that 52.5% of the respondents disagreed to the statement. This means that there is still more dumping of garbage in the drainage channels.

Hypothesis Testing

H₀: There is no significant relationship between revenue Collection and Service delivery in KCCA

H₁: There is a significant relationship between revenue Collection and Service delivery in KCCA.

The hypothesis was tested with a multiple regression analysis; the model summary under table below shows the R square was 45.8% of the observed variability in service delivery in KCCA explained by these independent variables that is an audit in revenue collection process is routinely conducted, all revenues are banked intact and in the right collection accounts. R= 0. 677 is the correlation coefficient between the observed value of the dependent variable and the predicted value based on the regression model. The Adj. R² (0.452) is the proportion of the variability in the dependent variable explained by the linear regression. The results show that revenue collection contributes 45.2% to service delivery in KCCA. The remaining 54.8% is contributed by other factors outside the scope of the current study.

Table 6:16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 ^a	.458	.452	.6711

a. Predictors: (Constant), An audit in revenue collection process is routinely conducted, All revenues are banked intact and in the right collection accounts

The analysis-of-variance (ANOVA) table 6.26 was also used by the study to test the equivalent null hypothesis. The $F=3.067$, $p<0.000^b$, the null hypothesis that there is no significant relationship between revenue collection and Service delivery in KCCA was rejected, meaning that at least one of the population regression coefficient is not zero. The results indicate that that an increase in revenue collection will result in to a corresponding increase in service delivery in KCCA.

Table 6.17: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	209.990	2	104.995	487.287	.000 ^b
	Residual	25.210	117	.215		
	Total	235.200	119			

a. Dependent Variable: Adequate resources are mobilized for efficient management and disposal of waste

b. Predictors: (Constant), An audit in revenue collection process is routinely conducted, All revenues are banked intact and in the right collection accounts

The regression matrix below tests what independent variable is more important to the dependent variable. The results show that All revenues are banked intact and in the right collection accounts is the most significant independent variable service delivery in KCCA because it has a t-statistic = 11.826, $p< 0.000$. This indicates that there is a strong correlation with the dependent variable.

Table 6.18: Regression Matrix

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

	(Constant)	.028	.130		.218	.828
1	All revenues are banked intact and in the right collection accounts	.937	.079	1.012	11.826	.000
	An audit in revenue collection process is routinely conducted	-.075	.089	-.072	-.846	.399

a: service delivery

b: revenue collection

CHAPTER SEVEN

TOWARDS HARMONIZING REVENUE COLLECTION AND SERVICE DELIVERY

Introduction

This chapter sets out to link study findings to the literature review by discussing the findings in relationship with literature review, and then suggest a way forward. Implications are deduced from the findings, discussed and interpreted based on the research hypothesis.

Budget support to ensure proper drainage system

On the question of whether KCCA has provided budget support to ensure proper drainage system in Kampala city, 33(27.5%) strongly disagreed, 42(35.0%) disagreed, 12(10.0%) were not sure, 21(17.5%) agreed and 12(10.0%) strongly agreed that enough funds have been allocated for sewage management systems in the city. The results indicate that the majority of the respondents that is 62.5% of total respondents generally disagreed with the statement. This means that the funds allocated by KCCA for sewage management is not enough for the work and that explains why Kampala streets are always flooded with sewage water from broken sewage lines. Drainage systems are major indicators of the status of the city. Its level of management is what determines the level of cleanliness and friendliness for the users.

Many times there are loopholes are hidden in many activities that affect the running and operation if not addressed. The majority of the respondents that is a total of 57.5% generally disagreed that Collection loopholes are identified and addressed in budgeting process. These loopholes once not identified can deters the proper budgeting for good service delivery.

The results also indicate that 15(12.5%) of total respondents strongly disagreed, 15(12.5%) disagreed, 15(12.5%) were not sure, 45(37.5%) agreed and 30(25.0%) strongly agreed. According to the results in the table, the majority that is a total of 62.5% generally agreed to the council prioritizes revenue collection in the budgeting processes. When revenue is properly collected, many activities are supported.

Zhou and Madhikeni (2013) noted that public revenue collection is an integral component of fiscal policy and administration. It is the fuel of every government; the main instrument through which government funding is ensured. With growing donor

fatigue and dwindling domestic revenue reserves in most developing countries, the need to strengthen revenue collection systems has become particularly imperative. Bird (2010) also reiterated that a sound revenue collection system for local governments is an essential pre-condition for the success of fiscal decentralization and service delivery. In addition to raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities.

The results also revealed that Drainage maintenance charges are not always modified to cover up budget gaps of drainage clean up in **KCCA**, KCCA does not have standby team to oversee the condition of the city drainage, and Budget votes have not been allocated for specific drainage channel in the city and KCCA does not spend substantial amount of local revenue collected on drainage opening and monitoring. Findings also reveal that percentage of division solid waste management budget is spent on waste recycling activities.

Solid waste management is one of the major environmental problems facing city municipalities. This important service is based on local governments' centralized collection, transportation and disposal strategy. This could prove inefficient due to heavy financial requirements involved.

Though the revenue allocation system mandates that a certain fraction of the federation account be allocated to local governments, these funds are never enough to meet expenditure requirements. This is so because the size of the account is related to revenue from diverse sources, which is subject to fluctuations, and the expectations of local governments far exceed the available resources. In a system

characterized by ethnic and clan conflicts, state governments have attempted for political reasons to frustrate the existence and effectiveness of local governments.

KCCA community sensitization on tax compliance to ensure better health

The findings on community sensitization on tax compliance revealed that 30(25%) of the respondents strongly disagreed, 24(20.0%) disagreed, 18(15.0%) were not sure, 30(25.0%) agreed and 18(15.0%) strongly agreed that KCCA uses local media to educate the community about proper disposal of garbage. The general results indicate 45% of the respondents disagreed with the statement. This means that the communities are not fully well informed about proper disposal of garbage in the city.

Tax compliance is one of the most critical parts of revenue collection. Tax payers by their nature, business licenses and property taxes can be devolved (and can be more effectively managed under certain conditions) to local government level; effective administration is a key to this process. These revenue sources have a common set of administrative functions and procedures. As figure 3 graphically illustrates, the administrative procedures must be comprehensive, covering all the revenue administration functions- from data base maintenance to cash office management in order to ensure better health in the city (Kelly et. at 2001).

The tax objects (businesses and properties) have normally to be identified and information collected, recorded and managed within the respective tax base registers. Using this information, local governments determine tax liability, produce liability notices, and deliver these bills to the respective taxpayers. The assessed taxes are then collected through a financial/cash management office and using the financial system and innovations where feasible. Collections can be monitored and action can be taken against noncompliance. Throughout the administrative process, taxpayer service is to be provided to promote voluntary compliance. In addition to the establishment of simplified, yet effective administrative procedures, local government

capacity can be strengthened through targeted training, technical assistance and dissemination programs, with central government support when needed. In addition to the practical local administrative training, it is important that local management capacity be strengthened to use the generated databases and corresponding analysis and information to mobilize additional local revenues.

Results also show that majority of the respondents that is a total of 60.0% agreed that KCCA has Strategies to minimize waste generation at both domestic and industrial levels. This means that the amount of waste generated within KCCA area is less compared to what would have been generated without the strategies. KCCA advanced technology has been applied in treating and recycling of sewage waste, KCCA has provided curbside collection kits, **KCCA** uses community meetings to sensitize the public about proper garbage disposal and KCCA use the village health teams to reach out to the residents.

The study findings also revealed that the garbage drop-off locations are not easily accessed by residents in KCCA and that Sensitization has reduced on the number of people suffering from cholera during rainy season. Since the responsibility of dropping the garbage rests upon KCCA it's not very necessary for the residents to know much about the site. The locations are always off the city centre to avoid inconveniences and also the recycling factories are far off thereby the points.

KCCA revenue supervision to ensure provision of clean/safe water

Close supervision and improved management of revenue Collection can improve the revenue yield and equity of the rating and business licensing system. Transparency in the whole process is essential. In La Paz, Bolivia for example, then Mayor Ronald MacLean Abaroa supported collection through established banks, and adopted external auditing

mechanisms to minimize possibilities of corruption (Klitgaard et al. 2000).

Findings on KCCA revenue supervision to ensure provision of clean/safe water revealed that KCCA has effectively reduced on influence peddle among tax collectors, Revenue officers are given drills and training on how to handle revenue collection, and that KCCA central division ensures regular update of the taxpayer registry in the division.

Monitoring and supervision are very important. Often tax revenue compliance is monitored through the use of tax receipts and business licenses, which requires local staff to check and identify individual compliance in the field on a case-by-case basis. Although these spot compliance checks can generate additional local revenues, a well-maintained, up-to-date delinquency (i.e., defaulters) list can be used effectively by local enforcement agencies to follow up on noncompliant taxpayers. These tax delinquency lists can be widely publicized to ensure transparent and consistent action against noncompliance. Depending on local cultures, 'name and shame' strategies like these can work. This can enable Local Governments to effectively target their resources to maximize collections. Excessive enforcement efforts (for example the same businesses are targeted for visits more than once a month), can result in negative incentives: on one hand, forcing businesses to become part of the informal sector; and on the other hand, sometimes, as a result of harassment on the part of tax officials, to forcing the closure of operations by business owners altogether.

It is also revealed that that there is commitment from the officers, Central division urban council gives special recognition for account holders who always pay on time. written reminders are sent to customers in arrears and there are no procedures put in place by central division urban council on how to deal with arrears. An audit in revenue collection process is routinely and that all revenues are banked intact and in

the right collection accounts. This means that the money is kept and spent with a reasonable budget.

Local Governments should try to use appropriate but also cutting edge information and communication technologies when feasible in administering these local revenue programs.

Among the technologies that have proven to be effective are various computerized systems, satellite photography and GPS mapping systems for property registration and valuation and electronic and banking systems for payments and accounting.

CHAPTER EIGHT

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter consists of summary of findings, the conclusion, recommendations and areas for further research.

Summary of Findings

This section of the study describes the summary of findings as per the objectives in the study.

Summary of Background/ characteristics of respondents

The study obtained data from male and female. The research also considered respondents of tenures, age groups, education level

How KCCA has provided budget support to ensure proper drainage system in Kampala City

The findings on Funds allocated for sewage management systems revealed that not enough funds have been allocated for sewage management systems in the city (62.5%) disagreed, Collection loopholes are identified and but not addressed in budgeting process (42.5%), council prioritizes revenue collection in the budgeting processes (62.5%).

The results also revealed that Drainage maintenance charges are not always modified to cover up budget gaps of drainage clean up in **KCCA**, KCCA does not have standby team to oversee the condition of the city drainage, and Budget votes have not been allocated for specific drainage channel in the city and KCCA does not spend substantial amount of local revenue collected on drainage opening and monitoring. Findings also reveal that percentage of division solid waste management budget is spent on waste recycling activities.

KCCA community sensitization on tax compliance to ensure better health the findings on community sensitization on tax compliance revealed that that KCCA uses local media to educate the community about proper disposal of garbage, KCCA has Strategies to minimize waste generation at both domestic and industrial levels, KCCA advanced technology has been applied in treating and recycling of sewage waste, KCCA has provided curbside collection kits, KCCA uses community meetings to sensitize the public about proper garbage disposal and KCCA use the village health teams to reach out to the residents.

The study findings also revealed that the garbage drop-off locations are not easily accessed by residents in KCCA and that Sensitization has reduced on the number of people suffering from cholera during rainy season.

KCCA revenue supervision to ensure provision of clean/safe water

Findings on KCCA revenue supervision to ensure provision of clean/safe water revealed that KCCA has effectively reduced on influence peddle among tax collectors, Revenue officers are given drills and training on how to handle revenue collection, and that KCCA central division ensures regular update of the taxpayer registry in the division.

It is also revealed that that there is commitment from the officers, Central division urban council gives special recognition for account holders who always pay on time. written reminders are sent to customers in arrears and there are no procedures put in place by central division urban council on how to deal with arrears. An audit in revenue collection process is routinely and that all revenues are banked intact and in the right collection accounts. This means that the money is kept and spent with a reasonable budget.

Conclusion

The revenue Collection from the available sources in KCCA is a rich collection that if managed well, there would be not broken sewage lines in Kampala city. This therefore still requires proper revenue management so that the services in Kampala. Allocation, expenditures and management of funds need sound internal control measures, monitoring and accountability of funds in order to achieve the desired financial objectives. The study therefore concludes that revenue management is a critical aspect that should be carefully handled.

Recommendations

In light of the findings and need for KCCA to provide quality services to the city residents, KCCA needs to allocate specific notes for clearing and managing drainage channels in the city more especially the loaded ones running around the highly populated areas such as Nakivubo.

KCCA should sensitize the public about proper garbage disposal to avoid blockages drainage systems especially the market vendors in Nakivubo and other market areas who just throw solid wastes in the drainage.

KCCA need budget votes be allocated for specific drainage channel in the city especially the loaded ones running round the highly populated areas. These drainage channels need extra care and attention in order to contain the pressure of the heavy duty.

KCCA should spend substantial amount of local revenue collected on drainage opening and monitoring so that the city is kept clean. With many drainage openings in the city there will be some relief from the dirty smelly Kampala.

KCCA should also consider putting Procedures in place by central division urban council on how to deal with arrears because when arrears are not being paid there is no way that the workers will be motivated to work.

Areas for further study

There is need for further research on whether KCCA pursue the principle of accountability to ensure efficiency and effectiveness in service delivery.

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APPENDICES

APPENDIX A: SELF ADMINISTERED QUESTIONNAIRES

REVENUE COLLECTION AND SERVICE DELIVERY IN KCCA

Dear Sir/Madam,

My name is **Kasendwa Robert**, Master student of Nkumba University pursuing a Master Degree in Accounting and Finance. I am currently carrying out a study about the role of revenue Collection on service delivery in KCCA as a requirement for the award of a master degree in Accounting and Finance.

I humbly request you to be one of the participants in this study and your cooperation will be of great importance to this study. Your answers will be kept with utmost confidentiality.

Thank you very much for your time and cooperation.

SECTION A: BACKGROUND INFORMATION

Please tick the appropriate box where applicable

Qn 1 Gender of respondents

- i. Male
- ii. Female

Qn 2 state your highest level of Education?

- i. PhD
- ii. Masters
- iii. Degree
- iv. Diploma
- v. Certificate

QN 3 Tenure with KCCA Central Division Urban council

- i. Less than 2 years
- ii. 2 – 5 years
- iii. 3-8 years
- iv. Above 8 yrs

Qn 4 Category of respondents

- i. Urban central political leadership
- ii. Heads of departments
- iii. KCCA revenue department
- iv. Public Health and Environment department

v. Kampala City resident

QN 5 Age of respondents

i. 20-29

ii. 30-39

iii. 40-49

iv. 50 and above

You are required to respond to each item in subsequent sections using the following scale by ticking the appropriate option.

- 5 = Strongly Agree,
4 = Agree,
3 = Not sure,
2 = Disagree,
1 = Strongly Disagree

SECTION B: provision of budget support to Ensure proper drainage in the city

No.	Question	1	2	3	4	5
6	Enough funds have been allocated for sewage management systems in the city					
7	Collection loopholes are identified and addressed in budgeting process					
8	The council prioritizes revenue Collection in the budgeting process					
9	Drainage maintenance charges are always modified to cover up budget					

	gaps of drainage clean up in KCCA					
10	Systematic criteria are in place to ensure that the drainages are well kept					
11	KCCA has a standby team to oversee the condition of the city drainage					
12	Budget votes have been allocated for specific drainage channel in the city					
13	Substantial amount of local revenue collected is spent on drainage opening in KCCA					
14	All the sewer systems are well monitored					
15	Largest percentage of division solid waste management budget is spent on waste recycling activities					
16	The city divisions allocate enough funds for operations of sewage management systems in the central division					

SECTION C: sensitizing the communities to ensure better health

No.	Question	1	2	3	4	5
17	The KCCA has undertaken full responsibility of waste and garbage collection					
18	KCCA uses local media to educate the community about proper disposal of garbage					
19	Strategies are implemented to minimize waste generation at both domestic and industrial levels					
20	Advanced technology has been applied in treating and recycling of					

	sewage waste					
21	KCCA has provided curbside collection kits					
22	KCCA uses community meetings to sensitize the public about proper garbage disposal					
23	KCCA use the village health teams to reach out to the residents					
24	The garbage drop-off locations are easily accessed by residents in KCCA					
25	Sensitization has reduced on the number of people suffering from cholera during rainy season.					
26	Adequate education and training has been provided to communities to ensure clean environment					
27	The level of level of pit latrine penetration has improved as a result of sensitization by KCCA staff.					

SECTION D: supervising receipt of revenue to ensure timely provision of clean water

No.	Question	1	2	3	4	5
28	KCCA has effectively reduced on influence peddling among tax collectors					
29	Revenue officers are given drills and training on how to handle revenue collection					
30	KCCA central division ensures regular update of the taxpayer registry in the division					

31	There is commitment from revenue officers					
32	Central division urban council gives special recognition for account holders who always pay on time					
33	Electronic channels of revenue collection are used for large organizations in the city					
34	Central division urban council knows all the tax payers in the division					
35	Written reminders are sent to customers in arrears					
36	There are procedures put in place by central division urban council on how to deal with arrears					
37	An audit in revenue collection process is routinely conducted					
38	All revenues are banked intact and in the right collection accounts					

SECTION E: Service delivery in KCCA

No.	Question	1	2	3	4	5
39	There is a reduction in levels of cholera epidemic in the city					
40	The public health department has promoted better health in the city					
41	Enough funds have been budgeted for waste and garbage storage, collection, transport and transfer					
42	Environmental impact assessments are adequately conducted before gazeting landfills and waste disposal sites					
43	Specific waste generation legal and regulatory frameworks have been					

	designed by the urban council					
44	Human resource needed in handling waste and garbage is available and enough					
45	KCCA ensures clean environment around the drainage channels					
46	Adequate resources are mobilized for efficient management and disposal of waste					
47	The budget support for management of solid waste is annually increased					
48	Street cleaning supporting staff are facilitated with all the necessary equipments and tools for use in garbage and waste collection					
50	There are no more dumping of garbage in the drainage channels					

Thank you so much for your cooperation

APPENDIX B: INTERVIEW GUIDE

1. Does KCCA allocate enough funds for sewage management systems?
2. What criteria does KCCA use to ensure that drainage is kept clean?
3. Do you think revenue by KCCA is effectively and efficiently managed? If No explain?
4. Has the community been sensitized by KCCA on proper waste management? If yes how has it impacted them?
5. Does KCCA fully fund the budget for waste management in the city?
6. Does KCCA have the capacity to ensure clean environment in Kampala city?
7. Has KCCA been able to deliver effective services to the community?
8. Do you think revenue collected in KCCA is properly spent and accounted for? If No explain?
9. What comment can you make on the performance of KCCA on waste management?
10. What do you think should be done in order to improve on the revenue management and performance of KCCA?