

**FISCAL DECENTRALIZATION AND LOCAL REVENUE PERFORMANCE
IN BULAMBULI LOCAL GOVERNMENT**

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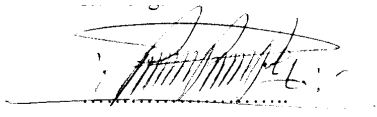


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Declaration

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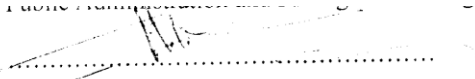


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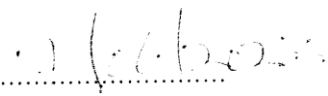
This is to certify that this research report has been under the guidance of my supervisor, and is now ready for submission to the Department of Social Sciences for the award of Masters Degree in Public Administration and Management of Uganda Christian University.



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LIST OF ACRONYMS

BD	-	Bulambuli District
BDLG	-	Bulambuli District Local Government
C S	-	Civil Society
CAO	-	Chief Administrative Officer
DCAO	-	Deputy Chief Administrative Officer.
DEO	-	District Education Officer
LG	-	Local Government
LGA	-	Local Government and Approved
LGA	-	Local Governments Act
LGHT	-	Local Government Hotel Tax
LR	-	Local revenue
LST	-	Local Service Tax
PAF	-	Poverty Action Fund
SNGs	-	Sub-national governments
SPSSS	-	Statistical Package for Social Sciences
UN	-	United Nations
UNDP	-	United National Development Program
USAID	-	United States Agency for International Development
W B	-	World Bank

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ABSTRACT

This study was conducted to examine the contribution of fiscal decentralization and local revenue performance in Bulambuli local government because local revenue collection had been less than 40% of the targeted revenue. It was guided by the following objectives: To examine the role of expenditure assignment on local revenue performance in Bulambuli District Local Government; to assess the role of revenue assignment on local revenue performance in Bulambuli District Local Government; and finally to establish the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government. A descriptive design was employed and both qualitative and quantitative approaches used. The target population of study was 150 people out of which a sample size of 108 obtained by use of the Sloven formula was used to provide the requisite data. The study adopted both purposive and simple random as sampling techniques. The study used questionnaires and interview methods of data collection. The research instruments were questionnaires and interview guides which were used to collect primary data from respondents. The study findings revealed that for objective one, at $R^2 = .399$; the sig value was $= .000 < .05$; for objective two, $R^2 = .164$; the sig value was $= .000 < .05$; while for objective three, at $R^2 = .092$; the sig value was $= .003 < .05$. therefore, the study concluded the expenditure assignment plays a significant role towards local revenue performance; at the same time, revenue assignment plays a significant role towards local revenue performance; and similarly, the intergovernmental transfers also play a significant role towards local revenue performance in Bulambuli District local government. The study recommends among other things that Bulambuli District local government should focus on effectively carrying out its role in expenditure assignment. This should involves ensuring that resources are allocated efficiently and in line with local priorities on local revenue performance. The district should invest in capacity building initiatives to strengthen the skills and knowledge of its staff involved in revenue collection. The district should also develop effective strategies such as conducting thorough assessments of revenue needs and priorities, aligning the allocation of transfers with local development goals for utilizing intergovernmental transfers to maximize their impact on local revenue performance.

CHAPTER ONE

INTRODUCTION

1.0. Introduction

This chapter presents the background to the study, the statement of the problem, objectives of the study, the research questions; significance of the study, justification and scope of the study, the conceptual framework and the definition of key terms.

1.1. Background to the Study

Since the 1990s, numerous governments in both developed and developing countries worldwide have embraced decentralization as a system of governance. Uganda has also implemented decentralized governance, which encompasses political, administrative, and fiscal decentralization. The concept of decentralization is not new, as it originated in the 1950s and 1960s when British and French colonial administrations prepared colonies for independence by delegating certain responsibilities to local authorities. However, decentralization gained prominence in the 1980s as a development agenda, coinciding with the global emphasis on governance and human-centered approaches to human development (UNDP, 2015).

Decentralization as a system of governance has gained significant traction globally since the 1990s, with numerous governments in both developed and developing countries adopting this approach. Uganda is one such country that has embraced decentralized governance, implementing it across political, administrative, and fiscal dimensions. While decentralization may seem like a contemporary concept, its origins can be traced back to the 1950s and 1960s when British and French colonial administrations prepared their colonies for independence. During this time, responsibilities were devolved to local authorities as a means of preparing the colonies for self-governance. However, it was in the 1980s that decentralization gained

prominence as a development agenda, coinciding with the global shift towards emphasizing governance and human-centered approaches to human development.

The adoption of decentralization can be seen as a response to the recognition that centralizing power and decision-making at the national level can lead to inefficiencies and neglect of local needs. By decentralizing, governments aim to bring decision-making closer to the communities and individuals affected by those decisions. Political decentralization involves the transfer of power to local authorities, allowing for more localized decision-making and representation. Administrative decentralization entails delegating administrative functions and responsibilities to local levels, enhancing efficiency and responsiveness. Fiscal decentralization involves the transfer of financial resources and revenue-raising powers to subnational entities, enabling them to address local needs effectively.

A global assessment of decentralization reveals that it was initially implemented in countries such as the United Kingdom, Sweden, China, Yugoslavia, and various Latin American nations. These countries have made significant progress in developing their decentralized systems compared to African countries. Some African countries, including Botswana, Ghana, Kenya, Nigeria, Senegal, Sudan, Tanzania, Zambia, and Uganda, adopted the decentralization system of governance in the 1990s. Uganda, specifically, adopted this system in the early 1990s (UNDP, 2015).

According to the World Bank (2018), a significant driver behind decentralization in recent years has been political considerations. In regions like Latin America, decentralization has played a crucial role in the process of democratization, as autocratic central regimes have been replaced by elected governments operating under new constitutions. In Africa, the proliferation of

multiparty political systems has generated a demand for increased local participation in decision-making (Tumushabe et al., 2010). In certain countries, such as Ethiopia, decentralization has been prompted by pressures from regional or ethnic groups seeking greater control or involvement in the political process. In some cases, decentralization has been seen as a means to maintain national unity in the face of such pressures by granting increased autonomy to localities or establishing asymmetrical federations (World Bank, 2018).

In Africa, the proliferation of multiparty political systems has created a demand for increased local participation in decision-making. Decentralization serves as a mechanism to address this demand by granting local authorities greater autonomy and empowering them to make decisions that directly impact their communities. By involving local actors in the decision-making process, decentralization aims to enhance governance effectiveness and legitimacy. In certain countries like Ethiopia, decentralization has been driven by pressures from regional or ethnic groups seeking greater control or involvement in the political process. These groups perceive decentralization as a way to address historical grievances and ensure their representation and influence in decision-making processes.

Another variation of this trend is decentralization resulting from prolonged civil wars, as observed in Mozambique or Uganda, where opening political opportunities at the local level has enabled broader participation by all former warring factions in the country's governance (World Bank, 2018). Decentralization has been strongly influenced by political considerations in recent years, as highlighted by the World Bank (2018). In Latin America, decentralization has played a crucial role in the process of democratization. The replacement of autocratic central regimes with elected governments operating under new constitutions has necessitated decentralization as a

means to distribute power and decision-making to local levels. This allows for greater democratic participation and ensures that governance is more responsive to the needs and aspirations of local communities.

Granting increased autonomy to localities or establishing asymmetrical federations can be seen as strategies to maintain national unity by accommodating diverse interests and aspirations. Another aspect of decentralization is its occurrence as a result of prolonged civil wars, as observed in countries like Mozambique and Uganda. Opening political opportunities at the local level through decentralization allows for broader participation by all former warring factions in the governance of the country. It provides a platform for reconciliation, inclusivity, and the integration of diverse perspectives into the decision-making process. Political considerations have been instrumental in driving decentralization efforts globally. Whether it is in the context of democratization, demands for local participation, regional or ethnic pressures, or post-conflict reconciliation, decentralization serves as a mechanism to distribute power, increase participation, and address diverse political dynamics within a country.

In Uganda's case, the adoption of decentralization in the early 1990s aligns with the global trend during that period. Decentralization is viewed as a means to promote local development, improve service delivery, and increase citizen participation in governance. By involving local authorities and communities in decision-making processes, decentralization aims to create a more inclusive and responsive governance structure. It's important to note that the specific implementation and outcomes of decentralization can vary widely across countries, influenced by their unique political, economic, and social contexts. However, the overarching goal remains the same – to empower local actors, improve governance, and enhance development outcomes.

The evolution of the decentralization system of governance since the 1980s can be categorized into three main phases: the redistribution of responsibilities, often referred to as deconcentration; the disengagement of the state, economic liberalization, and decentralization; and the establishment of accountability and institutions for local jurisdictions and Civil Society (World Bank, 2018). The evolution of the decentralization system of governance since the 1980s can be understood through three distinct phases: the redistribution of responsibilities or deconcentration, the disengagement of the state accompanied by economic liberalization and decentralization, and the establishment of accountability and institutions for local jurisdictions and Civil Society. These phases reflect the changing dynamics and goals of decentralization efforts worldwide.

The first phase, the redistribution of responsibilities or deconcentration, involves the transfer of certain responsibilities and decision-making authority from the central government to lower levels of administration within the same administrative hierarchy. This phase aims to alleviate the burden on central authorities by delegating certain tasks to local bodies. Deconcentration allows for more efficient and effective governance, as it brings decision-making closer to the communities and individuals affected by those decisions.

The second phase encompasses the disengagement of the state, economic liberalization, and decentralization. During this phase, governments recognize the limitations of centralized control and intervention in various sectors of the economy and society. They embark on economic liberalization measures, such as deregulation and privatization, to stimulate economic growth and improve efficiency. Simultaneously, they decentralize power and decision-making processes to local governments, enabling them to address specific local needs and promote local

development. This phase reflects a shift towards market-oriented policies and a recognition of the benefits of local autonomy and participation.

The third phase focuses on the establishment of accountability and institutions for local jurisdictions and Civil Society. As decentralization progresses, it becomes essential to ensure transparency, accountability, and good governance at the local level. Institutions are put in place to oversee and monitor the activities of local governments, ensuring responsible use of resources and adherence to legal and ethical standards. Civil Society organizations also play a vital role in holding local authorities accountable and representing the interests of citizens. These three phases of decentralization reflect a broader global trend towards devolving power, decision-making, and resources to local levels. The aim is to enhance efficiency, promote local development, and increase citizen participation in governance. However, the specific approaches and outcomes of decentralization can vary significantly across countries, depending on their political, economic, and social contexts.

Limited research has been conducted on fiscal decentralization, which is one of the three forms of decentralization. Fiscal decentralization involves the transfer of revenue from the central government to local government units, as well as the mobilization and management of resources by these local units. It also includes revenue sharing (MoFPED, 2018). Another definition provided by Bukomooko (2012) describes fiscal decentralization as a systematic arrangement that provides local governments with instruments to access and source financial resources for fulfilling their decentralized responsibilities and functions. Essentially, fiscal decentralization entails transferring the responsibility for generating revenue and allocating expenditure from the national level to local governments.

A sound fiscal decentralization program consists of several key elements, including creating an enabling environment, assigning an appropriate set of functions to local governments, allocating an appropriate set of local own-source revenues, establishing an adequate intergovernmental fiscal transfer system, and ensuring adequate access to development capital for local governments (Bukomooko, 2012). The adoption of fiscal decentralization assumes that local governments will be capable of mobilizing, collecting, and effectively using local revenue to improve service delivery in their respective communities. In other words, the implementation of fiscal decentralization is expected to enhance local revenue performance.

According to Kiichiro and Luiz (1997), fiscal decentralization refers to the transfer of expenditure functions and revenue sources to lower levels of government. This process is expected to bring about positive outcomes such as increased efficiency, reduced operating costs, improved public sector performance in service delivery, and overall economic growth. However, there are also potential drawbacks associated with fiscal decentralization, including the loss of control over sub-national finances and the potential for fiscal and monetary instability at the central level. While the findings of this study should be interpreted with caution due to limitations in methodology and data, they suggest that fiscal decentralization in developing countries may lead to fiscal and monetary imbalances that could negatively impact growth performance. This is particularly relevant for large developing and transition economies like Brazil, China, India, and Russia, which must carefully consider the benefits of fiscal decentralization against the associated risks.

Fiscal decentralization involves transferring budgetary authority from the central government to elected sub-national governments, enabling them to make decisions on taxes and expenditures. It

encompasses three key aspects: expenditure assignment, revenue assignment, and intergovernmental transfers. While all countries generally have these three components, the specific design of fiscal decentralization varies greatly, as each country has unique circumstances and possibilities. Examining international experiences can provide insights into the institutional and practical challenges encountered in implementing fiscal decentralization. The findings highlight significant variations in outcomes, indicating that there are diverse approaches to establishing a successful fiscal decentralization framework. This emphasizes the importance of considering different strategies to achieve effective decentralization (Bahl, 2008).

The effectiveness of expenditure assignment in fiscal decentralization should be evaluated based on its ability to achieve desired goals, such as efficient resource allocation, equitable service provision, macroeconomic stability, and economic growth promotion. While there is no one-size-fits-all approach to expenditure assignment, several guiding principles can facilitate the process. One key principle is to assign responsibility for service provision to the lowest level of government appropriate for the area benefiting from those services. It is also important to establish clear and stable assignments and recognize that redistribution and macroeconomic stability are typically best managed by the central government. When it comes to revenue assignment, granting tax powers to sub-national governments can offer political advantages in terms of sub-national sovereignty, accountability, and tax competition. To realize these benefits, revenue assignment should provide sub-national governments with their own revenue sources that they can control. Moreover, each tax should be assigned to the lowest appropriate level of government.

While adhering to these principles in tax assignment can help, it is still possible to encounter vertical fiscal imbalances or horizontal fiscal disparities. Grants can be provided to address these

imbalances, but they should not influence the decision-making of sub-national governments regarding the choice between public and private spending. There are several common issues associated with expenditure assignment, including the absence of formal assignments, inefficient assignments, ambiguity in certain assignments, and the sharing of responsibilities between different levels of government (McLure & Martinez-Vazquez, 2000).

Uganda implemented a decentralization policy in 1992 to bring social services closer to the people. This policy shifted various responsibilities, such as feeder road management, Primary Health Care, Primary education, and agriculture extension, to the local governments, including districts, sub-counties, and town councils. Local government revenue, known as locally raised revenues (LRRs), comprises payments collected from individual residents and organizations within the jurisdiction of the local government. Additionally, transfers from the central government are provided to finance service delivery and devolved expenditure functions. The Intergovernmental Fiscal Relations (IGFR) framework plays a crucial role in defining the fiscal operations that support the implementation of allocated functions at each level of government. It encompasses the financial aspects of intergovernmental relations, which significantly influence the nature, scope, and depth of decentralization (Seatini, 2017).

In the context of governance and development, citizen participation is widely recognized as a crucial mechanism for strengthening local capacity, reducing poverty, and promoting rural development. While certain powers and functions have been decentralized to local governments, the fundamental goals of decentralization appear to be challenging to achieve. There is limited support for the community's involvement in generating resources for local development, holding their leaders accountable, participating in planning processes, and freely electing their leaders

without interference from local elites during elections. The current trend of increasing control by the central government raises concerns about the reversal of decentralization, often referred to as "recentralization" (Kakumba, 2010).

The performance of local revenue in Bulambuli District Local Government can be influenced by various factors, including fiscal decentralization. The design and implementation of revenue policies and administrative practices play a crucial role in local revenue performance. This includes the establishment of an appropriate legal framework, clear tax regulations, efficient tax collection procedures, and effective enforcement mechanisms. Well-designed revenue policies can incentivize compliance and enhance revenue generation. The economic base of a region significantly impacts local revenue performance. The presence of diverse economic activities, such as agriculture, industry, commerce, and services, can contribute to a broader tax base and increased revenue potential. Economic growth and development in Bulambuli District can positively impact local revenue through increased business activities and higher tax contributions.

The availability and diversity of revenue sources influence the performance of local revenue. Apart from traditional taxes like property tax or business license fees, local governments can explore alternative revenue sources such as user fees, charges for services, and local development levies. Diversifying revenue sources can mitigate the dependency on a single tax and enhance revenue stability. The level of tax compliance among taxpayers is essential for local revenue performance. Effective tax administration and enforcement, including taxpayer education programs, simplified tax procedures, and robust monitoring systems, can encourage voluntary compliance and reduce tax evasion.

Strengthening compliance measures can contribute to improved revenue performance. Intergovernmental transfers from higher levels of government, such as the central government, can significantly impact local revenue performance. These transfers can supplement local revenue and support the provision of public services. The amount and predictability of intergovernmental transfers influence the financial capacity of the local government and its ability to meet local needs. Building the capacity of local government officials and staff is crucial for effective revenue management. Training programs and technical assistance can enhance their skills in revenue planning, tax administration, financial management, and budgeting. Strengthening capacity ensures efficient revenue collection processes and optimal utilization of resources.

Socioeconomic factors, such as poverty levels, income distribution, and the overall economic well-being of the population, can impact local revenue performance. Higher poverty levels and income inequality may result in lower tax-paying capacity, affecting revenue collection. Understanding the socioeconomic context is important for designing revenue policies that are equitable and sustainable. Revenue refers to the income collected and received by a Local Government (LG). It encompasses payments made by individual residents and organizations, as well as transfers from the central government. These funds are intended to support the financing of service delivery and devolved expenditure functions. Local revenue specifically refers to the funds generated within the jurisdiction of the Local Government. It can be categorized into two main forms: tax revenue and non-tax revenue. Tax revenue includes the Local Service Tax (LST), which is imposed on various categories of individuals such as those employed, self-employed professionals, artisans, businessmen and businesswomen, and commercial farmers.

Another form is the Local Government Hotel Tax (LGHT), which is levied on hotel and lodge accommodations based on the number of rooms occupied per night (USAID, 2018).

Non-tax revenue consists of various sources of income collected by Local Governments. These sources include property-related charges, which are determined in consultation with the Ministry of Lands and Urban Development. These charges encompass a range of fees such as land premium, processing fees for applications, consent to transfer fees, valuation fees, conveyance fees, building plans approval fees, building inspection fees, survey fees, and land inspection fees. Another category is business or trading licenses, which are regulatory fees imposed on businesses operating within the locality. The rate of these fees depends on the type of business and its location. Local governments also collect royalties, which are payments made in relation to government or private projects based on the exploitation of natural resources within the Local Government's jurisdiction.

Additionally, fees and fines are collected for licenses and permits issued by the local council for various services and regulatory purposes. These may include fees for forest products, veterinary services, birth registrations, marriage and death registrations, land transaction charges, taxes on produce, loading fees for materials like sand and stones, fines, and other charges. Other sources of non-tax revenue include rents from leased properties owned by the local council, fees and fines imposed by courts administered by the local council, donations, contributions, and endowments received, charges or profits derived from trade, services, or ventures conducted by the local council, parking fees, advertising fees, user charges (where applicable), agency fees, interest on investments, charcoal burning licenses, and any other revenues prescribed by the local government and approved by the Minister (LGA, 80 (3)).

Fiscal decentralization refers to the process of transferring fiscal responsibilities and decision-making powers from the central government to lower levels of government, such as local governments or districts. The goal of fiscal decentralization is to improve the efficiency and effectiveness of public service delivery and promote local development. In the case of Bulambuli District Local Government, fiscal decentralization can have a significant impact on the performance of local revenue. Fiscal decentralization provides local governments with greater autonomy and authority to generate revenue through various sources, such as local taxes, fees, and charges. This increased fiscal autonomy allows local governments to align revenue policies with local needs and conditions. They can introduce revenue measures that are more suitable for the local economy, leading to improved revenue performance.

Fiscal decentralization encourages local governments to focus on local economic development. By having control over their own revenue sources, local governments in Bulambuli District can invest in infrastructure, promote entrepreneurship, attract investment, and create a conducive environment for businesses to thrive. These initiatives can lead to economic growth, job creation, and ultimately enhance the revenue base of the local government. Fiscal decentralization enhances accountability and transparency in local revenue management. When local governments have control over revenue collection and expenditure, they become directly responsible for their financial decisions. This accountability fosters transparency as citizens can monitor the collection and utilization of local revenues. It also encourages local government officials to improve revenue collection efforts and ensure efficient utilization of resources.

Fiscal decentralization often involves capacity-building initiatives to empower local governments with the necessary skills and knowledge to manage their finances effectively.

Through training programs and technical assistance, local officials can develop expertise in revenue planning, budgeting, financial management, and tax administration. Strengthening local capacity can lead to better revenue performance by improving the efficiency and effectiveness of revenue collection processes. Fiscal decentralization is often accompanied by intergovernmental transfers, where the central government provides financial resources to local governments. These transfers can supplement local revenues and support the provision of public services. However, the effectiveness of intergovernmental transfers depends on the design and implementation of transfer mechanisms. If designed well, these transfers can bolster local revenue performance by providing additional resources to meet local needs.

Fiscal decentralization can have a positive impact on the performance of local revenue in Bulambuli District Local Government. By granting greater autonomy, promoting local economic development, improving accountability and transparency, building local capacity, and facilitating intergovernmental transfers, fiscal decentralization can enhance the revenue base and overall financial performance of the local government. However, it is crucial to address challenges and constraints to ensure effective implementation and maximize the benefits of fiscal decentralization. According to the Local Government Act (1997), all local governments have the responsibility to levy taxes and manage the revenues collected. However, the Local Government Performance Assessment (LGPA) conducted in the fiscal year 2018/2019 revealed that many local governments performed poorly, particularly in terms of local revenue collection. This indicates that the failure to collect sufficient local revenue has implications for the adequacy, equity, and efficiency of local government financing and service delivery.

Local revenue plays a crucial role as it forms the foundation for the operations and functions of the Lower Local Government Council. It is utilized to finance discretionary activities such as community roads, bridges, and water services, as well as cover administration costs including councilors' emoluments and employee expenses. Additionally, local revenue is essential in supporting routine maintenance and administrative costs. Moreover, it promotes accountability to the community, leading to improved service quality, and reduces the reliance on central governments and external donations. Locally generated revenues also foster a sense of ownership and sustainability of programs and services, which aligns with the principles of decentralization. Given the poor performance of local revenue, local governments face significant risks in delivering services to the people. Based on these concerns, this study aims to investigate the impact of supervision on local revenue performance in the context of Bulambuli District Local Government in Uganda.

Revenue assignment, expenditure assignment, and intergovernmental transfers are three key components of fiscal decentralization that play crucial roles in empowering local governments and promoting effective service delivery. Revenue assignment refers to the allocation of revenue-raising powers and responsibilities to the local government level, determining the types of taxes and fees that local governments can impose to generate revenue. This process recognizes the importance of local authorities in funding public services and local development initiatives based on their specific needs and characteristics. Common types of taxes and fees assigned to local governments include property taxes, local sales taxes, local income taxes, business license fees, and user charges (Bird & Ebel, 2006).

Expenditure assignment, on the other hand, involves determining the services and functions that are under the jurisdiction of the local government. It outlines the responsibilities and authority of local governments in delivering public services such as healthcare, education, infrastructure, and social welfare. The extent of expenditure assignment varies across countries, depending on their legal and institutional frameworks (Shah, 2006). Intergovernmental transfers are the financial resources flowing from the central government to the local government level. These transfers are designed to support service delivery and devolved functions at the local level. Intergovernmental transfers can take various forms, including unconditional grants, conditional grants tied to specific purposes, and revenue-sharing arrangements. These transfers are critical in ensuring that local governments have adequate financial resources to fulfill their responsibilities (Bird & Ebel, 2006). These three components of fiscal decentralization are interconnected and form the basis for effective local governance and service delivery.

Revenue assignment enables local governments to have fiscal autonomy and generate their own revenue, while expenditure assignment empowers them to determine the allocation of resources based on local priorities. Intergovernmental transfers provide the necessary financial support to local governments to bridge any fiscal gaps and ensure the delivery of essential services to the local population. Proper implementation of revenue assignment, expenditure assignment, and intergovernmental transfers requires coordination and collaboration between different levels of government. It necessitates a strong legal and institutional framework, capacity building at the local level, and effective governance mechanisms to ensure transparency, accountability, and efficiency in the use of public resources.

The findings from the Auditor General Report (2019) indicate a concerning lack of implementation of recommendations aimed at achieving planned outputs in district projects. The report reveals that only one out of the six sampled recommendations was fully implemented, while two recommendations were partially implemented, and three recommendations were not implemented at all. This lack of implementation has significant implications for the effective delivery of public services and the proper utilization of resources. When recommendations made by monitoring and supervision teams are not implemented, it indicates a failure to address identified issues and improve the quality of project outcomes. This can lead to suboptimal project performance, inefficiencies, and even the inability to achieve the intended goals and objectives.

The partial implementation of recommendations suggests some efforts were made to address the identified issues, but they fell short of complete resolution. This can result in compromised project outcomes and hinder the realization of desired outputs. The lack of full implementation may be attributed to various factors such as resource constraints, inadequate capacity, poor coordination, or insufficient commitment from relevant stakeholders. Another significant concern highlighted in the report is the accumulation of receivables totaling UGX 1.82 billion that were not collected by the end of the year. This implies a failure in revenue collection mechanisms and management, leading to potential financial losses for the district.

Unrecovered receivables can strain the district's financial resources, limit its ability to fund essential services and projects, and undermine its overall financial sustainability. The implications of these findings are multi-fold. Firstly, the lack of implementation of recommendations hampers the effective utilization of resources, potentially resulting in wasted

funds and missed opportunities for development. Secondly, it raises questions about the accountability and governance mechanisms in place to ensure the proper execution of projects and the utilization of public resources. Thirdly, the accumulation of receivables reflects weaknesses in revenue collection and financial management systems, which can hinder the district's ability to meet its financial obligations and deliver essential services to the community. To address these implications, it is crucial for the district authorities to take corrective actions based on the findings and recommendations of the Auditor General Report. This may include strengthening project monitoring and supervision mechanisms, enhancing capacity and coordination among stakeholders, improving financial management systems, and ensuring the timely implementation of recommended actions. Additionally, there is a need for greater accountability and transparency in the utilization of public resources to promote effective governance and enhance public trust.

1.2. Statement of the Problem

Section 3.3(1) of the LGFAM, 2007, under budget principles guides that estimates must reflect revenue, which can be realized from anticipated conditions. Section 3.4.1(4) further requires realistic revenue forecasting as a precondition for successful budgeting. According to Auditor General's Report (2019), the consolidated statements of revenues and expenditure by vote of the financial statements and noted that out of the budgeted total revenue of UGX.3,425,934,945,393 for the year 2018/19, a sum of UGX.2,741,786,749,768 was realized representing a performance level of 80% of the target. The above analysis shows that there was a general shortfall in funding in the consolidated revenue sources for the districts by UGX.684, 148,195,625. The shortfall affected implementation of planned activities which in turn negatively impacts on service delivery. In Bulambuli District, there was a shortfall in releases amounting to UGX.0.38Bn

representing 1.7% under release. Further, it was noted that supplementary funds of UGX. 85,406,257 (54%) relating to local revenue had not been approved by council and the entity remained with unspent balance of UGX.0.047Bn representing an absorption level of 100.2%.The situation in Bulambuli District Local Government has been pathetic. The amount of local revenue performance in the district has been less than 40% of the targeted revenue (Bulambuli District Local Government, 2020). Generally, from the Auditor General's (2019) report and the Bulambuli District Local Government (2020) report, the total net revenue collected by tax type compared to forecast was only 40%, the total expenditures compared to approved budget were at 37.8%, the ratio of costs to collections, the filing and payment compliance rates; the income reporting compliance and the taxpayer satisfaction surveys all indicated low local revenue performance in the district. Even when there is a legal framework guiding on implementation of the fiscal decentralization and local revenue reporting, poor local revenue performance was always reported. If the situation continues unabated, the district will continue to suffer in terms of securing the appropriate amounts of local revenue and ultimately all the services that rely on local revenue will never be implemented. This has served as motivation factor to carry out this study.

1.3. Purpose of the Study

The purpose of the study was to examine the role of fiscal decentralization on the performance of local revenue performance in Bulambuli District Local Government.

1.4. Main Objective of the Study

The main objective of the study was to examine the role of fiscal decentralization on local revenue performance in Bulambuli District Local Government.

1.5. Specific Objectives of the Study

- i. To establish the role of expenditure assignment on local revenue performance in Bulambuli District Local Government.
- ii. To assess the role of revenue assignment on local revenue performance in Bulambuli District Local Government.
- iii. To examine the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government.

1.6. Research Questions

The study was guided by the following research questions;

- i. What is the role of expenditure assignment on local revenue performance in Bulambuli District Local Government?
- ii. How does the role of revenue assignment influence local revenue performance in Bulambuli District Local Government?
- iii. What is the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government?

1.7. Significance of the Study

The study on the role of fiscal decentralization on the performance of local revenue in Bulambuli District Local Government is significant for several reasons:

The findings of the study can provide valuable insights for policymakers and local government authorities in Bulambuli District, as well as other similar contexts, in understanding the impact of

fiscal decentralization on local revenue performance. This can guide the formulation of policies and strategies to enhance revenue generation at the local level.

Local revenue is a crucial source of funding for local governments, and its effective performance is essential for ensuring financial sustainability. By examining the factors influencing local revenue performance in Bulambuli District, the study can contribute to enhancing the financial stability and self-reliance of the local government, reducing dependence on central government transfers and external funding.

Adequate local revenue is vital for the provision of essential public services and infrastructure at the local level. Understanding the factors that influence local revenue performance can help identify barriers and opportunities for improving service delivery in Bulambuli District. The study can shed light on how fiscal decentralization can impact service delivery outcomes and guide efforts to enhance the quality and accessibility of services.

Effective revenue performance is closely linked to accountability and transparency in the management of public funds. By investigating the role of fiscal decentralization in local revenue performance, the study can contribute to strengthening accountability mechanisms and promoting transparency in revenue collection, management, and expenditure processes.

The study will provide empirical evidence specific to Bulambuli District, which can contribute to the existing body of knowledge on fiscal decentralization and local revenue performance. This evidence can help fill gaps in the literature and inform further research in the field of decentralization and local governance.

The significance of this study lies in its potential to inform policy decisions, promote financial sustainability, improve service delivery, enhance accountability, and contribute to the academic

understanding of fiscal decentralization's role in local revenue performance in Bulambuli District Local Government.

1.8. Justification of the Study

The study on the role of fiscal decentralization on the performance of local revenue in Bulambuli District Local Government is justified for the following reasons:

Fiscal decentralization is a key policy approach adopted by many countries, including Uganda, to promote local development, improve service delivery, and empower local governments. Understanding the impact of fiscal decentralization on local revenue performance in Bulambuli District can provide valuable insights for policymakers in designing effective decentralization policies and strategies.

Each local government context is unique, influenced by various socio-economic, political, and administrative factors. By focusing on Bulambuli District, the study recognizes the importance of understanding the specific dynamics and challenges faced by this particular local government. The findings can be tailored to address the local context and provide targeted recommendations for improving local revenue performance in Bulambuli District.

The study's findings can have practical implications for local government authorities, administrators, and practitioners in Bulambuli District. By identifying the factors influencing local revenue performance, the study can guide local government officials in implementing effective revenue collection and management practices, improving fiscal planning, and strengthening accountability mechanisms.

Conducting research on fiscal decentralization and local revenue performance can contribute to capacity building efforts in Bulambuli District. By engaging local researchers, data collectors,

and analysts, the study can enhance local research skills, data management capabilities, and evidence-based decision-making processes within the local government.

The study can contribute to the existing body of knowledge on fiscal decentralization and local revenue performance. By conducting empirical research in Bulambuli District, the study can add to the academic literature on the subject, providing insights into the specific challenges and opportunities faced by local governments in Uganda. It can also serve as a reference for future studies and comparisons with other local government contexts. The justification for the study lies in its policy relevance, focus on the local context, practical implications for local government authorities, capacity-building potential, and academic contribution to the field of fiscal decentralization and local governance.

1.9. Scope of the Study

1.9.1. Content Scope

The content scope of the study on the role of fiscal decentralization on the performance of local revenue in Bulambuli District Local Government encompasses three main aspects: revenue assignment, expenditure assignment, and intergovernmental transfers. Each of these factors plays a crucial role in influencing local revenue performance, and their examination provides valuable insights into the dynamics of fiscal decentralization in the district. Revenue assignment refers to the allocation of taxing powers and revenue sources to local governments. In the context of Bulambuli District, the study would explore the specific revenue assignment policies and mechanisms in place. This includes identifying the types of taxes and non-tax revenues that are assigned to the district, such as local service tax, local government hotel tax, property-related charges, business/trading licenses, royalties, fees, fines, rents, and other sources.

Analyzing revenue assignment helps to understand the revenue-raising capacity of the district and assess whether the assigned revenue sources align with the local government's needs and potential. Expenditure assignment refers to the allocation of responsibilities and functions to local governments in terms of service provision and spending. This aspect of the study would investigate the expenditure functions devolved to Bulambuli District Local Government, including the management of services like feeder road maintenance, primary healthcare, primary education, and agriculture extension. By examining expenditure assignment, the study can assess how well the district is equipped and empowered to deliver these services efficiently and effectively. It can also identify any challenges or gaps in the allocation of expenditure responsibilities that may affect local revenue performance.

Intergovernmental transfers involve the flow of funds from the central government to local governments for the purpose of financing service delivery and devolved functions. The study would analyze the intergovernmental transfer mechanisms in place in Bulambuli District, including grants and other financial transfers received from higher levels of government. Understanding the nature and extent of intergovernmental transfers is crucial for assessing their impact on local revenue performance. This includes examining the adequacy, predictability, and conditionality of transfers, as well as their role in complementing or substituting local revenue sources. By examining revenue assignment, expenditure assignment, and intergovernmental transfers, the study provides a comprehensive analysis of the factors influencing local revenue performance in Bulambuli District. It allows for a holistic understanding of the fiscal decentralization framework in the district and its implications for revenue generation, resource allocation, and service delivery. The findings from this study can contribute to policy discussions

and inform decision-making processes to enhance local revenue performance and overall fiscal decentralization outcomes in the district.

1.9.2. Geographical Scope

The study on the role of fiscal decentralization on the performance of local revenue specifically focused on Bulambuli District for several reasons related to its geographical scope: Bulambuli District, being a rural district, represents a specific type of local government context that is distinct from urban or metropolitan areas. Rural districts often face unique challenges and opportunities in terms of revenue generation and service delivery. By studying Bulambuli District, the research can provide insights into the specific dynamics and factors affecting local revenue performance in rural areas. Bulambuli District has been implementing fiscal decentralization, which makes it an ideal case study for examining the role of decentralization policies on local revenue performance. By focusing on a district that has undergone decentralization reforms, the study can assess the extent to which fiscal decentralization has influenced revenue collection and management practices in the context of Bulambuli District. The location of Bulambuli District in Eastern Uganda allows for geographical proximity to other districts in the region. This proximity facilitates comparative analysis and benchmarking of local revenue performance across neighboring districts, providing valuable insights into the variations and similarities in revenue generation strategies and outcomes. Bulambuli District's location within the larger sub-region and its borders with neighboring districts contribute to its unique governance dynamics. The study can explore the interactions and interdependencies between Bulambuli District and its neighboring districts in terms of revenue generation, sharing of resources, and coordination of fiscal policies.

1.9.3. Time Scope

The inclusion of three financial years (2017/18, 2018/2019, and 2019/2020) in the study allows for a comparative analysis of local revenue performance in Bulambuli District Local Government over time. By examining multiple years, the study aims to assess the impact of fiscal decentralization on local revenue generation and identify any trends or patterns that may have emerged. Analyzing local revenue performance over three financial years provides a broader perspective and allows for the identification of potential changes or fluctuations in revenue collection. This longitudinal approach helps to capture the dynamics and variability of local revenue generation, taking into account any external factors or policy changes that might have influenced revenue performance.

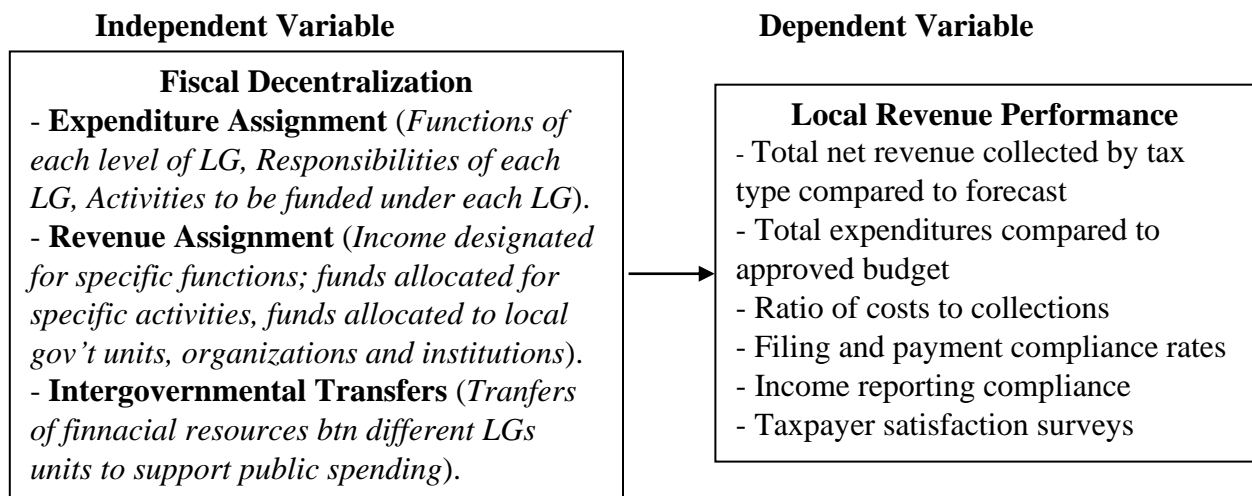
Comparing revenue performance across different financial years, the study can determine whether there have been any improvements or declines in local revenue collection. It enables the identification of factors that may have contributed to changes in revenue generation, such as the implementation of fiscal decentralization policies, changes in revenue assignment or expenditure responsibilities, variations in intergovernmental transfers, or shifts in the economic context of the district. The study's analysis of multiple financial years also allows for a comprehensive assessment of the long-term effects of fiscal decentralization on local revenue performance. It helps to capture the cumulative impact of decentralization measures over time, providing insights into the effectiveness and sustainability of the decentralization framework in Bulambuli District.

Additionally, by evaluating local revenue performance over a period of three years, the study can identify any challenges, bottlenecks, or success factors that may have influenced revenue generation in the district. This information can inform policy recommendations and interventions

aimed at improving local revenue performance and strengthening fiscal decentralization efforts. The inclusion of three financial years in the study enhances the depth and validity of the analysis, allowing for a comprehensive understanding of the relationship between fiscal decentralization and local revenue performance in Bulambuli District Local Government. It provides a valuable basis for drawing meaningful conclusions and informing future decision-making processes related to fiscal decentralization and revenue generation in the district.

1.10. Conceptual Framework

A conceptual framework illustrating the relationship between the role of fiscal decentralization and the performance of local revenue in Bulambuli District can be depicted as follows:



Source: McLure & Martinez-Vazquez (2000), Bukomooko (2012); IMF (2010 modified by Researcher).

Figure 1.1: Conceptual Framework illustrates the relationship between the IV (Fiscal Decentralization) and the DV (Local Revenue Performance) in Bulambuli District Local Government. The IV was measured in terms of expenditure assignment, revenue assignment and inter-governmental transfers. While local revenue performance was measured in terms: monthly

Local Revenue performance; Quarterly Local Revenue performance; Mid-term Local Revenue performance; and Annual Local Revenue performance. This conceptual framework illustrates the interconnectedness of fiscal decentralization, local revenue performance, and their impact on the functioning and effectiveness of the local government in Bulambuli District. It highlights the key factors that influence revenue performance and emphasizes the importance of supportive policies, capacity building, administrative efficiency, and the economic context in determining local revenue generation and collection. The ultimate goal is to improve service delivery, enhance financial autonomy, and foster accountability and transparency at the local level.

1.11. Definition of Key Terms

DECENTRALIZATION: refers to the process of empowering the local government stakeholders with knowledge and resources to effectively promote financial management for better service delivery.

FISCAL DECENTRALIZATION: refers to the statutory arrangements put in place that avail instruments which local governments can use to access and source financial resources to meet responsibilities and functions that are decentralized to them .

INTERGOVERNMENTAL TRANSFER: refers to the cash flow from the central government to local governments.

LOCAL GOVERNMENTS: refer to administrative units of governance and service delivery. This is in line with the local government act and operates within the decentralization policy that was undertaken since 1993 as an alternative to service delivery among the grass root people- the intended beneficiaries.

REVENUE ASSIGNMENT: Governments rely on a wide variety of tax instruments available for their revenue needs, such as direct, indirect, general, specific, business and individual taxes. The question addressed here is which types of taxes are most suitable for use by each level of government.

EXPENDITURE ASSIGNMENT: any assignment of expenditure has to be judged according to how well it achieves the goals of decentralization.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

This chapter presents a review of related literature on fiscal decentralization in regard to local revenue collection. The review has been done in accordance with the objectives of the study by focusing on empirical studies carried out elsewhere around the world. The chapter begins with a theoretical review focusing on the theories underpinning fiscal decentralization in local governments.

2.1. Theoretical Review

This study drew on theoretical concepts related to fiscal decentralization, particularly from the work of Musgrave (1959) and Oates (1977), as cited by Akai and Masayo (2002). The theory states that for a public good it will always be more efficient (or at least as efficient) for local governments to provide the Pareto-efficient levels of output for their respective jurisdictions than for the central government to provide any specified and uniform level of output across all jurisdictions (Akai et al 2002). According to Oates (1977), the theory is based on four basic assumptions namely; i). that the regional or local governments are in a position to adapt outputs of public services to the preferences and particular circumstances of their constituencies, as compared to a central solution which presumes that one size fits all. ii). that in a setting of mobile households, individuals can seek out jurisdictions that provide outputs well suited to their tastes, thereby increasing the potential gains from the decentralized provision of public services. iii). that in contrast to the monopolist position of the central government, decentralized levels of government face competition from their neighbors; such competition constrains budgetary

growth and provides pressures for the efficient provision of public services. iv). that decentralization may encourage experimentation and innovation as individual jurisdictions are free to adopt new approaches to public policy; in this way, decentralization can provide a valuable “laboratory” for fiscal experiments.

The theory emphasizes the complex nature of determining the appropriate distribution of tax authority and expenditure responsibilities. Economists focus on efficiency and equity, while scholars in public administration and political science examine issues such as the distribution of powers, responsiveness, accountability, tax competition, and coordination. Richard Musgrave's framework, widely accepted among economists, analyzes the roles and functions of taxation and expenditure. One important aspect is the Stabilization Function, which involves using tax and spending policies and monetary policy to manage the overall level of economic activity. It is generally agreed that this macroeconomic function should be assigned to the national government, necessitating the availability of broad-based taxes suitable for this purpose.

However, Oates (1993) conducted an analysis of 58 countries and found a positive relationship between fiscal decentralization and economic growth. This suggests that local governments can play a role, particularly in infrastructure development. While the Stabilization Function remains with the national government, there is potential for local governments to contribute to economic growth through their expenditure responsibilities. The study adopted the theory of fiscal decentralization proposed by Musgrave and Oates (1993). It recognized the importance of the national government in macroeconomic stabilization while acknowledging the potential role of local governments, especially in infrastructure development, as demonstrated by Oates' research.

According to Arze, Martínez-Vázquez and McNab (2015), the Distribution Function pertains to the government's role in altering the distribution of income, wealth, or other indicators of economic well-being to enhance equity. The argument for assigning this function to the national government is based on two assumptions. Firstly, the national government's broad taxing powers make it more capable of redistributing income. Secondly, the mobility of taxpayers between jurisdictions, seeking more favorable spending and taxation policies, weakens the ability of local governments to effectively redistribute wealth from the rich to the poor (Arze et al, 2015). On the other hand, Bagchi, (2023) indicated that proponents of regional and local redistributive policies argue that subnational governments are better positioned to provide services that are predominantly utilized by low-income families. Nonetheless, most economists consider the national government as having the primary role in this regard (Cingano, 2014).

The allocation function refers to the role of subnational governments in determining the balance between public and private goods provided by the economy or by the government (Bagchi, 2023). Different levels of government may be more efficient in delivering specific goods and services. National defense and health research are examples of services more effectively provided by the national government, while services like fire and police protection are better suited for local government (Cingano, 2014). Economists consider efficiency, vertical imbalances (discrepancies between revenues and expenditures), horizontal equity (fiscal capacity across regions), externalities (spillover effects), and tax exportation when matching local revenues and expenditures in the allocation process. Public management concerns also include overlapping taxes and roles, as well as responsiveness and accountability in service delivery (Arze et al, 2015).

The allocation function of subnational governments refers to their role in determining the appropriate balance between public and private goods provided by the economy or by the government (Bagchi, 2023). This function recognizes that different levels of government may be more efficient in delivering specific goods and services based on their capacities, resources, and expertise. Some of the key aspects related to the allocation function of subnational governments, include efficiency, vertical imbalances, horizontal equity, externalities, tax exportation, overlapping taxes and roles, and responsiveness and accountability in service delivery (Bagchi, 2023).

The allocation function further considers efficiency by assessing which level of government can provide goods and services most effectively and at the lowest cost (Bagchi, 2023). Some services, such as national defense or health research, may require a centralized approach due to economies of scale or the need for uniformity (Arze et al, 2015). On the other hand, services like fire and police protection are often better suited for local government due to their local nature and the need for proximity and quick response (Besley and Ghatak, 2023). Vertical imbalances refer to discrepancies between the revenues and expenditures of different levels of government. The allocation function aims to address these imbalances by ensuring that appropriate fiscal resources are allocated to subnational governments to meet their responsibilities (Besley et al, 2023). This may involve intergovernmental transfers from higher levels of government to subnational governments to bridge the fiscal gap and support the delivery of public goods and services.

The concept of horizontal equity in the allocation process focuses on ensuring fairness and equal fiscal capacity across regions (Bahl, et al. 2022). It involves considering the varying revenue-

raising capacities of different subnational governments and allocating resources in a way that promotes equity. This may require redistributive mechanisms to allocate resources to regions with lower fiscal capacity to enable them to provide essential services and maintain a certain standard of living for their residents. According to Bahl, et al. (2022), externalities refer to spillover effects that occur when the actions or policies of one subnational government affect other neighboring regions.

The allocation function also considers these externalities to ensure that resources are allocated appropriately to address inter-regional dependencies and shared challenges (Bagchi, 2023). This can involve coordination and cooperation between different levels of government to mitigate negative externalities or promote positive spillover effects. Tax exportation refers to the phenomenon where a subnational government can shift the burden of taxation onto individuals or entities outside its jurisdiction (Bahl, et al. 2022). The allocation function further considers the potential impacts of tax exportation to ensure that the tax burden is fairly distributed and that the provision of public goods and services is not disproportionately reliant on external sources (Bagchi, 2023).

In the allocation process, it is important to address issues of overlapping taxes and roles between different levels of government (Besley et al, 2023). This requires clarifying the responsibilities and jurisdictions of each level of government to avoid duplication of efforts, confusion, and inefficiency. Clear delineation of roles helps ensure that subnational governments can effectively deliver the services for which they are best suited. The allocation function also encompasses concerns related to responsiveness and accountability in service delivery (Bagchi, 2023). Subnational governments are expected to be responsive to the needs and preferences of their

local constituents. This requires efficient service provision, effective decision-making processes, and mechanisms for citizen engagement.

Additionally, accountability mechanisms ensure that subnational governments are transparent in their actions, responsible in their resource management, and answerable to their constituents (Bagchi, 2023). These considerations highlight the complexity involved in the allocation function of subnational governments. The literature, such as Arze et al, (2015), explores these aspects further, providing insights into the challenges, trade-offs, and best practices in matching local revenues and expenditures to optimize service delivery and promote effective governance.

This theoretical framework is valuable in determining the appropriate taxation structure which leads to revenue performance and overall tax authority for each level of government (Bardhan and Mookherjee, 2018). It emphasizes the principle that financing should align with the functions assigned to each government level. If certain expenditure responsibilities are delegated to a particular level of government, that level must have sufficient resources to fulfill those obligations (Bardhan, et al, 2018). Taxes play a crucial role as the primary source of "own-source" revenue for governments at all levels. If tax collections or fiscal capacity are insufficient to cover expenditure responsibilities, the government must either obtain additional taxing authority, introduce user fees, or rely on intergovernmental transfers such as grants and shared taxes to support its expenditures (Kee, 2004).

The conceptual framework outlined above also provides a valuable guide for determining the appropriate taxation structure and tax authority for each level of government which ultimately determines the revenue performance in the local government. It emphasizes the importance of

aligning financing with the functions and responsibilities assigned to each government level. This ensures that the level of government responsible for certain expenditure areas has the necessary resources to fulfill those obligations effectively (Bardhan, et al, 2018). Taxes are recognized as the primary source of revenue for governments at all levels. They enable governments to generate the necessary funds to finance public services and infrastructure.

The framework recognizes that if tax collections or fiscal capacity are insufficient to cover expenditure responsibilities, alternative measures need to be considered. One option is to grant the government level with inadequate revenue additional taxing authority (Bardhan, et al, 2018). This means giving them the power to impose and collect specific taxes to supplement their revenue streams. This can be done in a manner that aligns with their assigned functions and ensures a fair and equitable distribution of the tax burden. Another option is to introduce user fees, which are charges levied on individuals or entities that directly benefit from specific services or facilities. User fees can help generate revenue to support the provision of those services and relieve some of the financial burden on the government.

Additionally, intergovernmental transfers, such as grants and shared taxes, can play a role in supporting governments with limited fiscal capacity (Blais, Anduiza, and Gallego, 2021). These transfers involve the redistribution of funds from the central government to subnational governments based on specific criteria, such as the level of need or population size. Such transfers can help ensure that all levels of government have the necessary resources to fulfill their expenditure responsibilities (Blais, et al, 2021). This theoretical framework recognizes the need for a balanced and sustainable revenue system that enables governments to meet their expenditure obligations effectively. It acknowledges the importance of appropriate tax

assignments, fiscal capacity, and intergovernmental transfers in achieving this goal. By considering these factors, governments can ensure that financing aligns with functions and responsibilities of each level of government, leading to more efficient and effective service delivery (Bardhan, et al, 2018).

2.2. The Role of Expenditure Assignment on Local Revenue Performance

Expenditure assignment refers to the allocation of expenditure responsibilities among different levels of government (Bagchi, 2023). It determines which level of government is responsible for funding and providing specific public services and programs. The way expenditure responsibilities are assigned can have a significant impact on local revenue performance. In their chapter on tax assignment in the "International Handbook on Taxation," Bird and Tassonyi (2016) explore the topic of expenditure assignment and its implications for local revenue performance. They discuss various approaches to tax assignment and its impact on the allocation of expenditure responsibilities among different levels of government. The authors highlight that the assignment of expenditure responsibilities plays a crucial role in determining which level of government is responsible for funding and providing specific public services and programs (Bird et al, 2016). They emphasize that the way expenditure responsibilities are allocated can significantly affect local revenue performance. Bird and Tassonyi discuss different models and principles for expenditure assignment, including the importance of aligning expenditure responsibilities with revenue-raising capacities. They highlight that a well-designed expenditure assignment system should aim to achieve efficiency, equity, and accountability in the provision of public services. The authors also emphasize the need for clear and stable assignments of expenditure responsibilities to ensure effective resource allocation and decision-making at the local government level. They highlight that redistribution and macroeconomic stability are often

best pursued by the central government, while the provision of services should be decentralized to the lowest level of government compatible with the size of the area benefiting from those services (Bird, et al, 2016). The chapter provides valuable insights into the relationship between expenditure assignment and local revenue performance, offering a comprehensive understanding of the various factors and considerations involved in designing an effective system of expenditure assignment.

The "Handbook of Fiscal Federalism," edited by Ahmad and Brosio (2006), provides a comprehensive overview of fiscal federalism and its implications for expenditure assignment and local revenue performance. The handbook brings together contributions from various scholars and experts in the field to examine the theoretical foundations and practical aspects of fiscal federalism. The handbook explores the complexities and challenges of assigning expenditure responsibilities among different levels of government in a federal system (Bagchi, 2023). It discusses the importance of aligning expenditure assignments with revenue-raising capacities and the need to ensure an appropriate balance between vertical and horizontal fiscal imbalances. One key finding highlighted in the handbook is the significance of intergovernmental transfers in facilitating the financing of decentralized expenditure responsibilities. The authors discuss the different types of intergovernmental transfers, such as grants and shared taxes, and their impact on local revenue performance. They emphasize the importance of designing transfer systems that promote equity, efficiency, and accountability (Bagchi, 2023). The handbook also examines case studies from various countries, providing insights into different approaches to expenditure assignment and their outcomes in terms of local revenue performance. These case studies offer valuable lessons and experiences that can inform the design and implementation of fiscal federalism arrangements in different contexts. The "Handbook of Fiscal Federalism" offers a

comprehensive and in-depth analysis of expenditure assignment and its implications for local revenue performance. It serves as a valuable resource for policymakers, researchers, and practitioners interested in understanding the complexities of fiscal federalism and its impact on the fiscal autonomy and performance of subnational governments.

The article "Fiscal Decentralization and Economic Growth: A Comparative Study of Russia and China" by Martinez-Vazquez and Timofeev (2012) investigates the relationship between fiscal decentralization and economic growth in Russia and China. The study aims to understand how fiscal decentralization policies implemented in these countries have influenced their economic performance. The findings of the study indicate that fiscal decentralization has had a positive impact on economic growth in both Russia and China. The authors argue that decentralized fiscal systems provide subnational governments with greater autonomy and flexibility in decision-making, allowing them to tailor policies and allocate resources more efficiently to promote local development (Bagchi, 2023). In Russia, fiscal decentralization was associated with increased regional economic growth rates. The authors attribute this to the greater fiscal autonomy and incentive structures created by the decentralization reforms. Local governments in Russia were able to adapt policies and allocate resources according to their specific needs and local conditions, which resulted in improved economic performance (Blais, et al, 2021). Similarly, in China, fiscal decentralization played a crucial role in promoting economic growth, particularly in the coastal provinces. The study highlights that fiscal decentralization provided incentives for local governments to attract investments, promote entrepreneurship, and develop infrastructure, leading to accelerated economic growth in these regions (Bonet, 2016). The implications of the study suggest that fiscal decentralization can be an effective policy tool for promoting economic growth and development. It emphasizes the importance of empowering subnational governments

with fiscal autonomy and decision-making authority, allowing them to respond to local needs and stimulate economic activities. However, the authors also caution that careful design and implementation of decentralization policies are crucial to ensure accountability, prevent excessive regional disparities, and maintain macroeconomic stability (Blais, et al, 2021). The research contributes to the understanding of the relationship between fiscal decentralization and economic growth, providing insights from the experiences of Russia and China. It suggests that well-designed and properly implemented fiscal decentralization reforms can contribute to more balanced and sustainable economic development at the subnational level.

The adequacy of any assignment of expenditure has to be judged according to how well it achieves the goals of decentralization. Common objectives for fiscal decentralization include the efficient allocation of resources, equitable provision of services and preservation of macroeconomic stability and promotion of economic growth (Blais, et al, 2021). While there is no single best assignment, a number of general principles can facilitate the assignment of expenditure responsibilities. Responsibility for the provision of services should be at the lowest level of government compatible with the size of the area benefiting from those services. Further principles include the importance of clear and stable assignments and that redistribution and macroeconomic stability are best pursued by central government (Bonet, 2016).

Regarding revenue assignment, the assignment of tax powers can provide political benefits related to sub-national sovereignty, accountability and tax competition (Crook and Sverrisson, 2021). In order to realize such benefits, tax assignment should provide sub-national governments with their own revenues whose level they can control. Furthermore, a given tax should be assigned at the lowest level possible for which it is not inappropriate. A system of tax assignment

designed in accordance with these principles may still produce vertical fiscal imbalances or horizontal fiscal disparities (Crook et al, 2021). Grants to offset these should not affect the marginal decisions of sub-national governments regarding the choice between public and private spending. Common problems with expenditure assignment include lack of formal assignment, inefficient assignments, ambiguity in certain assignments and co-sharing of responsibilities (Crook et al, 2021; McLure & Martinez-Vazquez, 2000).

The article "The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies: Principles and Practices" by Shah (1994) explores the principles and practices of reforming intergovernmental fiscal relations in developing and emerging market economies. The study aims to provide insights into the challenges and strategies involved in restructuring fiscal relations between central and subnational governments (Crook et al, 2021). The author emphasizes the importance of intergovernmental fiscal relations as a key component of public financial management systems. The findings of the study highlight several key points: Principles of Intergovernmental Fiscal Relations: The article identifies principles that should guide the reform of intergovernmental fiscal relations, including transparency, accountability, efficiency, equity, and stability. These principles are essential for creating a framework that promotes effective and sustainable fiscal decentralization (Bonet, 2016).

Revenue Assignment: The study highlights the importance of assigning revenue sources to different levels of government based on their respective responsibilities and capacities. It suggests that revenue assignments should be aligned with expenditure assignments to ensure fiscal autonomy and accountability (De Mello, and Barenstein, 2021). Expenditure Assignment: The article emphasizes the need for clear and well-defined expenditure assignments between central and subnational governments. Proper expenditure assignments help to clarify the roles

and responsibilities of each level of government and facilitate efficient service delivery (De Mello, et al, 2021). Intergovernmental Transfers: The study discusses the role of intergovernmental transfers in promoting equity and equalization among subnational governments. It emphasizes the importance of designing transfer systems that are transparent, predictable, and based on objective criteria to ensure fairness and avoid distortions (Crook et al, 2021).

Institutional Arrangements: The article highlights the significance of establishing appropriate institutional arrangements for intergovernmental fiscal relations. It suggests the need for clear legal frameworks, effective coordination mechanisms, and capacity-building initiatives to support fiscal decentralization reforms (Crook et al, 2021). The implications of the study underscore the importance of well-designed and properly implemented intergovernmental fiscal reforms. It emphasizes the need for countries to align their fiscal relations with the broader goals of decentralization, economic efficiency, and equitable resource allocation. The article provides valuable insights and guidelines for policymakers in developing and emerging market economies to navigate the complexities of intergovernmental fiscal reform and promote effective fiscal decentralization (Estache and Sinha, 2015).

Decentralization has been advocated as a means to improve health systems, but there is a lack of a comprehensive analytical framework to understand its impact. Bossert (1998) argues that it is essential to analyze three key elements of decentralization: the extent of decision-making authority transferred from central institutions to local entities within health systems, the choices made by local officials with their increased discretion, and the effects of these choices on health system performance (Estache et al, 2015). To address this gap, Bossert proposes a decision space

approach that incorporates insights from various disciplines such as public administration, local public choice, and social capital. This approach defines decentralization in terms of the functions and degrees of choice formally transferred to local officials. It also evaluates the incentives that the central government can provide to encourage local decision-makers to achieve health objectives. Additionally, it considers the characteristics of local governments that influence decision-making and implementation at the local level (Faguet and Sánchez, 2016). The framework further examines whether local officials innovate by making choices that deviate from those directed by central authorities. It assesses whether these local choices have led to improvements in the performance of local health systems and the achievement of broader health objectives. Examples from Colombia are used to illustrate the application of this framework (Faguet et al, 2016). The approach has been utilized to analyze the experience of decentralization through empirical studies in Latin America. The findings of these studies suggest that policy recommendations should focus on adjusting decision space and incentives to enable localities to make choices that align with health reform objectives. By providing greater autonomy and tailored incentives, decentralization can foster local decision-making that effectively contributes to health system improvements.

Local authorities worldwide are increasingly responsible for providing essential public services (Estache et al, 2015). However, they face significant challenges in meeting these responsibilities. It is crucial to emphasize the importance of developing own revenue sources at the sub-national level. Own revenue sources, which encompass both taxes and non-tax instruments like fees and charges, contribute to the adequacy of financing alongside transfers (Estache et al, 2015). So, why should we focus on developing own revenue sources when there is often reluctance to utilize them at both the central and sub-national levels? The key concept lies in the unique role of

own revenues in fostering horizontal accountability of public officials to their constituents, specifically regarding revenue management. This accountability is essential for cultivating a fiscal culture that prioritizes expenditure efficiency, avoiding resource waste, and providing necessary services desired by local residents. According to Estache et al, (2015), it also promotes fiscal responsibility by establishing limits on excessive public spending, thereby curbing the continuous demand for increased central transfers or accumulating public debt.

International experience further demonstrates that granting higher levels of tax autonomy to sub-national governments is associated with several positive outcomes for decentralized systems (Khaleghian, 2023). These include enhanced macroeconomic stability, improved governance overall, and reduced levels of corruption (UN-HABITAT, 2015). Therefore, the development of own revenue sources not only ensures financial sustainability but also contributes to broader benefits that positively impact the effectiveness and integrity of decentralized systems.

According to Kiichiro and Luis (1997), countries worldwide, regardless of their development status, have undertaken various public sector reform programs, yielding varying levels of success. A significant component of these programs has been the decentralization of fiscal policy-making to lower levels of government (Khaleghian, 2023). Fiscal decentralization involves transferring expenditure responsibilities and revenue sources to sub-national government levels, aiming to distribute fiscal policy-making and implementation across different tiers of government. The anticipated positive outcomes of fiscal decentralization include efficiency gains, cost reduction in operations, improved performance in public service delivery, and economic growth stimulation (UN-HABITAT, 2015). However, there are also potential

challenges associated with fiscal decentralization, such as the loss of central control over sub-national finances and the potential for fiscal and monetary disruptions at the central level.

In summary, fiscal decentralization is seen as a means to achieve greater efficiency and effectiveness in governance by redistributing fiscal responsibilities. While it offers several benefits, careful consideration of potential drawbacks is necessary to ensure the successful implementation of fiscal decentralization policies. According to the theory, there should be a positive association between revenue and expenditure assignments at sub-national levels of government and higher economic growth. However, this study found that higher rates of growth were associated with divergence, rather than convergence, in revenue and expenditures at the sub-national level. To understand this apparent contradiction, the results can be compared to the study in China that examined the relationship between fiscal decentralization and economic growth using a panel dataset for 30 provinces. The analysis covered two phases of fiscal decentralization: the fiscal contract system from 1979 to 1993 and the tax assignment system from 1994 to 1999. The study reconciled the disparity between the theory and empirical evidence by considering the institutional arrangements prevalent during these phases of fiscal decentralization, particularly the inconsistencies between the assumptions of fiscal decentralization theory and the actual institutional reality in China. In summary, the study suggests that the relationship between fiscal decentralization and economic growth is influenced by the specific institutional context and arrangements in a country. In the case of China, the findings highlight the importance of considering the unique institutional factors that shape the outcomes of fiscal decentralization policies.

A first priority for the government's implementation of the provisions for decentralization is to further specify expenditure assignments. The Governance Law defines these assignments over levels of government only in broad terms. Articles 7B11 roughly define the authority of the districts to be all public services except those expenditures explicitly expected to be performed by the center, including international policies, defense and security, judiciary, monetary and fiscal policy, religion, and "others." According to the law, the districts must perform functions in: public works, health, education and culture, agriculture, communication, industry and trade, capital investment, environment, land, cooperative and manpower affairs (Faguet et al, 2016). The "other" responsibilities of the center include national planning, macroeconomic policy, intergovernmental fiscal relations, state administration and organization, as well as human resources development. The latter could cut across several expenditure responsibilities "assigned" to lower levels, and continue to cause a lack of clarity even in functions explicitly stated to be the responsibility of the districts (Ehtisham et al., 1999).

The implementation of decentralization provisions by the government should prioritize the clarification of expenditure assignments. The Governance Law provides a general framework for defining these assignments across different levels of government. According to Articles 7B11 of the law, districts are generally responsible for all public services except for certain specific areas reserved for the central government (Faguet et al, 2016). These areas include international policies, defense and security, judiciary, monetary and fiscal policy, religion, and others. The law specifies that districts have responsibilities in various sectors such as public works, health, education and culture, agriculture, communication, industry and trade, capital investment, environment, land, cooperative and manpower affairs. On the other hand, the central government retains responsibilities in national planning, macroeconomic policy, intergovernmental fiscal

relations, state administration and organization, as well as human resources development. Some of these central government responsibilities may overlap with functions assigned to lower levels, creating confusion and lack of clarity even in areas explicitly designated as the districts' responsibilities. In summary, there is a need to further specify expenditure assignments to ensure clarity and avoid overlapping responsibilities between the central government and districts. This will facilitate effective implementation of decentralization and improve the functioning of public services at the local level.

The literature (Estache et al, 2015), suggests that expenditure assignment is a crucial factor influencing local revenue performance. The allocation of expenditure responsibilities among different levels of government can affect the revenue-raising capacity of local governments. Case studies on Canada and China provide insights into the impact of expenditure assignment on local revenue generation. These studies highlight the need for an appropriate assignment of expenditure responsibilities to ensure a balanced revenue system and effective service delivery at the local level. Further research and analysis of specific country contexts and experiences are necessary to deepen our understanding of the relationship between expenditure assignment and local revenue performance.

2.3. The Role of Revenue Assignment on Local Revenue Performance

Revenue assignment refers to the allocation of revenue-raising powers and responsibilities to different levels of government. It plays a crucial role in determining the local revenue performance and financial autonomy of sub-national entities. One study by Martinez-Vazquez and Timofeev (2012) titled "Fiscal decentralization and economic growth: A comparative study of Russia and China" examines the impact of revenue assignment on local revenue performance

and economic growth. The authors analyze the experiences of Russia and China, two countries with different revenue assignment systems, and their implications for sub-national fiscal autonomy and economic development. The study by Martinez-Vazquez and Timofeev (2012) focuses on the relationship between fiscal decentralization, revenue assignment, and economic growth in Russia and China. These two countries were chosen due to their distinct revenue assignment systems and differing levels of fiscal decentralization.

The authors analyze the impact of revenue assignment on local revenue performance and its subsequent effect on economic growth. They examine how the assignment of revenue-raising powers to sub-national entities influences their fiscal autonomy and ability to generate sufficient revenue for local development. The findings of the study indicate that revenue assignment plays a crucial role in determining local revenue performance and economic growth. In the case of Russia, where revenue assignment is more centralized, sub-national governments have limited revenue-raising powers, resulting in lower fiscal autonomy and reduced capacity for local revenue generation (Estache et al, 2015). This centralized revenue assignment system hampers the ability of sub-national entities to finance their own development projects and meet the needs of their local populations. On the other hand, China has a more decentralized revenue assignment system, allowing sub-national governments greater revenue-raising powers and fiscal autonomy. This decentralization of revenue assignment has contributed to higher local revenue performance and enhanced economic growth at the sub-national level. Sub-national entities in China have been able to mobilize resources and invest in local infrastructure, public services, and economic development initiatives, thereby stimulating economic growth within their regions. The study underscores the importance of revenue assignment in facilitating local revenue performance and economic growth. It highlights that a more decentralized revenue assignment system, which

grants sub-national governments greater fiscal autonomy, can have positive implications for local development. By empowering sub-national entities with adequate revenue-raising powers, governments can enhance their capacity to meet local needs, promote efficient resource allocation, and drive economic growth at the sub-national level. The study by Martinez-Vazquez and Timofeev sheds light on the significance of revenue assignment in shaping local revenue performance and its subsequent impact on economic growth. It emphasizes the need for countries to consider the design and implementation of revenue assignment systems that empower sub-national governments with sufficient fiscal autonomy to support local development initiatives.

Another relevant source is the book "Tax Assignment" by Bird and Tassonyi (2016) in the International Handbook on Taxation. This comprehensive publication provides an in-depth analysis of revenue assignment practices in different countries and their effects on local revenue performance. It offers valuable insights into the design and implementation of revenue assignment systems. The book "Tax Assignment" by Bird and Tassonyi (2016) in the International Handbook on Taxation is a valuable resource for understanding revenue assignment practices and their impact on local revenue performance. The book offers a comprehensive analysis of revenue assignment systems in various countries, providing insights into the design and implementation of these systems. By examining different revenue assignment practices, the book allows for a comparative analysis of their effectiveness in enhancing local revenue performance. It explores the various approaches taken by countries in assigning revenue-raising powers to different levels of government, including centralization and decentralization models. The book delves into the implications of revenue assignment on fiscal autonomy, resource mobilization, and local revenue generation. It examines the relationship between revenue assignment and the ability of sub-national governments to finance their own activities, deliver

public services, and promote local economic development. Through case studies and empirical evidence, the book sheds light on the strengths and weaknesses of different revenue assignment systems. It explores the factors that contribute to successful revenue assignment, such as clear institutional frameworks, effective intergovernmental fiscal relations, and appropriate revenue-sharing mechanisms. Furthermore, the book discusses the challenges and complexities associated with revenue assignment, including issues of vertical and horizontal fiscal imbalances, tax competition, and coordination between different levels of government. It offers insights into policy considerations and recommendations for improving revenue assignment practices to optimize local revenue performance. The book "Tax Assignment" by Bird and Tassonyi is a valuable resource that contributes to the understanding of revenue assignment and its impact on local revenue performance. It provides a comprehensive analysis of different revenue assignment systems, offering insights into their design, implementation, and implications for sub-national fiscal autonomy and economic development. Researchers, policymakers, and practitioners interested in fiscal decentralization and revenue assignment will find this book to be a valuable reference.

A case study conducted by Shah (1994) titled "The reform of intergovernmental fiscal relations in developing and emerging market economies: Principles and practices" explores revenue assignment reforms in various developing and emerging market economies. The study investigates the challenges and opportunities associated with revenue assignment reforms and highlights their implications for local revenue performance. The case study conducted by Shah (1994) titled "The reform of intergovernmental fiscal relations in developing and emerging market economies: Principles and practices" provides valuable insights into revenue assignment reforms in developing and emerging market economies. The study focuses on the challenges and

opportunities associated with these reforms and sheds light on their implications for local revenue performance. By examining the experiences of various countries, the study highlights the need for reforming intergovernmental fiscal relations to improve local revenue generation. It emphasizes the importance of revenue assignment in enabling local governments to have the necessary fiscal resources to meet their expenditure responsibilities. The study discusses the principles and practices of revenue assignment reforms, including the allocation of revenue-raising powers and the design of revenue-sharing mechanisms. It explores the institutional arrangements and policy frameworks that contribute to effective revenue assignment and local revenue performance.

Moreover, the study identifies the challenges faced during revenue assignment reforms, such as balancing fiscal autonomy with the need for fiscal discipline, addressing vertical and horizontal fiscal imbalances, and promoting revenue generation capacity at the local level. Through empirical evidence and case studies, the study provides insights into the implications of revenue assignment reforms on local revenue performance. It examines the outcomes of these reforms, including the ability of local governments to mobilize own-source revenues, enhance service delivery, and promote local economic development (Estache et al, 2015). The findings of the study contribute to the understanding of revenue assignment reforms in developing and emerging market economies. They offer lessons and policy recommendations for policymakers and practitioners involved in intergovernmental fiscal relations and revenue assignment processes.

The case study by Shah (1994) provides a comprehensive analysis of revenue assignment reforms in developing and emerging market economies. It highlights the challenges, opportunities, and implications of these reforms for local revenue performance, offering valuable

insights for policymakers and researchers in the field of fiscal decentralization. These studies collectively emphasize the importance of revenue assignment in enhancing local revenue performance. They highlight the need for clear and well-defined revenue assignment frameworks that empower sub-national governments with adequate revenue-raising powers. By aligning revenue assignment with expenditure responsibilities, sub-national entities can improve their financial autonomy, promote efficiency in revenue generation, and support local service delivery.

The assignment of taxes to specific jurisdictions is influenced by factors such as the overall tax mix used in the country. However, the ideal tax mix in a unitary state has not been extensively studied in public finance theory. Governments typically employ balanced tax systems, where different taxes are applied to similar tax bases. For example, general sales taxes, payroll taxes, and income taxes often have overlapping bases. While it would be theoretically efficient and equitable to have a single general tax base, governments opt for a mix of taxes due to administrative considerations. Maintaining a mix of taxes helps keep tax rates low, reducing the incentive for tax evasion or avoidance (Crook et al, 2021).

Additionally, using multiple taxes ensures that taxpayers who may be able to avoid one type of tax are still subject to other types, enhancing fairness in the tax system. In the context of a federal government system, similar considerations apply in assigning taxes to lower levels of government. Efficiency and equity arguments must be balanced with administrative considerations, and the specific assignment of taxes requires informed judgment. It is important to note that the importance of different taxes in the overall tax mix is a matter of judgment rather than a deduction from principles. While economic principles guide the decision-making process, factors such as the efficiency of the internal common market, national equity, administrative

costs, and fiscal implications come into play when determining the assignment of taxes at lower government levels.

Central governments often resist devolving control over significant tax bases to local governments, citing resource constraints at the central level, the higher priority of services to be provided, the perceived lack of administrative advantage for sub-national governments in managing these taxes, and macroeconomic policy considerations that favor central control. However, one tax base that tends to be exempt from these arguments in many countries is the property tax. Central governments often leave the property tax assignment to local governments, as they do not covet the value of land and improvements as a tax base. The reasons for this common behavior among central authorities are not entirely clear. It could be that central officials weigh the revenue potential against the political costs of assigning this tax to local governments. Alternatively, the central government's lack of interest in the property tax may stem from their perception of its administrative complexity and relatively low revenue potential.

Local revenue (LR) holds significant importance as it provides local governments (LGs) with the greatest discretion over financing. Its role is crucial for the successful and sustainable delivery of services at the local level. The Local Government Act, 1997 (as amended) empowers LGs to levy and collect various fees and taxes, including rates, rents, royalties, stamp duties, personal graduated tax, Local Service Tax (LST), Local Government Hotel Tax (LGHT), as well as registration and licensing fees and taxes. However, over the past decade, locally generated revenues collected by LGs have considerably declined. This decline can be attributed largely to the abolition of major local revenue sources, such as the graduated tax. Additionally, limited

capacity within local governments to identify, collect, and allocate local revenues further contributes to this decline.

Furthermore, the existing legal and policy frameworks for creating an enabling environment for effective mobilization of locally generated revenues at the local level are weak. Consequently, local governments have become increasingly reliant on conditional grants and other sources of funding from the central government and donors, limiting their resource flexibility in fulfilling their mandates of providing essential social and economic services to citizens. Fiscal decentralization refers to the process of transferring financial resources from the central government to local government units, considering the assigned responsibilities of these institutions. It involves the surrendering of revenue from the central government to local government units, as well as the mobilization, management, and sharing of resources by these units. Fiscal decentralization encompasses three alternatives: Devolution, Decentralization, and Delegation. It is important to note that even in highly devolved systems, there is usually a combination of these three alternatives (Seatini, 2017).

Local revenue generation is a crucial component of decentralization policies, supported by constitutional and legal provisions that enable its implementation. In Uganda, for example, the 1995 Constitution, as amended, grants local governments the authority to generate revenue within their jurisdictions. Apart from receiving transfers from the central government, local governments have the responsibility to identify and collect local revenue from various sources, including taxes, market dues, user fees, licenses, and other avenues.

The importance of local revenues in advancing the principles of decentralization is emphasized in the Joint Annual Review of Decentralization (2004). It highlights that local governments not

only have autonomy and accountability but also serve as a source of funds to complement service delivery. Establishing a sustainable environment for fiscal decentralization requires several critical elements. Firstly, there must be sufficient political will, which needs to be translated into concrete actions, to drive the decentralization agenda. Secondly, clear constitutional and/or legal provisions defining the rights, responsibilities, and autonomy of sub-national governments (SNGs) are essential, along with appropriate administrative and political structures and procedures. These provisions may also include mandates to prioritize the needs of the poor.

The presence of an empowered coordination mechanism is the third critical element, ensuring effective collaboration among different central agencies involved in decentralization. Conflicting interests can hinder progress, and a robust coordination mechanism helps harmonize policies and maximize the benefits of decentralization (Crook et al, 2021). Lastly, the central government must recognize that SNGs require adequate resources and capacity to effectively fulfill their responsibilities. This acknowledgment is crucial for the successful functioning of decentralized systems. To further explore these concepts and support your discussion, I recommend referring to relevant literature on decentralization, fiscal federalism, or public administration. Academic journals, books, and reports focusing on these topics can provide deeper insights into the theory and practice of fiscal decentralization and its implications for local revenue performance.

Additionally, successful municipal finance transactions require specific enabling conditions. Technical assistance and training are necessary to implement the required reforms. City development strategies also play a vital role in defining the municipality's vision and prioritizing strategies to achieve that vision. Stakeholder engagement is crucial, bringing together citizens,

civil society organizations, businesses, and government agencies to reach a consensus on the long-term vision and identify and prioritize strategies for its realization (Crook et al, 2021). It is important to adopt a participatory approach to strategic planning, involving all relevant stakeholders, to foster commitment and ensure their active engagement in implementing the identified strategies.

In order to effectively manage municipal resources, it is important to develop plans for capital improvements that estimate costs and prioritize essential projects within the available budget (Crook et al, 2021). These plans are based on the priorities identified during the city development strategy process. The capital improvement plan assesses the overall costs of each project and aligns them with the resources that will be available over the next five years. In countries where traditional funding sources are relied upon, early-year projects are typically funded through cash transfers and locally generated revenues. As the funding landscape evolves, municipal finance plays a crucial role in expanding the range of projects that can be undertaken. The next step involves comparing the costs of projects with the available funds and determining which projects can be implemented within different time frames, such as one, two, or up to five years. While the plan for the first year is usually well-defined, subsequent years may be subject to greater uncertainty. The capital improvement planning process is an annual practice that takes into account changes in project costs, priorities, and available resources, allowing for adjustments based on evolving circumstances and facilitating effective decision-making in municipal finance (Crook et al, 2021).

Improving financial management and accounting practices is essential for identifying assets that can be used as collateral for short-term project financing and establishing a credit rating system

that enables long-term municipal borrowing. Implementing a double-entry accounting system and providing training to municipal staff are important steps in this regard. Initially, a select group of municipalities may be targeted based on their willingness to participate in the necessary reforms to increase municipal resources through borrowing. Cash transfer incentives can be provided, with a portion allocated to cover local accounting support. Establishing a national resource center that offers training courses and facilities for training sessions can further support these efforts.

By concentrating resources on a few municipalities and achieving initial successes, other municipalities can be incentivized to follow suit, creating momentum for replication. By demonstrating the benefits of initiating accounting reforms through the attainment of creditworthiness, a credit rating, municipal borrowing, and the construction of essential facilities, other municipalities can be encouraged to adopt similar practices. Furthermore, improvements in operations and maintenance are crucial to ensure that the value of assets does not decline due to physical deterioration. Once significant human and financial resources have been invested in providing basic services, it becomes imperative to operate and maintain these assets properly to prevent their devaluation (Hankla, 2008).

In Uganda, the decentralization system grants local governments the authority to access revenue sources and finance their devolved responsibilities effectively. These local governments acquire resources from different channels, such as transfers from the central government, local mobilization efforts, and funds received from donors (Crook et al, 2021). The transfers from the central government can be categorized as conditional grants, unconditional grants, or equalization grants. The majority of transfers from the central government to local governments

in Uganda, approximately 80%, consist of conditional grants, with a significant portion allocated through the Poverty Action Fund (PAF). The PAF serves as a means to prioritize centrally determined initiatives and effectively direct resources to the local level, circumventing bureaucratic challenges at the central level. Moreover, the PAF is safeguarded against unexpected budget cuts, ensuring a steady flow of resources to local governments. Local governments are also empowered to generate revenue within their respective jurisdictions, which includes cities, municipalities, town councils, and rural areas. In rural areas, sub-county officials are responsible for revenue collection, retaining 65% of the collected revenues and remitting the remaining portion to the local government headquarters (MoLG, 2008).

The increased political autonomy at the local level has had negative consequences for the revenue base of local governments. Political leaders have reportedly influenced tax assessments, favoring their supporters by placing them in lower tax brackets, thereby distorting the fairness of the tax system (Peterson, 2000). In an attempt to address issues of inefficiency and corruption in tax administration, some local governments have privatized the collection of certain revenue categories. However, survey evidence suggests that the process of awarding tax collection contracts suffers from similar shortcomings, resulting in poor revenue generation (Bahiigwa et al., 2004).

The suspension of the graduated tax, which was driven by political rather than economic considerations, has further worsened the revenue performance of local governments. Martinez et al. (2003) argue that the decentralization policy lacked clarity, as national leaders transferred planning and administrative functions to localities without providing adequate financial resources and legal powers for revenue collection and allocation. The influence of political

leaders on tax assessments, deficiencies in tax collection privatization, and the lack of sufficient financial resources and legal powers have hindered the revenue performance of local governments.

According to Martinez et al. (2003), local authorities have their own revenue base consisting of taxes on movable and immovable property, assigned revenue, grants, trading services, borrowings, and other miscellaneous sources. They also receive financial transfers that reimburse salaries and wages of approved local authority personnel, with varying percentages allocated, such as 35% for the Colombo Municipal Council. The application of variable reimbursements recognizes the differing needs of different local authorities, raising questions about the legitimacy of continuing fiscal transfers and justifying the need to consider alternative mechanisms to replace reimbursements.

The constraints faced by local government authorities can be observed in various ways. Provincial revenue assignment only covers a fraction (approximately 22%) of the total expenditure requirements of the province. On average, local authorities' own revenues account for less than 60% of their total expenditure, with variations depending on the tax base of each specific authority. Smaller Pradesheeya Sabhas, for example, may rely on their own revenue for as little as 30% of their expenditure. While decentralization aims to enhance government responsiveness to citizens' needs and preferences, there are several aspects and issues related to sub-national governments that require attention (Crook et al, 2021). These include their small size, limited autonomy, fragmented responsibilities, imbalances in devolved expenditure and revenue, weak public expenditure management, inadequate capacity, and lack of fiscal

transparency. It is crucial to address these factors and make necessary improvements to fully leverage the opportunities provided by decentralization.

An effective and sustainable fiscal relationship between different levels of government necessitates a strong tax system at the subnational level. This need has gained global significance due to the growing responsibility of subnational governments in delivering public services. In many developing countries, there are tax sources that have the potential to be effective and beneficial for regional and local governments. Examples of such taxes include property taxes, motor vehicle taxes, surcharges on national personal income taxes, payroll taxes, and, in some cases, regional value-added taxes and appropriately designed local business taxes (Bahl and Bird, 2008).

As stated in Article 191(1) of the Ugandan Constitution, local governments in Uganda have the power to levy, collect, and allocate fees and taxes in accordance with laws enacted by the parliament. The specific taxes and fees that local governments can impose are outlined in the Fifth Schedule of the Local Governments Act. These include various types of taxes such as graduated personal tax, property tax, and market fees, among others. The revenue generated by local governments plays a vital role in advancing decentralization by granting them autonomy and flexibility in planning, budgeting, and implementing their own local priorities to address specific needs (Local Government Act, 1997).

Local governments in Africa commonly rely on a wide range of revenue instruments to generate income. However, there is often a lack of consideration for the potential economic distortions and distributional effects caused by these instruments. The complexity and lack of transparency in local government revenue systems lead to high administrative costs, corruption, and

mismanagement. Moreover, certain local taxes can create distortions in resource allocation decisions, impeding business establishment and hindering economic growth. These negative effects can arise when tax rates vary significantly for different goods or when license fees are set too high for small-scale enterprises to thrive. Additionally, the design and collection methods of local revenue instruments can disproportionately burden the poor compared to wealthier individuals in local communities.

Despite tax reforms at the central government level, local government revenue systems in sub-Saharan Africa have remained largely unchanged until recently. When redesigning local revenue systems, it is essential to prioritize cost-effectiveness in revenue collection, considering both direct administrative costs and overall economic costs, including compliance costs for taxpayers. Measures should also be taken to address corruption and evasion to minimize revenue losses. However, it is important to recognize that improving revenue administration alone cannot compensate for deficiencies in revenue design. Therefore, reforms in revenue structure should precede reforms in revenue administration to avoid enhancing the functionality of a flawed revenue system.

Prior to mid-2003, local authorities in Tanzania had a complex and excessive system of taxes, fees, and charges, with over 70 different revenue instruments. This system led to significant variations in rates imposed by different councils, encouraging smuggling of goods across council borders. The administration of this system incurred high costs, facilitated corruption, and mismanagement. Certain local revenue instruments, such as the business licensing system, created market distortions and discouraged the establishment of new businesses.

To address these issues, a comprehensive reform was implemented in June 2003. The reform aimed to rationalize the excessive taxes and fees that were burdensome to administer and generated limited revenues. Additionally, in June 2004, local business licenses were abolished to remove barriers to the development of local enterprises. This reform in Tanzania demonstrated the possibility of making significant changes to the local revenue system. However, the long-term impacts of the reform are still to be evaluated. It is important to note that as a result of the rationalization, local governments may require compensation from the central government for any revenue shortfalls, especially in the short term.

The ministry responsible for local authorities in Tanzania is actively involved in ongoing efforts to reform the existing local revenue system and explore new revenue options. These reforms include the restructuring of the property tax system, the introduction of a unified business tax, and the reintroduction of a streamlined business license system. To address the financial gap resulting from the rationalization of taxes and fees, many councils have implemented measures such as outsourcing revenue collection to private collectors, reducing costs by limiting meetings and reducing surplus staff, and adopting more cost-effective spending practices in areas like electricity and stationery. Furthermore, there are current initiatives focused on economic diversification to expand the local revenue base in the long term. However, there are concerns about the implementation of the fiscal decentralization system at the local level and whether it aligns with the original objectives of the framework.

Onyach (2003) identifies three main concerns related to local government revenue. Firstly, the revenues assigned to local governments are often insufficient to meet their expenditure requirements, leading to the need for transfer programs from the central government. Secondly,

local governments heavily rely on unproductive revenue sources that barely cover the costs of collection. Lastly, individual local revenue sources suffer from design problems, such as stagnant bases, complex structures, and ineffective collection mechanisms. Additionally, Enemu (2000) emphasizes the importance of strategic approaches to local revenue system reform. It is recommended to focus on developing a few revenue sources systematically, ensuring significant yields and establishing a stronger connection between the taxes paid by local residents and the benefits they receive. Implementing too many reforms simultaneously can overwhelm both local residents and sub-national governments. Drawing from international experiences, these lessons underscore the need for targeted and well-planned reforms in local tax systems (paraphrased from Onyach, 2003, and Enemu, 2000).

2.4. Intergovernmental Fiscal Transfer System and Local Revenue Performance

The intergovernmental fiscal transfer system refers to the mechanism through which financial resources are transferred from the central government to sub-national governments, such as local authorities or regional administrations (Crook et al, 2021). These transfers are often aimed at addressing fiscal disparities, promoting equitable distribution of resources, and supporting local service delivery. Research has shown that the design and implementation of intergovernmental fiscal transfer systems can have significant implications for local revenue performance. Different transfer mechanisms, such as unconditional grants, conditional grants, or revenue-sharing arrangements, can influence the incentives and capacities of local governments to generate their own revenues. For instance, unconditional grants provide local governments with more autonomy in revenue generation, allowing them to prioritize their own revenue strategies.

On the other hand, conditional grants are tied to specific purposes or projects, which may limit the flexibility of local governments in allocating resources to their preferred revenue sources. Intergovernmental transfer programs serve multiple interconnected purposes. Firstly, they aim to address fiscal imbalances at the sub-national government level by supplementing insufficient local own-source revenues. This support helps improve the capacity of sub-national governments to fulfill their expenditure responsibilities. Secondly, these transfer programs can contribute to national redistribution goals by offsetting capacity differences among sub-national governments. They help ensure that resources are distributed more equitably across regions. Thirdly, transfer programs can be utilized to incentivize local expenditures on specific goods and services that have positive externalities or are considered essential needs that should be distributed more evenly regardless of the ability to pay. Most transfer systems, officially at least, aim to achieve these objectives and employ various mechanisms to do so (Bahl and Linn, 1994).

Designing transfer programs involves several typical issues and challenges. Firstly, no single type of transfer can fulfill all the desired objectives. Unconditional grants are suitable for income redistribution, while conditional grants are more efficient in encouraging specific targeted expenditures. Secondly, fiscal equalization grants are often considered to address regional disparities. However, it is difficult to provide universally applicable guidelines for the optimal structure of an intergovernmental transfer system. The design should be tailored to each country, taking into account national objectives, the scope of responsibilities assigned to sub-national governments, their fiscal capacity, and the political context (Crook et al, 2021). Common reform measures include carefully selecting a balanced package of transfer programs, adopting more transparent allocation mechanisms through consolidated programs, incorporating incentives for sound fiscal behavior in access criteria and distribution formulas, and implementing new

programs gradually while increasing resources as sub-national governments develop fiscal responsibility (Bahl and Linn, 1994; Martinez-Vazquez et al., 2001).

Despite the inherent challenges, transfer programs can be designed to bring improvements over the existing situation (Mann, 2004). However, there has been a growing concern regarding the increasing number and variety of transfer mechanisms from both central government and donors, as these mechanisms often do not align well with the decentralized framework. Local governments have limited authority over resource allocation, and lower-level local governments have little involvement in decision-making processes. The proliferation of different transfer systems and bank accounts has led to issues related to management and financial accountability (Rodden, Eskeland and Litwack, 2023). Line Ministries face difficulties in handling quarterly reporting from a growing number of conditional grants and districts. Moreover, there are concerns about the varying design and types of conditionalities under the Ministry of Local Government's Local Government Development Programme (LGDP) and the Poverty Action Fund (PAF) conditional grant regulations, as well as the bureaucratic burden imposed by multiple procedures, bank accounts, and reporting lines. In response to these challenges, the Government of Uganda commissioned the Fiscal Decentralization Study to explore ways to streamline and harmonize the existing systems and processes of resource transfer to local governments (MFPED, 2003).

To create a direct incentive for local governments to enhance their local revenue generation, a portion of central transfers can be allocated based on their performance in tax administration and collection (Rodden et al, 2023). This entails providing funds to local governments annually, with the allocation proportionate to their improvement over time. A scoring system would be

implemented to evaluate each local government's performance, and those demonstrating significant progress in tax administration and collection would receive a larger share of the available funds. These funds can be included as part of the non-wage component of the unconditional grant or provided separately as a distinct grant. Whichever approach is adopted, it is crucial for the incentive to be substantial enough to motivate local governments to exert additional efforts in boosting local revenue (MFPED, 2003).

According to the study conducted by Breuss et al (2004), fiscal decentralization may appear to be a relatively straightforward aspect of decentralization since it involves assigning more powers and revenues to sub-national governments. However, the actual implementation of fiscal decentralization is far more intricate. Even when a formal decision is made to decentralize, central agencies may exhibit reluctance and impede the process. Furthermore, providing additional resources to sub-national governments that lack the necessary political, managerial, and technical readiness to utilize them responsibly can give rise to significant challenges. Ultimately, determining the appropriate extent to which fiscal decentralization should be pursued is not a straightforward matter.

According to Smoke (2008), there is a lack of empirical evidence to definitively support or refute the pursuit of fiscal decentralization in developing countries. The available information is limited and mixed, preventing any conclusive claims regarding the effects of fiscal decentralization. Both the arguments suggesting that fiscal decentralization hinders economic development and has adverse macroeconomic consequences, as well as those asserting that it improves local service delivery and enhances government accountability to local citizens, have not been sufficiently tested. The primary reason for this lack of solid evidence is the significant contextual

variation among developing countries, which complicates meaningful comparative research and the formulation of general principles (Rodden et al, 2023). These variations encompass factors such as the number of government levels, the constitutional and legislative relationships among them, the extent of political decentralization, grassroots legitimacy, and the autonomy of sub-national authorities in revenue generation and expenditure decision-making.

In systems that are presumed to be decentralized, the central government often retains a certain level of control that diminishes the autonomy of local governments. Additionally, there are substantial variations in the managerial and fiscal capacity of sub-national governments both within and across countries. These significant differences in the organization of public sectors, the allocation of functions and resources across government levels, and the limited availability of reliable data have hindered a more comprehensive understanding of how to effectively approach fiscal decentralization (Breuss et al., 2004).

According to Article 176 of the Ugandan Constitution, the local government system is outlined, including the principles that govern it. One of these principles is the devolution and transfer of functions, powers, and responsibilities from the central government to local government units. Additionally, decentralization is emphasized as a principle that applies to all levels of local government. Furthermore, measures should be taken to enable local government units to plan, initiate, and implement policies effectively (The Constitution of the Republic of Uganda, 1995).

The Local Government Act, specifically the second schedule of Cap 243, provides detailed information regarding the functions assigned to each level of government. The Central Government is primarily responsible for policy formulation, guidance, and monitoring, while

local governments are entrusted with the task of delivering decentralized services (Local Government Act, CAP 243).

Article 193 of the Constitution of the Republic of Uganda outlines the provisions for intergovernmental transfers, also known as grants, to local governments. These grants are funded from the Consolidated Fund and include unconditional grants, conditional grants, and equalization grants. Conditional grants account for more than 90% of the intergovernmental transfers and are allocated to local governments for specific programs agreed upon between the Government and the local governments. These grants must be used exclusively for the intended purposes and in accordance with the agreed-upon conditions.

Unconditional grants are the minimum grants provided to local governments to support the operation of decentralized services. The calculation of these grants follows the guidelines specified in the Seventh Schedule of the Constitution. Equalization grants, on the other hand, are allocated to local governments to provide subsidies or special provisions for the least developed districts (Crook et al, 2021). The amount of the equalization grant is determined based on the extent to which a local government unit lags behind the national average standard for a particular service. According to Article 193 (5) of the Constitution, district councils have the responsibility to ensure that conditional and equalization grants received from the Government are passed on to the lower levels of local government. This provision emphasizes the need for transparency and accountability in the distribution of grants within the local government system (The Constitution of the Republic of Uganda, 1995).

The literature on local government functionality primarily revolves around topics such as employee retention, motivation, capacity building, and general human resource management.

These areas are crucial for effective governance and service delivery at the local level. Studies in this field often examine the challenges faced by local governments in attracting and retaining qualified staff, strategies for enhancing employee motivation and productivity, and the importance of capacity building initiatives to improve the overall performance of local government institutions. Another area of focus in the literature is the assessment of general district performance. NGOs like ACORD Scorecard and national performance measures often conduct studies to evaluate the performance of local governments in various aspects, including service delivery, financial management, infrastructure development, and governance.

These studies provide valuable insights into the strengths and weaknesses of local government systems and help identify areas that require improvement. However, there is a noticeable lack of literature specifically addressing revenue assignments, expenditure assignment, and intergovernmental transfers under fiscal decentralization. These topics are crucial for understanding the financial dynamics and resource allocation mechanisms within local government systems. The limited research in this area may be attributed to several factors. Firstly, revenue assignments and intergovernmental transfers are complex and context-specific issues that vary across countries and even within regions or localities (Crook et al, 2021). The diversity of fiscal decentralization models and the intricate relationships between different levels of government make it challenging to develop generalized theories or frameworks applicable to all contexts. Consequently, researchers may face difficulties in conducting comparative studies or deriving universal conclusions. Secondly, the academic focus on local revenue performance in local government is relatively limited.

The literature tends to treat revenue generation and management as an audit issue rather than an area of significant academic concern. This could be attributed to the perception that revenue-related topics are primarily practical and technical in nature, and may not receive the same level of scholarly attention as broader governance or public policy issues. It worth noting that while the literature on local government functionality, human resources, and general district performance is relatively extensive, there is a need for more comprehensive and in-depth research on revenue assignments, expenditure assignment, and intergovernmental transfers. Further academic exploration in these areas can contribute to a better understanding of the financial aspects of local government systems and inform policy decisions aimed at enhancing fiscal decentralization and effective resource management at the local level.

CHAPTER THREE

METHODOLOGY

3.0. Introduction

This chapter outlines the research design that was used in the study, the population and selection of the sample for the study. The instruments of data collection, the procedure that used and the analysis of data that was collected have also been outlined in this chapter.

3.1. Research Design

The researcher employed a descriptive research design for this study, utilizing both qualitative and quantitative data collection methods. The choice of this design was influenced by its ability to describe the trend of events and its suitability for studies aimed at understanding and discovering explanations from respondents (Mugenda and Mugenda, 1999). According to Kumar (2008), descriptive research design is a type of research project that aims to obtain information to systematically describe an object, situation, or population. The design helps to answer questions about what, when, where, and how about a research problem, rather than why (Creswell, 2014). The advantage of the descriptive research design is that it can help researchers to comprehend the use of different kind of research methods to investigate the variables in question. In this method researcher does not control any variables but only takes an account of what has occurred or happening (Kumar,2008). Therefore, the researcher found the descriptive research design suitable for this study since he sought to answer questions about what, when, where, and how fiscal decentralization affected service delivery in Bulambuli District local government.

3.2. Study Population

The study population targeted staff in the Administration, departments and sectors in Bumabuli District local government. Administration includes the Chief Administrator, the Deputy chief Administrator, the Principal Administrator, and the Senior administrative Assistants. As far as departments are concerned, these include the Finance, Education, Health, Engineering, production, Community, Natural Resources and Environment. However, majority of the study population consisted of employees working in the Finance Department at the district level, including those within sub-counties and town councils. However, in order to ensure triangulation of data, individuals from other departments and sectors were also included, forming the target population. As a result, the study population comprised 150 individuals, as depicted in Table 3.1.

3.3. Sample size

The researcher calculated the sample size for the study based on the study population using the Sloven formula. The Sloven (1964) formula, which is expressed as $n = N/(1 + Ne^2)$, was employed for this purpose. In the formula, 'n' represents the sample size, 'N' refers to the study population, and 'e' denotes the margin of error set at 0.05. With a study population of 150, applying the Sloven formula resulted in a sample size of 108. These sample participants were categorized as shown in Table 3.1.

Table 3.1: Sample Size of Respondents

Category of Respondents	Population	Sample	Sampling techniques
Staff in the department of Administration	15	10	Simple Random Sampling
Staff in Finance Department	09	09	Census
Staff in other departments	55	39	Simple Random Sampling
Sector Staff	71	50	Simple Random Sampling
Total	150	108	

Source: Bulambuli District Registry 2021

3.4. Sampling Techniques

Sampling is a crucial process in research that involves selecting a subset of individuals from a larger group in a manner that ensures the sample represents the characteristics of the entire population. Mugenda and Mugenda (2003) describe sampling as the method by which a smaller, manageable group of individuals is chosen to serve as representatives of the larger population from which they were selected. Sampling is essential because it allows researchers to make inferences about the entire population based on the data collected from the selected sample. By ensuring that the sample is representative of the population, researchers can generalize their findings and draw conclusions that are applicable to the larger group. Sampling techniques vary depending on the research design and objectives. Common sampling methods include random sampling, stratified sampling, cluster sampling, and purposive sampling, among others. Each technique has its own advantages and limitations, and the choice of sampling method depends on factors such as the research question, available resources, and the level of precision required.

3.4.1. Census

A census method is that process where all members of a population are analysed (Creswell, 2014). The population relates to the set of all observations under concern (Amin, 2005). In this study, most of the requisite data was from the finance department and so, it was prudent to use all the staff of the finance department of the target 'population' for the study. Census was useful in this case because according to Creswell (2014), it provided opportunity for intensive and in-depth information covering many facets of fiscal decentralization. At the same time, since every individual in the target population is used, the data collected is more accurate and reliable (Creswell, 2014).

3.4.2. Simple Random Sampling

Simple random sampling, also known as the lottery method, is a probabilistic sampling technique that provides an equal opportunity for every subject within the target population to be selected. This approach helps to avoid bias on the part of the researcher and ensures a fair representation of the population (Kothari, 2006). In simple random sampling, each subject in the population is assigned a unique number. These numbers are then written on pieces of paper, folded, and placed into a container. The researcher randomly selects numbers from the container, and the corresponding individuals are included in the sample. This process guarantees that every subject has an equal chance of being selected, just like drawing a winning ticket from a lottery (Mugenda and Mugenda, 2003). The advantage of simple random sampling is its ability to provide a representative sample, as it minimizes the potential for bias in the selection process. By using this method, the researcher ensures that each individual in the population has an equal chance of being included, which enhances the generalizability of the findings to the larger population. However, it is important to note that simple random sampling may not be feasible or appropriate in all research contexts. Factors such as time, resources, and the size of the population may influence the practicality of implementing this method. In such cases, alternative sampling techniques, such as stratified sampling or cluster sampling, may be employed to achieve a representative sample.

3.5. Data Collection Procedure

The university provided an introduction letter that served the purpose of introducing the researcher to the Chief Administrative Officer (CAO) in the district. Subsequently, the Chief Administrative Officer communicated with the Heads of Departments and the Senior Administrative Secretaries (SAS) in the district, with the support of a letter attached to the

questionnaires. Prior to commencing data collection, arrangements were made in collaboration with the Chief Administrative Officer. In addition, the researcher personally administered the questionnaires instead of employing research assistants. This decision was made to avoid the need for training and paying assistants. The respondents were given sufficient time to complete the questionnaires before they were collected. Consent from individual respondents was also sought. The university introduction letter facilitated the researcher's introduction to the Chief Administrative Officer, and a supporting letter was attached to the questionnaires. The researcher administered the questionnaires personally, allowing respondents ample time to complete them, while seeking their consent.

3.6. Data Collection Methods

Data collection methods refer to the specific approaches or techniques used to gather data in a research study. In the context of a questionnaire survey and interview method, these methods were used as described follows:

3.6.1. Questionnaire Method

The study employed a questionnaire as one of the methods for data collection. A questionnaire involves administering a structured set of questions to respondents in order to gather data. Questionnaires paper-based were used and respondents were typically provided with a set of predetermined questions and response options, which they completed on their own. Questionnaire were used for collecting quantitative data from 95 respondents, as they allow for standardized data collection across a large number of participants. The responses are then analyzed to identify patterns, trends, or relationships. Specifically, a closed questionnaire was utilized to gather quantitative data from the 95 staff who included those in the Finance

Department, as well as staff from other departments and sectors. Questionnaires are composed of a series of items carefully designed to address the specific objectives of the study (Mugenda and Mugenda, 2003). Questionnaires were selected for this study due to several advantages they offer. As mentioned by Amin (2005), questionnaires are a cost-effective option, making them suitable for studies with large sample sizes. They provide a higher level of assurance of anonymity, enabling respondents to share sensitive information without fear of identification. Furthermore, questionnaires are frequently used to collect data from large samples because they are inexpensive to administer, eliminate interviewer bias, and allow respondents adequate time to complete them (Kothari, 2006). Additionally, questionnaires are considered more manageable in terms of administration, reliability, and analysis (Amin, 2005). The preference for questionnaires as the primary data collection method was driven by practical and logistical reasons. Given the need to collect data from a diverse range of respondents, the use of closed questionnaires allowed for standardized and structured data collection. This ensured consistency in responses and facilitated straightforward data analysis. Moreover, the cost-effectiveness and efficiency of questionnaires made them a practical choice for this study, considering the large sample size and limited resources. The decision to utilize questionnaires as the preferred data collection method was based on their cost-effectiveness, assurance of anonymity, suitability for large samples, absence of interviewer bias, and provision of ample response time, ease of administration, reliability, and ease of analysis. The questionnaire survey method was particularly useful when researchers wanted to collect data from a large sample size and when standardized responses were needed for statistical analysis. It offered the advantage of scalability, cost-effectiveness, and the ability to collect data from geographically dispersed participants.

3.6.2. Interview Method

The study employed interviews as a method to collect qualitative data from key respondents. The interview method involved direct interaction between the researcher and the participant, where the researcher asked questions and collected responses in a conversational manner. Interviews were conducted face-to-face. Interviews were structured (using a predetermined set of questions), semi-structured (combining predetermined questions with the flexibility to explore additional topics), or unstructured (allowing for open-ended exploration of the participant's experiences and perspectives). Interviews were used for collecting qualitative data, as they provide in-depth insights and allow for the exploration of complex issues. Since the research adopted both qualitative and quantitative approaches, an interview guide was utilized to gather qualitative data through face-to-face interviews with nine (9) top administrative staff, who included the Chief Administrative Officer (CAO) and Deputy Chief Administrative Officer (DCAO). In qualitative research, interviews aim to describe and explore the meanings of central themes in the study area. The primary objective of conducting interviews is to understand the significance and interpretations of the respondents' statements (Kvale, 1996). Interviews are valuable for capturing information at both the factual and meaning levels, although extracting meaning can be more challenging (Kvale, 1996). Therefore, interviews were particularly useful in uncovering the underlying experiences and narratives of the respondents. They allowed the researcher to obtain in-depth information related to the study topic.

Additionally, interviews can serve as a follow-up to questionnaires, helping to validate and enrich the investigation by probing specific responses (McNamara, 1999). The preference for interviews in this study can be attributed to several reasons. Firstly, interviews provide an opportunity for the researcher to delve deeply into the perspectives and experiences of the

respondents. This method allows for nuanced understanding, enabling the exploration of complex topics and capturing rich, qualitative data. Secondly, interviews complemented the quantitative data obtained through questionnaires, contributing to a more comprehensive understanding of the research subject. By combining both qualitative and quantitative approaches, the study could gain a more holistic view of the phenomena under investigation. The use of interviews in this study was preferred because they facilitated in-depth exploration, allowed for the interpretation of meaning, and complemented the quantitative data collected through questionnaires. The interview method, on the other hand, is valuable when researchers aim to gather rich, detailed, and context-specific data. Interviews allowed for probing, clarification, and the exploration of participants' experiences, attitudes, and perceptions. They offered flexibility in adapting the questions based on the participant's responses and enable the researcher to establish rapport and build trust.

3.7. Data Collection Instruments

Data collection instruments refer to the tools or methods used to collect data in a research study. These instruments are designed to gather information and data from participants or sources in a systematic and standardized manner. In this study, the data collection instruments which were used include: Questionnaires are structured sets of questions that are administered to participants either in a written or electronic format. They typically consist of closed-ended and open-ended questions and can be self-administered or administered by an interviewer. Interviews involve direct interaction between the researcher and the participant, where the researcher asks questions and collects responses in a conversational manner. Interviews were conducted through face-to-face interaction.

3.7.1. Questionnaire

The study utilized a questionnaire as the primary research instrument for data collection. A closed questionnaire was employed to gather quantitative data from the staff in the Finance Department, as well as staff from other departments and sectors. Questionnaires are designed with a set of items specifically tailored to address the objectives of a study (Mugenda and Mugenda, 2003). Questionnaires were chosen as the data collection method for several reasons. Firstly, questionnaires offer several advantages. As highlighted by Amin (2005), they are cost-effective, making them a feasible option for studies with large sample sizes. They also provide a higher level of anonymity, enabling respondents to provide sensitive information without fear of identification. Additionally, questionnaires allow respondents ample time to complete them, reducing the pressure and facilitating thoughtful responses (Kothari, 2006). Moreover, questionnaires are easier to administer, more reliable, and simpler to analyze compared to other data collection methods (Amin, 2005). The preference for questionnaires in this study can be attributed to practical and logistical considerations. With a large sample size, using questionnaires allowed for efficient and economical data collection. The standardized nature of closed questionnaires ensured consistency in data collection, reducing potential bias introduced by interviewers. Furthermore, the use of questionnaires facilitated data analysis by providing structured and quantifiable responses. The use of questionnaires as the preferred data collection method was driven by their cost-effectiveness, ability to ensure anonymity, suitability for large sample sizes, provision of adequate response time, and ease of administration, reliability, and analysis.

3.7.2. Interview Guide

Since the study adopted both qualitative and quantitative approaches, an interview guide was used to collect qualitative data during face to face interviews with the top administrative staff (CAO and DCAO). From a qualitative approach, interviews sought to describe and the meanings of central themes in the area of study. The main task in interviewing is to understand the meaning of what the respondents say (Kvale, 1996). Interviews also sought to cover both the factual and the meaning level, though it is usually more difficult to interview on a meaning level (Kvale, 1996). For these reasons, interviews were particularly useful for getting the story behind the respondents' experiences. This can be consolidated by the fact that interviews enable the researcher to pursue in-depth information around the topic of study. Interviews may also be useful as follow-up to certain respondents to questionnaires, thereby consolidating the investigation and the responses (McNamara, 1999).

3.8. Quality Control of Data

3.8.1. Validity

Validity is the degree to which a measure accurately represents the underlying construct it is intended to measure (Drost, 2011). The construct refers to the skill, knowledge, attribute, or attitude being investigated in the study. In order to establish the validity of the instrument used in this research, it underwent a validation process involving the research supervisor and one expert. The assessment results were utilized to subject the questionnaire to a content validity test, using the Content Validity Index (CVI) formula:

$$\text{CVI} = (\text{R} + \text{VR}) / \text{Total Number of items judged}$$

Table 3.2: Validity of the Instrument of Data Collection

Raters	No. of Items rated VR	No. of Items rated R	Summation of VR and R	No. of Items in Instrument	Computed CVI
Judge One	12	24	35	41	0.875
Judge Two	11	23	33	41	0.825
Overall	23	47	68	82	0.85

Source: Primary data (2023)

Therefore, from the results in Table 3.2, overall VR = 23 and R = 47; so summation of VR + R = 70. Dividing 70 by 82 ($\frac{70}{82}$) = 0.85. According to Amin (2005), a content validity index of 0.70 or higher is considered acceptable for a research instrument. In this study, the obtained CVI of 0.85 indicates that the questionnaire achieved a satisfactory level of content validity, as recommended by Amin (2005). The involvement of experts in the validation process allowed for refinement of the scale by eliminating irrelevant items. The content validity of the questionnaire used in this research was established through expert judgment and calculation of the Content Validity Index. The obtained CVI score of 0.85 demonstrates that the questionnaire was within the acceptable range, ensuring that it effectively measures the intended construct.

3.8.2. Reliability

To ensure the reliability of the research instrument, the researcher employed the method of triangulation by using multiple data collection methods, specifically questionnaires and interviews. By collecting data through both questionnaires and interviews, the researcher aimed to compare the responses obtained from different research questions and different sources of

information. To further assess the reliability of the instrument, the researcher conducted a statistical analysis using Cronbach's alpha coefficient. This analysis was performed using the Statistical Package for Social Sciences (SPSS). Cronbach's alpha coefficient is a measure of internal consistency and indicates the extent to which the items in a questionnaire are related to each other and collectively measure the construct of interest. In this study, all 41 items of the questionnaire were subjected to the Cronbach's alpha coefficient analysis. The resulting coefficient was found to be 0.888, which corresponds to 88.8%. This high value indicates a strong level of internal consistency among the items in the questionnaire. In other words, the items in the questionnaire were reliable in yielding consistent results on repeated trials. By employing triangulation and conducting the reliability analysis, the researcher took rigorous steps to ensure the reliability of the research findings. Triangulation helped to validate the findings by comparing responses from different sources and methods, while the Cronbach's alpha coefficient analysis provided a quantitative measure of the instrument's reliability. These efforts enhance the confidence in the research results and strengthen the overall quality of the study.

Table 3.3: Reliability Statistics

Cronbach's Alpha coefficient α	N of Items
.888	41

Source: Primary data

Table 3.3 presents the reliability statistics for the research instrument, specifically the Cronbach's Alpha coefficient (α). The Cronbach's Alpha coefficient is a measure of internal consistency, indicating the extent to which the items in the questionnaire measure the same construct. In this study, the Cronbach's Alpha coefficient was found to be 0.888, with a total of 41 items in the

questionnaire. According to Nunnally (1978), a Cronbach's Alpha coefficient of 0.70 or above is considered satisfactory in terms of reliability. However, coefficients between 0.80 and 0.90 are generally preferred as they indicate a higher level of internal consistency. In the case of this study, the Cronbach's Alpha coefficient of 0.888 falls within the preferred range of 0.80 to 0.90. This indicates that the research instrument used in the study was highly reliable. The high level of internal consistency suggests that the items in the questionnaire were measuring the same construct consistently and accurately. By obtaining a Cronbach's Alpha coefficient above the satisfactory threshold, the researcher demonstrated that the instrument used in the study produced reliable results. This further strengthens the confidence in the findings and enhances the overall quality and validity of the research.

3.9. Data Processing and Analysis

In this study, both qualitative and quantitative data were collected, and different methods of analysis were employed for each type of data.

3.9.1. Analysis of Qualitative Data

Qualitative data, obtained from interviews, were analyzed using content analysis. This approach involved identifying and categorizing themes and patterns that emerged from the interview responses. The researcher developed specific themes based on the research objectives and systematically examined the interview data to assign relevant codes to different segments of information. This process allowed for a comprehensive exploration of the meanings and perspectives expressed by the participants. The findings were then reported verbatim using narrative analysis, which involved presenting the participants' responses in a descriptive and contextual manner.

3.9.2. Analysis of Quantitative Data

On the other hand, the quantitative data collected through structured questionnaires were processed by editing and coding the responses. The data were then analyzed using statistical software such as the Statistical Package for Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, means, and standard deviation, were used to summarize and interpret the numerical data. These statistical measures provided a quantitative summary of the responses, allowing for a clear understanding of the distribution and characteristics of the data. The results were presented in the form of tables and graphs to facilitate the precise interpretation of the findings. This allowed for a comprehensive exploration of the qualitative information and a quantitative summary of the numerical data, ensuring a comprehensive understanding of the research findings. The use of these analytical techniques strengthens the validity and reliability of the study and enhances the ability to draw meaningful conclusions based on the collected data.

3.10. Ethical Considerations

The researcher obtained permission from the Bulambuli district local government by submitting a letter of authorization from Uganda Christian University, which permitted data collection following the defense of the research proposal. Confidentiality and anonymity were assured to the respondents, as they were informed that their information would be treated confidentially and used solely for academic purposes. The researcher also maintained objectivity in the report writing process to avoid any personal biases or influences. Respecting ethical considerations and ensuring participant confidentiality are crucial aspects of research. By obtaining permission from the relevant authorities and assuring respondents of the confidentiality of their information, the researcher demonstrated ethical awareness and responsibility. Respecting anonymity allows

participants to freely provide accurate and honest responses without fear of their identities being revealed. This fosters trust and enhances the reliability of the data collected. Moreover, maintaining objectivity in the report writing process is essential for maintaining the scientific rigor of the study. Objectivity ensures that the conclusions and interpretations are based on the evidence and analysis rather than the researcher's personal biases or beliefs. It helps in providing an unbiased and reliable account of the findings, which contributes to the credibility of the research. By adhering to these ethical principles and maintaining objectivity, the researcher increases the validity and trustworthiness of the study, thereby enhancing its overall quality and impact.

3.11. Anticipated Methodological Constraints

Constraints are factors or circumstances that arise during a study and are beyond the control of the researcher. They restrict the extent to which a study can be conducted and may impact the final results and conclusions that can be drawn (Wiersma, 2000). It is important to acknowledge that every study, regardless of its design and implementation, has its limitations. However, these constraints were potentially be addressed and overcome while executing the research. In the context of this study, there are several anticipated constraints. Firstly, the study may faced challenges in accessing classified information, as local governments are often cautious about disclosing organizational information. This constraint was mitigated through holding open and honest discussions with the Chief Administrative Officer who then directed the responsible staff under him to provide the information required by the study.

Secondly, due to the limited number of respondents involved in the study, not all valuable data could have been obtained, thereby limiting the depth and breadth of the results. However, to

mitigate this constraint, deep and indepth probing was done especially with through the face-to-face interviews that led to gathering of sufficient data required for the study. Another potential constraint was the response rate, which could have impacted the reliability of the study. A low response rate can introduce bias and affect the generalizability of the findings. It is important to be mindful of this limitation and take appropriate measures to maximize the response rate, such as emphasizing the importance of participation and ensuring confidentiality. The fear of low response rate was mitigated through follow-up of the various respondents that led to a 100% response rate.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0. Introduction

This chapter presents data from the findings of the study and critically analyses the data to give meaning. The chapter also presents the response rate and the demographic data of the respondents.

4.1. Response Rate

The response rate, which is also referred to as the completion rate or return rate, indicates the proportion of individuals who participated in a survey by providing their responses compared to the total number of individuals in the sample. In this study, the response rate was determined by dividing the number of respondents who actively participated and provided data or were interviewed among the specific categories of respondents targeted. The findings of the response rate are presented in Table 4.1.

Table 4.1: Showing Response Rate

Number of questionnaires given out	Actual No. Returned	Response Rate
99	95	96%
Number of planned interview sessions	Interview sessions conducted	
9	9	100%
Overall (108)	105	98%

Source: Primary data (2021)

According to the findings presented in Table 4.1, the response rate for respondents who answered questions in questionnaires were 95 out of 99 giving a percentage performance of 96%. The responses for interviews was 100%. A higher response rate is generally considered indicative of better survey quality, as it ensures more accurate results (Aday, 1996; Babbie,

1990; Rea & Parker, 1997). The response rate of 98.0% in this study was considered excellent, surpassing the recommended threshold of 80% proposed by Amin (2005). The slight variation in response rate among the Senior Assistant Secretaries was attributed to the absence of one officer on leave during the data collection period.

4.2. Demographic Data of Respondents

The study utilized structured questionnaires to collect data from staff in the district, and each questionnaire included a section dedicated to gathering demographic information from the respondents. Describing the demographic characteristics of research participants is emphasized by various scholars (Ellis, 2009; Ingelbret, Skinder-Meredith, Kellison, & Contreras-France, 2010). It is important to provide information about the respondents' age, gender, race/ethnicity, socioeconomic status, educational level, and languages spoken. Including these characteristics aids in the interpretation of the study's results (Beins, 2009). Neglecting to include such information can lead researchers to assume an absolutist perspective, which assumes that the phenomena of interest are the same regardless of culture, race/ethnicity, and socioeconomic status (Beins, 2009). Thus, the following subsections present the demographic characteristics of the respondents in the study on fiscal decentralization and local revenue performance in Bulambuli District Local Government, Eastern Uganda.

4.2.1. Gender of the Respondents

In this study, both male and female gender participated in provision of data to the researcher.

Table 4.2 presents the proportions of the respondents by gender.

Table 4.2: Gender Proportions of Respondents

	Frequency	Percent	Valid Percent
Male	48	50.5	50.5
Female	47	49.5	49.5
Total	95	100.0	100.0

Source: Primary data (2021)

From the findings presented in Table 4.2, it was revealed that 50.5% of the respondents were males while 49.5% of them were females. This implies that Bulambuli district local government staff is in a ratio of 1:1 in terms of gender representation. This was a true reflection of the sex proportions in the sample meaning that the views of the males and females were representative of the sample and the population of study. It is always important that the views of the stakeholders in a given study reflect the proportions in which they exist in their natural setting so that the results can be generalized to the entire population of study. Based on the findings presented in Table 4.2, it was observed that among the respondents, 50.5% were males while 49.5% were females. This indicates a nearly equal representation of gender in the staff of Bulambuli District Local Government, with a ratio of approximately 1:1.

The gender distribution in the sample closely mirrors the sex proportions in the population under study. This implies that the views and perspectives obtained from both males and females in terms of the role of fiscal decentralization and local revenue performance in the study are representative of the entire population. It is essential in research that the views and opinions collected from stakeholders reflect the proportions in which they exist in their natural setting. This ensures that the results can be generalized and applied to the entire population being studied. In this case, having a balanced representation of males and females in the sample increases the likelihood that the findings accurately represent the broader staff population in terms of gender.

4.2.2. Proportion of Respondents by Age-Bracket

Table 4.3 presents the proportion of respondents by age bracket.

Table 4.3: Respondents' Distribution by Age Bracket

	Frequency	Percent	Valid Percent
21-30 years	19	20.0	20.0
31-40 years	35	36.8	36.8
41-50 years	25	26.3	26.3
Above 50 years	16	16.8	16.8
Total	95	100.0	100.0

Source: Primary data (2021)

In terms of age bracket, 20.0% of the respondents were between 21-30 years of age, while 36.8% were between 31-40 years of age. Another 26.3% of them were in the age bracket of between 41-50 years of age and 16.8% of them were in the age bracket of 50 years and above. This shows that most of the respondents were above 30 years. This is an age proportion that is really active in terms of service delivery in local governments and so they were deemed to be conversant with the issues relating to fiscal decentralization and local revenue performance in Bulambuli district. According to the findings presented in Table 4.2, the respondents were distributed across different age brackets.

The results show that 20.0% of the respondents fell within the age range of 21-30 years, while the majority of the respondents, accounting for 36.8%, were between 31-40 years of age. Additionally, 26.3% of the respondents belonged to the age group of 41-50 years, and 16.8% were aged 50 years and above. The distribution of respondents indicates that a significant proportion of the participants in the study were above 30 years of age. This age group is generally considered to be in their prime working years and likely holds positions of

responsibility and experience in the local government context. As a result, they are expected to have a good understanding of the issues related to fiscal decentralization and local revenue performance in Bulambuli district.

The implication of having a majority of respondents above 30 years of age is that the study can benefit from their knowledge and experience in assessing the subject matter. These individuals are likely to have accumulated practical insights and institutional knowledge, which can contribute to a more comprehensive understanding of the factors influencing fiscal decentralization and local revenue performance. Furthermore, the active involvement of this age group in service delivery within local governments suggests that their perspectives and insights are valuable for decision-making and policy formulation in improving fiscal decentralization and local revenue generation. Their familiarity with the operational dynamics and challenges faced by the district can enhance the relevance and applicability of the study findings in addressing local governance issues. The age distribution of the respondents highlights the significance of including experienced individuals in the study, as they can provide valuable insights into the examined phenomena and contribute to more informed decision-making processes.

4.2.3. Respondents' Level of Education

Table 4.4 presents the distribution of respondents by level of Education.

Table 4.4: Respondents' Distribution by Level of Education

	Frequency	Percent	Valid Percent
Diploma	21	22.1	22.1
Degree	67	70.5	70.5
Postgraduate	7	7.4	7.4
Total	95	100.0	100.0

Source: Primary data (2021)

The findings in Table 4.4 indicate that 22.1% of the respondents had diploma level of education while 70.5% of them had degree level of education. Only 7.4% of the respondents has a postgraduate qualification. These were mainly the technical staff who participated in the study and so had sufficient training in their various fields. Level of education represents the respondents' knowledge about technical issues in their organization. At a minimum of diploma, it means all the respondents were knowledgeable enough to provide valid data to the study. The findings of the study can be taken as reliable. Based on the findings presented in Table 4.4, it can be observed that the respondents had varying levels of educational attainment. Specifically, 22.1% of the participants had a diploma level of education, while the majority, accounting for 70.5%, held a degree level of education.

A smaller proportion of the respondents, 7.4%, possessed a postgraduate qualification. It is worth noting that these postgraduate qualifications were mainly held by technical staff who participated in the study. The distribution of educational levels among the respondents suggests that a significant majority of participants had obtained a degree, indicating a relatively high level of formal education. This implies that the respondents had acquired a sufficient level of knowledge and expertise in their respective fields, which could contribute to their ability to provide informed and reliable data for the study. The high proportion of respondents with a degree-level education is promising for the reliability and validity of the study findings.

Higher education is often associated with a deeper understanding of technical issues and a broader perspective on organizational matters. Therefore, the respondents' educational backgrounds enhance the credibility of the data collected and increase the likelihood of obtaining accurate and comprehensive insights into fiscal decentralization and local revenue performance

in Bulambuli district. The implication of having a majority of respondents with a degree-level education is that the study can benefit from their theoretical knowledge, analytical skills, and critical thinking abilities. Their educational qualifications suggest that they have been exposed to relevant concepts and theories in their respective fields, which can contribute to a more nuanced and comprehensive analysis of the research topic.

Furthermore, the inclusion of respondents with diverse educational backgrounds, ranging from diplomas to postgraduate qualifications, allows for a broader range of perspectives and insights to be captured in the study. This variation in educational attainment enhances the richness and depth of the data collected, potentially leading to more robust and comprehensive findings. The educational profile of the respondents indicates that they possess the necessary knowledge and qualifications to provide valid and reliable data for the study. Their educational backgrounds contribute to the credibility and trustworthiness of the findings, reinforcing the significance and relevance of the study's outcomes in the context of fiscal decentralization and local revenue performance.

4.2.4. Duration of Service in the District Local Government

The section of demographic data of respondents also required each individual who participated in the study to indicate the duration he/she had served Bulambuli district. Table 4.5 presents the distribution of the respondents by duration of service in Bulambuli district local government.

Table 4.5: Respondents' Distribution by Years in Service in the district

	Frequency	Percent	Valid Percent
Less than 1 year	6	6.3	6.3
1-5 years	28	29.5	29.5
5-10 years	44	46.3	46.3
More than 10 years	17	17.9	17.9
Total	95	100.0	100.0

Source: Primary data (2021)

From Table 4.5, it was revealed that 6.3% of the respondents had served Bulambuli district for a period of less than one year. However, 29.5% of the respondents had served the district for a period between 1-5 years; 46.3% had served the district for a period between 5-10 years. At least 17.9% of the respondents had served the district for a period exceeding 10 years. This implies that most of the respondents had served Bulambuli district local government for a sufficient period of time for them to ably understand the dynamics of fiscal decentralization and local revenue performance. Therefore, the responses they provided can be taken to be reliable data. According to the findings presented in Table 4.5, the respondents had varying lengths of service in Bulambuli district local government. The data reveals that a small proportion, specifically 6.3% of the participants, had served the district for less than one year. A larger percentage, comprising 29.5% of the respondents, had a service duration ranging from 1 to 5 years. Furthermore, 46.3% of the respondents had served the district for a period between 5 and 10 years, while 17.9% had accumulated more than 10 years of service. The distribution of years of service among the respondents suggests that a significant majority of participants had acquired considerable experience and familiarity with the operations and dynamics of Bulambuli district local government. This implies that most of the respondents had been exposed to the functioning and intricacies of fiscal decentralization and local revenue performance over an extended period.

Their substantial tenure within the organization provides them with valuable insights and knowledge that can contribute to the reliability and accuracy of the data they provided.

The implication of having a significant number of respondents with a substantial length of service is that they possess an in-depth understanding of the context, practices, and challenges related to fiscal decentralization and local revenue performance in Bulambuli district. Their accumulated experience enables them to provide informed and reliable responses, drawing from their firsthand knowledge and exposure to the local government operations. Consequently, the data obtained from these respondents can be considered more reliable and reflective of the actual conditions and dynamics of the district. Moreover, the diverse range of years of service represented among the respondents allows for a comprehensive perspective on the research topic. The inclusion of individuals with varying levels of experience enriches the data collected, as it incorporates insights from both relatively new employees and those with extensive tenure. This diversity contributes to a more comprehensive and nuanced understanding of fiscal decentralization and local revenue performance in Bulambuli district.

The findings indicate that the respondents had a range of service durations in Bulambuli district local government, with a significant proportion having served for 5 years or more. Their extensive experience within the organization enhances the credibility and reliability of the data collected, as they possess firsthand knowledge and insights into the subject matter. The inclusion of respondents with varying years of service provides a more comprehensive understanding of the research topic, contributing to the overall validity and significance of the study's findings.

4.3. Expenditure Assignment and Local Revenue Performance

Objective one of the study set out to establish the role of expenditure assignment on local revenue performance in Bulambuli District Local Government. In order to do this, it was necessary to first run descriptive statistics for expenditure assignment and also for local revenue performance before running a regression analysis to establish the effect. The results of descriptive statistics for expenditure assignment and local revenue performance are presented in Tables 4.6 and 4.7.

Table 4.6: Descriptive Statistics for Expenditure Assignment in Bulambuli District

Items on Expenditure Assignment	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev
In Bulambuli District Local Government, all local revenue expenditure is reported in Committees of Council and Council meetings	00	22.1	29.5	29.5	18.9	3.45	1.039
Council has a clear mechanism of monitoring and evaluating Local Revenue performance and projects funded under it	00	6.3	42.1	12.6	38.9	3.84	1.024
Preparation of Local Revenue budget involve all Department Heads and fund capital developments	1.1	5.3	47.4	31.6	14.7	3.54	.848
Revenue enhancement plan is in place and is effectively implemented during expenditure of revenues	1.1	2.1	72.6	23.2	1.1	3.21	.544
Local revenue collected is expended equitably among Departments and lower local governments	1.1	2.1	50.5	6.3	40.0	3.82	1.031
There is timeliness of information on expenditure of transfers and Local Revenue in the District	1.1	6.3	28.4	37.9	26.3	3.82	.934
There is a system for allocating Local Revenue expenditure for both recurrent and capital development in the District	00	5.3	65.3	3.2	26.3	3.51	.944
Overall Mean						3.60	

Source: Primary data (2021)

LEGEND

- 0.0 - 1.0 = A very close matching of expenditure assignment is done
- 1.1 - 2.0 = A close matching of expenditure assignment is done
- 2.1 - 3.0 = A moderately matching of expenditure assignment is done
- 3.1 - 4.0 = A poorly close matching of expenditure assignment is done

4.1 - 5.0 - A very poor matching of expenditure assignment is done

From the instruction in the self-administered questionnaire, the respondents were required to indicate their opinions about several items on expenditure assignment by ticking either strongly agree (1), agree (2), not sure (3), disagree (4) or strongly disagree (5). For easier analysis and interpretation of the data in Table 4.6, the descriptive data for strongly disagree and disagree were summed up because in any case, the two meant that the respondents actually disagreed. Similarly, the descriptive data for agree and strongly agree were also summed up because it also implied that in both cases, the respondents agreed.

From Table 4.6, it was revealed that 48.4% of the respondents disagreed that in Bulambuli district local government, all local revenue expenditure was reported in committees of council and council meetings. Another 29.5% of the respondents were not sure whether or not all local revenue expenditure was reported in committees of council and Council meetings. Only 22.1% of the respondents acknowledged that in Bulambuli district local government, all local revenue expenditure was reported in committees of council and council meetings. This implies that to a greater extent, not all local revenue expenditure was reported in committees of council and in council meetings. There might be various reasons for not reporting all local revenue expenditure in council but one obvious reason is that some of the local revenue collected is squandered by those who collect it.

The results in Table 4.6 further reveals that majority (51.5%) of the respondents disagreed that Bulambuli district council had a clear mechanism of monitoring and evaluating local revenue performance and projects funded under it. At least 42.1% of the respondents were not sure while 6.3% of them agreed that council had a clear mechanism of monitoring and evaluating local

revenue performance and projects funded under it. This implies that there is a high possibility that the district council has no clear mechanism of monitoring and evaluating local revenue performance or it is there, then very few officers are aware of such mechanism. Also, if a mechanism for monitoring and evaluation of local revenue exists in Bulambuli district local government, then it may not be functional.

According to the findings presented in Table 4.6, a significant proportion of the respondents expressed disagreement (51.5%) regarding the presence of a clear mechanism for monitoring and evaluating local revenue performance and projects funded by Bulambuli district council. Furthermore, 42.1% of the respondents were uncertain or had no definite opinion on the matter, while only 6.3% agreed that such a mechanism exists. These results suggest that there is a high likelihood that Bulambuli district council either lacks a clear mechanism for monitoring and evaluating local revenue performance or, if such a mechanism does exist, it is not well-known or understood by a substantial number of staff members.

The majority of respondents expressing disagreement implies that there is a perceived gap or deficiency in the district council's capacity to effectively monitor and evaluate local revenue performance and the projects funded through it. The implications of these findings are twofold. First, it highlights the need for improved mechanisms and systems for monitoring and evaluating local revenue performance in Bulambuli district. The absence of a clear mechanism or the lack of awareness among staff members suggests a potential limitation in the district council's ability to effectively assess the effectiveness and efficiency of revenue generation efforts and the utilization of funds. Without a robust monitoring and evaluation framework, it becomes

challenging to identify areas for improvement, address shortcomings, and ensure accountability in the management of local revenue.

The findings also suggest a potential lack of communication or knowledge dissemination within the district council regarding the existing mechanism, if any. The significant percentage of respondents who were uncertain or had no definite opinion may indicate a lack of awareness or understanding among staff members regarding the monitoring and evaluation processes in place. This raises concerns about the effectiveness of internal communication channels and the need for improved dissemination of information and guidelines related to monitoring and evaluation practices.

The results indicate a need for action to address the perceived absence or ineffectiveness of a mechanism for monitoring and evaluating local revenue performance in Bulambuli district. This may involve the development and implementation of clear guidelines, capacity-building initiatives to enhance staff knowledge and skills in monitoring and evaluation, and improved communication strategies to ensure that all relevant stakeholders are aware of the existing mechanisms and their roles in the process. By addressing these issues, the district council can improve its ability to assess and enhance local revenue performance, leading to more effective resource allocation and decision-making.

The results in Table 4.6 further revealed that 46.3% of the respondents disagreed that preparation of local revenue budget involved all department heads and that the local revenue funded capital developments in the district. Another 47.4% of the respondents were not sure while 6.4% of them agreed that preparation of local revenue budget involved all department heads and that local revenue funded capital developments. Once again this implies that there is not clear

information as to whether all department heads participate in the preparation of the local revenue budget or not; and where it funds capital development or not. There is likelihood that most of the money from local revenue is expended in other activities like council and committee meetings, exchange visits and tours rather than in capital developments.

According to the findings presented in Table 4.6, a significant proportion of the respondents disagreed (46.3%) that the preparation of the local revenue budget involved all department heads and that local revenue funds were used for capital developments in the district. Additionally, 47.4% of the respondents were uncertain or had no definite opinion on these matters, while only 6.4% agreed that all department heads participated in the budget preparation and that local revenue funds were utilized for capital development. These results indicate a lack of clarity and consensus regarding the involvement of department heads in the preparation of the local revenue budget and the allocation of funds towards capital developments. The disagreement among respondents suggests that there may be inconsistencies or variations in the practices and processes related to budget preparation and expenditure in Bulambuli district.

The implications of these findings are twofold. First, the lack of agreement regarding the involvement of department heads in the budget preparation raises concerns about the inclusiveness and transparency of the budgeting process. If all department heads are not actively involved, it may result in a limited representation of diverse perspectives and priorities, potentially affecting the effectiveness and fairness of resource allocation decisions. To ensure a more comprehensive and participatory budgeting process, it may be necessary for the district council to review and establish clear guidelines and procedures for the involvement of department heads in the preparation of the local revenue budget. Secondly, the disagreement regarding the utilization of local revenue funds for capital developments suggests a potential

misalignment between the intended use of funds and their actual allocation. If a significant portion of local revenue is not being directed towards capital developments, as perceived by the respondents, it raises questions about the prioritization of expenditures and the overall effectiveness of resource allocation strategies.

The finding highlights the importance of ensuring that local revenue funds are utilized in a manner that aligns with the development goals and needs of the district, particularly in terms of capital infrastructure and investments. In light of these implications, it is crucial for the district council to address the lack of clarity and consensus surrounding the involvement of department heads in the budget preparation process and the allocation of local revenue funds. This may involve improving communication and coordination among departments, providing training and guidance to department heads on their roles in the budgeting process, and establishing clear criteria for the allocation of funds towards capital developments. By enhancing transparency, inclusiveness, and alignment in the budgeting and expenditure practices, the district council can promote better accountability, effective resource allocation, and ultimately contribute to the sustainable development of Bulambuli district.

Similarly, the results showed that majority (72.6%) of the respondents were not sure whether or not the revenue enhancement plan was in place and was effectively implemented during expenditure of revenues. However, 24.3% of the respondents disagreed while 3.2% of them agreed that the revenue enhancement plan was in place and was effectively implemented during expenditure of revenues. Furthermore, 50.5% of the respondents were not sure whether or not local revenue collected was expended equitably among departments and lower local governments. However, 46.3% of them disagreed while 3.2% agreed that local revenue collected

was expended equitably among departments and lower local governments. The findings presented in Table 4.6 reveal that a significant majority of the respondents (72.6%) were uncertain about the existence and effective implementation of a revenue enhancement plan during the expenditure of revenues in Bulambuli district.

Additionally, 24.3% of the respondents disagreed, indicating a lack of confidence in the presence and effectiveness of such a plan, while only 3.2% agreed that a revenue enhancement plan was in place and effectively implemented. Similarly, regarding the equitable distribution of local revenue among departments and lower local governments, 50.5% of the respondents were uncertain about whether or not the funds were expended fairly. Furthermore, 46.3% of the respondents disagreed, suggesting a perception that the local revenue collected was not distributed equitably, while only 3.2% agreed that the funds were expended fairly among departments and lower local governments. These findings highlight a lack of clarity, confidence, and consensus among respondents regarding the existence and effectiveness of a revenue enhancement plan and the equitable distribution of local revenue in Bulambuli district. The high proportion of respondents who were uncertain about these matters indicates a need for improved communication, transparency, and information dissemination from the district council to its staff and stakeholders.

The implications of these findings are twofold. First, the uncertainty and disagreement regarding the revenue enhancement plan suggest a lack of awareness and understanding of the strategies and measures in place to enhance revenue generation and ensure effective utilization. This indicates a potential gap in communication and engagement between the district council and its staff, hindering the implementation of effective revenue enhancement practices. It is essential for

the district council to address this issue by providing clear information and training to staff members about the revenue enhancement plan and its implementation, thereby fostering a shared understanding and commitment to revenue generation and management. Secondly, the disagreement and uncertainty regarding the equitable distribution of local revenue raise concerns about fairness, transparency, and accountability in resource allocation. If a significant proportion of respondents perceive a lack of equitable distribution, it may undermine trust and cooperation among departments and lower local governments. The district council should consider conducting a thorough review of its resource allocation processes, ensuring that funds are distributed fairly, based on objective criteria, and aligned with the priorities and needs of various departments and lower local governments.

Through promotion of equity and transparency in resource allocation, the district council can foster a sense of inclusivity and collaboration among stakeholders, leading to more effective and sustainable development outcomes. It is important to note that addressing the uncertainty surrounding the revenue enhancement plan and the equitable distribution of local revenue is crucial for the district council to enhance transparency, accountability, and collaboration within the organization. By improving communication, providing training, and reviewing resource allocation processes, the district council can work towards building trust, improving revenue generation, and promoting equitable development in Bulambuli district.

Data in Table 4.6 also showed that majority (64.2%) of the respondents disagreed that there was timeliness of information on expenditure of transfers and local revenue in the district. However, 28.4% of them were not sure while 7.4% agreed that there was timeliness of information on expenditure of transfers and local revenue in the district. Furthermore, majority (65.3%) of the

respondents were not sure whether or not there was a system for allocating local revenue expenditure for both recurrent and capital development in the Bulambuli district. At least 29.5% of them disagreed while 5.3% agreed that there was a system for allocating local revenue expenditure for both recurrent and capital development in the Bulambuli district. The overall mean was 3.60 which was nearer to 4, a code for disagree. This implies that on the whole, most of the respondents disagreed that Bulambuli district was effectively carrying out its role of expenditure assignment in as far as local revenue was concerned.

According to the findings presented in Table 4.6, a significant majority of the respondents (64.2%) disagreed that there was timeliness of information on the expenditure of transfers and local revenue in Bulambuli district. Additionally, 28.4% of the respondents were uncertain, indicating a lack of clarity and transparency in providing timely information, while only 7.4% agreed that there was timeliness of information. Moreover, a majority of the respondents (65.3%) were uncertain about the existence of a system for allocating local revenue expenditure for both recurrent and capital development in Bulambuli district. Furthermore, 29.5% of the respondents disagreed, suggesting a perception that there was no effective system in place, while only 5.3% agreed that such a system existed. The overall mean of 3.60, which according to the legend implied that there is a poorly close matching of the expenditure assignment in the district meaning that most respondents disagreed with the effectiveness of Bulambuli district in carrying out its role of expenditure assignment concerning local revenue. These findings indicate a lack of satisfaction and confidence among the respondents regarding the timeliness of information on expenditure and the system for allocating local revenue in Bulambuli district.

The majority of respondents expressing disagreement or uncertainty suggests a perception of inadequate communication, transparency, and accountability in financial matters within the district. The implications of these findings are twofold. First, the lack of timely information on expenditure can hinder effective monitoring, evaluation, and decision-making processes within the district. It is essential for the district council to establish clear mechanisms for providing up-to-date and accurate information on the utilization of transfers and local revenue. By ensuring timely communication, the district council can enhance transparency, accountability, and stakeholders' understanding of resource allocation and expenditure patterns. Secondly, the uncertainty and disagreement regarding the system for allocating local revenue expenditure indicate a potential lack of clear guidelines and procedures in place. This can result in inconsistent and arbitrary resource allocation practices, undermining fairness, efficiency, and effectiveness in utilizing local revenue. The district council should consider reviewing and strengthening its systems and processes for budgeting and resource allocation, ensuring they align with established best practices and provide clear criteria for recurrent and capital development expenditures. It worth noting that addressing the concerns raised by respondents regarding the timeliness of information on expenditure and the system for allocating local revenue is crucial for Bulambuli district to enhance transparency, accountability, and financial management. By improving communication channels and establishing effective systems and guidelines for resource allocation, the district council can foster trust, improve decision-making, and ensure the efficient use of local revenue for the benefit of the district and its stakeholders.

Having considered the descriptive statistics for expenditure assignment, the results in Table 4.7 presents the descriptive statistics for local revenue performance in Bulambuli district.

Table 4.7: Descriptive Statistics for Local Revenue Performance in Bulambuli District

Items on Local Revenue Performance	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev
The Department of Finance prepares monthly Local Revenue Returns which are submitted to District Executive Committee for review.	1.1	4.2	35.8	21.1	37.9	3.91	1.001
The Department of Finance Quarterly Local Revenue Reports are submitted to Committees of Council and Council for review.	1.1	3.2	36.8	46.3	12.6	3.66	.780
The Department of Finance holds Mid-term Reviews to assess the Local Revenue performance in the district.	2.1	3.2	46.3	16.8	31.6	3.73	1.015
The Department of Finance prepares Annual Local Revenue performance report which is submitted to District Executive Committee for review.	1.1	5.3	41.1	52.6	00	3.45	.649
The Department of Finance submits monthly Local Revenue Reports to District Technical Planning Committee for review.	1.1	4.2	34.7	60.0	00	3.54	.633
Overall Mean						3.66	

Source: Primary data (2021)

LEGEND

- 0.0 - 1.0 = A very high local revenue is collected*
- 1.2 - 2.0 = A high local revenue is collected*
- 2.1 - 3.0 = A moderately local revenue is collected*
- 3.1 - 4.0 = A low local revenue is collected*
- 4.1 - 5.0 = A very low local revenue is collected*

The data presented in Table 4.7 indicate that a majority of the respondents (59.0%) disagreed that the department of finance in Bulambuli district prepared monthly local revenue returns, which were subsequently submitted to the District Executive Committee for review. Additionally, 35.8% of the respondents were uncertain, while only 5.2% acknowledged the existence of such preparation and submission. This suggests a high likelihood of non-preparation

of monthly local revenue returns in the district. Similarly, the findings reveal that 58.9% of the respondents disagreed that the department of finance submitted quarterly local revenue reports to the Committees of Council and Council for review. Only 4.2% of the respondents agreed with this statement, while 36.8% were uncertain. These results imply a significant possibility that quarterly reports are not prepared or presented to the appropriate committees for review. Consequently, the financial performance, including local revenue performance, remains unassessed and unmonitored. These findings raise concerns about the accountability and financial management practices within Bulambuli district. The lack of preparation and submission of monthly local revenue returns and quarterly reports inhibits the ability of the District Executive Committee, Committees of Council, and Council to effectively review, assess, and make informed decisions based on the financial performance of the district.

he implications of these findings are two-fold. First, the absence of monthly local revenue returns hinders the timely tracking of revenue collection and expenditure, making it difficult to identify any discrepancies or irregularities. Without regular reporting, it becomes challenging for the district to ensure transparency and accountability in financial matters. Secondly, the non-submission of quarterly local revenue reports to the appropriate committees and council hampers the oversight and evaluation of financial performance. This lack of review prevents the identification of areas for improvement, potential financial risks, and the formulation of informed strategies to enhance local revenue generation and utilization. To address these issues, it is imperative for Bulambuli district to establish and enforce clear guidelines and procedures for the preparation, submission, and review of monthly local revenue returns and quarterly reports. This would enable regular monitoring of financial performance, facilitate early detection of discrepancies or inefficiencies, and promote transparency and accountability.

Training and capacity-building initiatives are considered to enhance the financial management skills and knowledge of the staff responsible for generating and reporting local revenue. By ensuring that appropriate systems and processes are in place and that staff are equipped with the necessary skills, Bulambuli district can improve its financial performance assessment and decision-making processes. The absence of prepared monthly local revenue returns and submitted quarterly reports in Bulambuli district raises concerns about the transparency and accountability of the financial management practices. Addressing these issues through the establishment of clear guidelines, capacity-building initiatives, and enhanced monitoring mechanisms will contribute to improved financial performance, better resource allocation, and ultimately, the overall development of Bulambuli district.

The findings presented in Table 4.7 reveal that a significant proportion of the respondents disagreed with the existence or implementation of various assessment and reporting mechanisms related to local revenue performance in Bulambuli district. Firstly, 48.4% of the respondents disagreed that the department of finance held mid-term reviews to assess local revenue performance, while 46.3% were uncertain about the existence of such reviews. Only 5.3% acknowledged the conduct of mid-term reviews. This indicates a lack of regular assessment and evaluation of local revenue performance at the mid-point of the fiscal year. Secondly, the majority of respondents (52.6%) disagreed that the department of finance prepared an annual local revenue performance report submitted to the District Executive Committee for review. Only 6.3% agreed with this statement, and 41.1% were uncertain. This suggests a lack of comprehensive reporting and evaluation of local revenue performance on an annual basis.

Additionally, the findings indicate that a majority of respondents (60.0%) disagreed that the department of finance submitted monthly local revenue reports to the District Technical Planning Committee for review. The overall mean for all the items related to local revenue performance was 3.66, which according to the legend implied that there was poorly close matching of revenue assignment in Bulambuli district. This suggests that, on the whole, the respondents had a negative perception of the local revenue performance in Bulambuli district.

These findings have significant implications for the district's financial management and decision-making processes. The absence of mid-term reviews, annual performance reports, and regular submission of monthly reports hinders the ability to monitor and evaluate local revenue performance effectively. This lack of assessment and reporting limits the district's understanding of revenue trends, challenges, and opportunities, and makes it difficult to identify areas for improvement or corrective action. Furthermore, the absence of regular performance assessments and reports inhibits accountability and transparency in the utilization of local revenue. Without proper monitoring and evaluation mechanisms in place, there is a higher risk of mismanagement, financial inefficiencies, and potential revenue leakage. To address these issues, it is crucial for Bulambuli district to establish and enforce mechanisms for regular mid-term reviews, annual performance reporting, and submission of monthly reports. These measures will provide a systematic and structured approach to assess local revenue performance, identify areas of improvement, and enhance transparency and accountability.

Additionally, there is a need for capacity-building initiatives to strengthen the financial management skills of the department of finance staff. This will ensure that they are equipped with the necessary knowledge and expertise to conduct performance assessments, prepare

reports, and effectively communicate the findings to relevant stakeholders. The findings highlight the need for improved monitoring, evaluation, and reporting mechanisms in Bulambuli district to enhance local revenue performance. By implementing regular assessments and reports, the district can gain a better understanding of its revenue generation and utilization, make informed decisions, and work towards achieving financial sustainability and development objectives.

Using the overall means from the expenditure assignment in Table 4.6 (3.60) and local revenue performance in Table 4.7 (3.66), a linear regression was run and the results are presented in the following tables. In Table 4.8 the results show the correlation between expenditure assignment and local revenue performance in Bulambuli district.

Table 4.8: Relatedness of Expenditure Assignment and Local Revenue Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.457	.287		5.069	.000
Expenditure Assignment	.620	.079	.632	7.864	.000

a. Dependent Variable: Local revenue Performance

The results in Table 4.8 show that the sig value was = .000 < .05; implying that expenditure assignment and local revenue performance in Bulambuli district were strongly correlated. Therefore, it was necessary to determine the effect of expenditure assignment on local revenue performance in Bulambuli district. The results of the linear regression are presented in Tables 4.9 and 4.10.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632 ^a	.399	.393	.608

a. Predictors: (Constant), Expenditure Assignment

Based on the results in Table 4.9, the most important value for the purpose of this study is the R square value which shows the magnitude of the variance in the dependent variable that relates with the unit change in the independent variable. This is an overall measure of the magnitude of relatedness and does not reflect the extent to which the independent variable is related to the dependent variable. From Table 4.9, the R square value was found to be .399 which when changed to percentage (multiplied by 100) becomes 39.9% which implies that for any unit change in expenditure assignment, there would be a corresponding change of 39.9% in local revenue performance in Bulambuli district. The overall magnitude of the role of expenditure assignment on local revenue performance is provided by the results in Table 4.10.

Table 4.10: Role of Expenditure Assignment on Local Revenue Performance in Bulambuli District (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.852	1	22.852	61.835	.000 ^b
	Residual	34.369	93	.370		
	Total	57.221	94			

a. Dependent Variable: Local Revenue Performance

b. Predictors: (Constant), Expenditure Assignment

The results in Table 4.10 indicated that at $R^2 = .399$, the $\text{sig} = .000 < 0.05$, implying that there is a significant role of expenditure assignment on local revenue performance in Bulambuli district.

In other words, if expenditure assignment is well done, there would be improvement in local revenue performance in Bulambuli district. These results were in agreement with the data collected through face-to-face interviews with key informants of the study. Some of the qualitative findings during the interviews are presented as follows.

During the face-to-face interviews, one of the members of District Executive Committee said;

“The District Executive Committee has the mandate to receive and review revenue returns on monthly basis. The Finance Committee of Council had the mandate to receive and review Quarterly and Bi-annual finance reports and local revenue performance reports are one of them. T

In another face-to-face interview, the Chief Administrative Officer intimated that;

he District Council during its sittings is mandated to receive Financial and other reports after every two months. However, most often, the Chairperson for Financial Committee, the Chief Finance Officer and Secretary for Finance present finance reports and concentrate the analysis and performance on conditional and non-conditional grants and there is less emphasis on local revenue performance. Since little attention is given to local revenue performance, elements of expenditure assignment are less emphasized in Council and Committees of Council”.

In another interview, another key informant said;

“The challenge with expenditure assignment is that it can be conducive to corruption at local level since it confers discretion on local politicians and bureaucrats who are more susceptible and accessible to the demands of local interest groups.”

Also, in another face-to-face interview, another key informant said;

“The role of expenditure assignment is strongly associated which local revenue performance in the district. However, from the qualitative data, it was revealed that adoption of the expenditure assignment exposed the process of local revenue collection to corruption by local politicians who are more susceptible and accessible to the demands of local interest groups.”

The findings therefore, show a discrepancy between policy provision and practice by designated officers and institutions of government. Much as quantitative results show a relationship between the two variables, quantitative results reveal the gap in performance and practice. The opinions expressed by the member of District Executive Committee confirm gaps in delivery of expenditure assignment in Bulambuli District Local Government.

4.4. Revenue Assignment and Local Revenue Performance

Objective two of the study set out to establish the role of revenue assignment on local revenue performance in Bulambuli District Local Government. In order to do this, it was necessary to first run descriptive statistics for revenue assignment and use the descriptive statistics for local revenue performance in Table 4.7 to run a regression analysis to establish the effect. The results of descriptive statistics for revenue assignment are presented in Tables 4.11.

Table 4.11: Descriptive Statistics for Revenue Assignment in Bulambuli District

Items on Revenue Assignment	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev
All revenue sources in Bulambuli district are clearly enumerated	00	8.4	29.5	30.5	31.6	3.85	.967
The revenue sources are properly assessed for tax revenues payable to the district	1.1	22.1	27.4	49.5	00	3.25	.838
The tax revenues assessed are timely collected to the district general fund.	00	6.3	33.7	42.1	17.9	3.72	.834
Bulambuli District Local Government identify all revenue sources which is budgeted for to fund Council activities	1.1	6.3	36.8	46.3	9.5	3.57	.794
Bulambuli District Local Government ensures the enumeration and registration of all Local Revenue sources	26.3	4.2	27.4	32.6	9.5	2.95	1.348
Bulambuli District Local Government carries out Local Revenue assessments	1.1	3.2	47.4	35.8	12.6	3.56	.795
Bulambuli District Local Government ensures timely collection and enforcement of Local Revenue	7.4	25.3	30.5	35.8	1.1	2.98	.978
Overall Mean						3.41	

Source: Primary data (2021)

LEGEND

- 0.0 - 1.0 = A very close matching of revenue assignment is done
- 1.3 - 2.0 = A close matching of revenue assignment is done
- 2.1 - 3.0 = A moderately matching of revenue assignment is done
- 3.1 - 4.0 = A poorly close matching of revenue assignment is done
- 4.1 - 5.0 = A very poor matching of revenue assignment is done

From the data in Table 4.11, it was indicated that majority (62.1%) of the respondents disagreed that all revenue sources in Bulambuli district were clearly enumerated. Only 8.4% agreed and 29.5% were not sure whether or not all revenue sources in Bulambuli district were clearly enumerated. The results further showed that 49.5% of the respondents disagreed that the revenue sources were properly assessed for tax revenues payable to the district. Another 27.4% were not sure while 23.2% of them acknowledged that the revenue sources were properly assessed for tax revenues payable to the district. This implies that sometimes the revenue sources were properly

assessed for tax revenues payable to the district and on other times no proper assessment is done at all.

The results in Table 4.11 also showed that 60.0% of the respondents disagreed that the tax revenues assessed were timely collected to the district general fund. Only 6.3% agreed to this effect while 33.7% of them were not sure whether or not the tax revenues assessed were timely collected to the district general fund. Similarly, majority (55.8%) of the respondents disagreed that Bulambuli District Local Government identified all revenue sources which were budgeted to fund Council activities. Only 7.3% agreed while 36.8% of them were not sure whether or not Bulambuli District Local Government identified all revenue sources which were budgeted to fund Council activities. Furthermore, the results in Table 4.11 revealed that 42.1% of the respondents disagreed that Bulambuli District Local Government ensured the enumeration and registration of all Local Revenue sources. At least 30.5% of them agreed that Bulambuli District Local Government ensured the enumeration and registration of all Local Revenue sources, while 27.4% of them were not sure as to whether or not Bulambuli District Local Government ensured the enumeration and registration of all Local Revenue sources.

The results also revealed that 48.4% of the respondents disagreed that Bulambuli District Local Government carried out Local Revenue assessments. However, 47.4% of them were not sure whether or not Bulambuli District Local Government carried out Local Revenue assessments. Only 4.3% of them agreed to this effect. Finally, the results in Table 4.11 showed that 36.9% of the respondents disagreed that Bulambuli District Local Government ensured timely collection and enforcement of Local Revenue. At least 32.7% of them acknowledged that Bulambuli District Local Government ensured timely collection and enforcement of Local Revenue, while

30.5% were not sure. The overall mean for all the items on revenue assignment was 3.41 which showed that most respondents were not sure whether or not the revenue assignment was well done in Bulambuli district local government. Using the overall means from the revenue assignment in Table 4.11 (3.41) and local revenue performance in Table 4.7 (3.66), a linear regression was run and the results are presented in Table 4.12.

Table 4.12: Relatedness of Revenue Assignment and Local Revenue Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.989	.399		4.991	.000
	Revenue Assignment	.491	.115	.405	4.274	.000

a. Dependent Variable: Local Revenue Performance

The results in Table 4.12 show that the sig value was = .000 < .05; implying that revenue assignment and local revenue performance in Bulambuli district were strongly correlated. Therefore, it was necessary to determine the effect of revenue assignment on local revenue performance in Bulambuli district. The results of the linear regression are presented in Tables 4.13 and 4.14.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.405 ^a	.164	.155	.717

a. Predictors: (Constant), Revenue Assignment

From the results in Table 4.13, the most important value for the purpose of this study is the R square value which shows the magnitude of the variance in the dependent variable that relates with the unit change in the independent variable. This is an overall measure of the magnitude of relatedness and does not reflect the extent to which the independent variable is related to the dependent variable. From Table 4.13, the R square value was found to be .164 which when changed to percentage (multiplied by 100) becomes 16.4% which implies that for any unit change in role of revenue assignment, there would be a corresponding change of 16.4% in local revenue performance in Bulambuli district. The overall magnitude of the role of revenue assignment on local revenue performance is provided by the results in Table 4.14.

Table 4.14: Role of Revenue Assignment on Local Revenue Performance in Bulambuli District (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	9.393	1	9.393	18.264	.000 ^b
Residual	47.828	93	.514		
Total	57.221	94			

a. Dependent Variable: Local Revenue Performance

b. Predictors: (Constant), Revenue Assignment

The results in Table 4.14 indicated that at $R^2 = .164$, the $\text{sig} = .000 < 0.05$, implying that there is a significant effect of revenue assignment on local revenue performance in Bulambuli district. In other words, if revenue assignment is well expedited, there would be improvement in local revenue performance in Bulambuli district. These results were in agreement with the data collected through face-to-face interviews with key informants of the study. Some of the qualitative findings during the interviews are presented as follows.

During the face-to-face interviews, one of the administrators said;

“The District is supposed to have up-to-date local revenue register which captures all local revenue sources by category and location. Unfortunately, this is not the case. The Finance Department has not prioritized local revenue collection in the district. Enumeration and identification of local revenue sources is not done and data capture is haphazardly done.

In another face-to-face interview, another key informant said:

“There are no revenue registers and where they exist, they are not updated. The enumerators are not ethical because most often, when spot audit is carried out, there are no verifying records to justify under collection.”

Similarly, in another face-to-face interview, another key informant insisted and said:

“The problem is worse at sub-counties where there is source expenditure and under declaration of local revenues especially from natural resources department which carries out assessment and grant of permission for construction and approval of building plans”.

Furthermore, another key informant said:

“In the circumstances prevailing in most local governments, the non-democratic political system renders revenue assignment as a tool to be used by sub-national authorities to exploit local constituents and the local revenue collection processes provide material incentives that encourage and reward sub-national governments to promote local economies.”

These findings reveal administrative incompetence on technical supervision and monitoring of local revenue collection and management. The Deputy Chief Administrative Officer is a principal signatory on sub-county collection accounts and overall supervisor of all staff in lower local governments. But if the records show inconsistencies in local revenue collection, then responsible officers have not played their supervisory role as required and detailed in the Local Government Financial and Accounting Manual 2007.

4.5. Intergovernmental Transfers and Local revenue Performance

Objective three of the study set out to establish the role of intergovernmental transfer assignment on local revenue performance in Bulambuli District Local Government. In order to do this, it was necessary to first run descriptive statistics for role of intergovernmental transfer assignment and used the descriptive statistics for local revenue performance in Table 4.7 to run a regression analysis to establish the effect. The results of descriptive statistics for intergovernmental transfer assignment are presented in Tables 4.15.

Table 4.15: Descriptive Statistics for Role of Intergovernmental Transfer

Items on Role of Intergovernmental Transfer	SA (%)	A (%)	NS (%)	D (%)	SD (%)	Mean	Std. Dev
All Local Revenue collected is first sent to MoFPED before it is refunded to the District	00	3.2	61.1	4.2	31.6	3.64	.967
The system put in place to tracks Local Revenue performance between central and local government	00	5.3	34.7	47.4	12.6	3.67	.764
The capacity of Finance Department to operate the IFMS and Information Revenue Administration System is adequate	1.1	3.2	23.2	60.0	12.6	3.80	.738
There are stringent measures to facilitate Local Revenue mobilization and collection using other grants	00	3.2	47.4	36.8	12.6	3.59	.751
No incentives for best district in LR performance	1.1	3.2	27.4	40.0	28.4	3.92	.883
Local Revenue is treated as intergovernmental transfer and seemingly no difference with other grants	2.1	4.2	47.4	32.6	13.7	3.52	.861
Local Revenue is monitored by the MoFPED	1.1	4.2	48.4	45.3	1.1	3.41	.644
Overall Mean						3.65	

Source: Primary data (2021)

LEGEND

- 0.0 - 1.0 = A very close matching of intergovernmental transfer is done
- 1.4 - 2.0 = A close matching of intergovernmental transfer is done
- 2.1 - 3.0 = A moderately matching of intergovernmental transfer is done
- 3.1 - 4.0 = A poorly close matching of intergovernmental transfer is done
- 4.1 - 5.0 = A very poor matching of intergovernmental transfer is done

From the results in Table 4.15, it was revealed that majority (61.0%) of the respondents were not sure whether or not all local revenue collected was first sent to MoFPED before it was refunded to the District. Another 35.8% of them disagreed that all Local Revenue collected is first sent to MoFPED before it is refunded to the District. Only 3.2% of them agreed to this effect. This implies that most of the respondents did not have knowledge of what happens when the local revenue is collected in the local governments.

The results further showed that majority (60.0%) of the respondents disagreed that the system put in place to tracked local revenue performance between central and local government. Similarly, the results indicated that majority (72.6%) of the respondents also disagreed that the capacity of the finance department to operate the IFMS and Information Revenue Administration System was adequate.

Furthermore, the results showed that 46.3% of the respondents disagreed that local revenue was treated as intergovernmental transfer and seemingly no difference with other grants, while 47.4% were not sure whether or not local revenue was treated as intergovernmental transfer and seemingly no difference with other grants. In the same way, 46.4% of the respondents disagreed that local revenue was monitored by the MoFPED while 48.4% of them were not sure.

The overall mean for all the items on intergovernmental transfer assignment was 3.65 which implied that most of the respondents disagreed that intergovernmental transfer assignment was well done at all. Using the overall means from the intergovernmental transfer assignment in Table 4.15 (3.65) and local revenue performance in Table 4.7 (3.66), a linear regression was run and the results are presented in Table 4.16.

Table 4.16: Relatedness of Intergovernmental Transfer Assignment and Local Revenue Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.770	.300		9.221	.000
1 Intergovernmental Transfers	.245	.080	.304	3.077	.003

a. Dependent Variable: Local Revenue Performance

The results in Table 4.16 show that the sig value was = .000 < .05; implying that intergovernmental transfer assignment and local revenue performance in Bulambuli district were strongly correlated. Therefore, it was necessary to determine the role of intergovernmental transfer assignment on local revenue performance in Bulambuli district. The results of the linear regression are presented in Tables 4.17 and 4.18.

Table 4.17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.304 ^a	.092	.083	.747

a. Predictors: (Constant), Intergovernmental Transfers

From the results in Table 4.17, the most important value for the purpose of this study is the R square value which shows the magnitude of the variance in the dependent variable that relates with the unit change in the independent variable. This is an overall measure of the magnitude of relatedness and does not reflect the extent to which the independent variable is related to the dependent variable. From Table 4.17, the R square value was found to be .092 which when changed to percentage (multiplied by 100) becomes 9.2% which implies that for any unit change in intergovernmental transfer assignment, there would be a corresponding change of 9.2% in local revenue performance in Bulambuli district. The overall magnitude of the role of intergovernmental transfer assignment on local revenue performance is provided by the results in Table 4.18.

Table 4.18: Role of Intergovernmental Transfer Assignment on Local Revenue Performance in Bulambuli District (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.286	1	5.286	9.466	.003 ^b
Residual	51.935	93	.558		
Total	57.221	94			

a. Dependent Variable: Local Revenue Performance

b. Predictors: (Constant), Intergovernmental Transfers

The results in Table 4.18 indicated that at $R^2 = .092$, the $\text{sig} = .003 < 0.05$, implying that there is a significant role of intergovernmental transfer assignment on local revenue performance in Bulambuli district. In other words, if intergovernmental transfer assignment is well executed, there would be improvement in local revenue performance in Bulambuli district. These results were in agreement with the data collected through face-to-face interviews with key informants of the study. Some of the qualitative findings during the interviews are presented as follows.

During the face-to-face interviews, one of the respondents said;

“Intergovernmental transfers are central governments grants which are programme and project related. Bulambuli district receives central government grants like; EMOOGA, Youth Livelihood Project, Uganda Women Entrepreneurship Programme, Road Fund, Parish Development Model, Agriculture Cluster Development Programme, Water for Irrigation grant, School Facilitation Grant among others and these grants are intended to address bottlenecks that affect the socio-economic transformation agenda of government.”

In another face-to-face interview, another key informant said:

“If these grants are well utilized, communities in Bulambuli district will be empowered and the tax base increase which will increase the tax base for the district. This will definitely translate into high local revenue performance other factors remaining constant”.

Multiple Regression Analysis

A correlation and a multiple regression was run to determine the relatedness of the three independent constructs (expenditure assignment, revenue assignment and intergovernmental transfer assignment) and their overall effect on local revenue performance in Bulambuli district.

The results are presented in the following tables.

Table 4.19: Relatedness of Expenditure Assignment, Revenue Assignment and Intergovernmental Transfer Assignment and Local Revenue Performance in Bulambuli

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.293	.442		9.717	.000
1 Expenditure Assignment	.300	.063	.334	4.766	.000
Revenue Assignment	-.368	.078	-.337	-4.693	.000
Intergovernmental Transfer Assignment	-.219	.064	-.239	-3.408	.001

a. Dependent Variable: Local Revenue Performance

The results in Table 4.19 revealed that all the three constructs are strongly correlated with local revenue performance in Bulambuli district.

Table 4.20: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529 ^a	.280	.266	.797

a. Predictors: (Constant), expenditure assignment, revenue assignment and intergovernmental transfer assignment

Based on the results in Table 4.20, the most important value for the purpose of this study is the R square value which shows the magnitude of the variance in the dependent variable that relates with the unit change in the independent variable. This is an overall measure of the magnitude of relatedness and does not reflect the extent to which the independent variable is related to the dependent variable. From Table 4.20, the R square value was found to be .280 which when changed to percentage (multiplied by 100) becomes 28.0% which implies that for any unit change in the three constructs, there would be a corresponding change of 28.0% in local revenue performance in Bulambuli district. The overall magnitude of the effect of three constructs on local revenue performance is provided by the results in Table 4.21.

Table 4.21: Roles of expenditure assignment, revenue assignment and intergovernmental transfer assignment on Local Revenue Performance in Bulambuli District (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	38.466	3	12.822	20.209	.000 ^b
Residual	98.977	156	.634		
Total	137.444	159			

a. Dependent Variable: Local Revenue Performance

The results in Table 4.21 indicated that at $R^2 = .280$, the sig = $.000 < 0.05$, implying that there is a strong significant role of adoption of expenditure assignment, revenue assignment and intergovernmental transfer assignment on local revenue performance in Bulambuli district. In other words, expenditure assignment, revenue assignment and intergovernmental transfer assignment are well used; there would be improvement in local revenue performance in Bulambuli district. These results were in agreement with the data collected through face-to-face interviews with key informants of the study. Some of the qualitative findings during the interviews are presented as follows.

One of the key informants who happen to be the Head of Finance said;

“It is regrettable that our technical staff and politicians do not notice the relationship between intergovernmental transfers and local revenue enhancement in Bulambuli district. The Central government transfers have a direct and long term effect on local revenue enhancement or widening of the tax base at district level.”

In another face-to-face interview, another key informant said;

“If the district implements the Universal Primary Education, Universal Secondary Education, and Uganda Advanced Certificate of Education, tertiary and University grants and scholarships well, this will reduce illiteracy rate, have more educated members of community who will be employable, job creators and increase the tax base.”

Yet in another face-to-face interview, another key informant said;

“Investment in the health sector will help to have a healthy and productive population, investment in agriculture will increase farm production and productivity, investment in roads will increase road network and connectivity and this will enable farmers and business community access market for their goods and products.

Finally, one of the key informant conclusively said;

“Investment in community with these so many projects will empower the community in socio-economic and political aspects which is the

transformation government is pursuing. The district has to deliberately invest in its people so that in the long run will increase its tax base”.

From the views from the various key informants, it can be concluded that appropriate decisions in terms of intergovernmental transfers such as transfers of financial resources between different LGs units to support public spending, play a significant role in improving local revenue performance in the district. This implies that centralized economic growth is negatively associated with expenditure decentralization and positively associated with revenue decentralization. That further plays a significant role in financial decentralization and expenditure centralization promote growth.

CHAPTER FIVE

DISCUSSION AND INTERPRETATION OF FINDINGS

5.0. Introduction

This chapter discusses and interprets the findings while examining the extent to which the studies succeed to satisfy its objectives. The findings were compared with other studies and sources to strengthen and confirm the findings. The chapter further discusses and explains the results and their relationship to the set research questions as presented in chapter four.

5.1 Local Revenue Performance in Bulambuli District

The findings from the field data indicate that the finance department in Bulambuli district does not prepare and submit monthly local revenue returns to the District Executive Committee in a timely manner. This findings was contrary to Bagchi (2023) because it suggests that there is a high likelihood of similar non-preparation of these returns not only at the district level but also in lower local governments within the district. The data collected from lower local governments serves as the foundation for assessing the overall local revenue performance of the district. The timely preparation and submission of monthly local revenue returns are crucial as they guide the collection and enforcement efforts, as well as the reviews and allocations of resources. If the monthly local revenue returns are not prepared and presented to the council committees for discussion, it hinders effective actions to improve the district's local revenue performance. Consequently, this situation can have negative implications for the implementation of planned council activities and the quality of service delivery in the district. To put it simply, the lack of preparation and submission of monthly local revenue returns by the finance department affects the district's ability to monitor and enhance its local revenue performance. This, in turn, has

repercussions on the implementation of council activities and the provision of quality services to the residents of the district.

The findings from the field data indicated that the Department of Finance in Bulambuli district is not promptly preparing monthly local revenue returns for review by the District Executive Committee. This finding was again not in agreement with the literature reviewed. For instance the findings were not in agreement with Bird and Tassonyi (2016) suggesting that there may be a significant likelihood of non-preparation of these returns not only at the district level but also in lower local governments within the district. The data collected at lower local governments serves as the basis for assessing the overall district's local revenue performance. The timely preparation and submission of monthly local revenue returns are crucial because they inform the collection and enforcement efforts, as well as the review and allocation of resources. If these returns are not prepared and presented to the council committees for discussion, it hampers effective action to improve local revenue performance in the district. Consequently, this situation can have adverse effects on the implementation of planned council activities and the quality of service delivery within the district local government.

Similar studies such as that of Martinez-Vazquez and Timofeev (2012) that investigated the relationship between fiscal decentralization and economic growth in Russia and China; also highlighted the importance of accurate and timely reporting of local revenue returns for effective fiscal decentralization. Inconsistent or delayed reporting can hinder the monitoring and evaluation of revenue collection, which in turn affects resource allocation, planning, and service delivery. It is essential for local governments to establish robust systems for collecting, recording, and reporting local revenue data to ensure transparency, accountability, and efficient resource management. Furthermore, these findings emphasize the need for capacity-building and

training initiatives to enhance the skills of local government officials responsible for financial management and revenue collection. This findings closely corroborated with the findings by Blais, et al, (2021) because strengthening the administrative and financial capacities at the local level can contribute to improved revenue performance and overall governance in the district. To address the identified challenges, it is recommended that Bulambuli district and other local governments in similar situations prioritize the establishment of effective mechanisms for preparing and submitting timely local revenue returns. This may involve enhancing coordination and communication between relevant departments, implementing proper data collection and reporting systems, and ensuring that appropriate oversight and accountability structures are in place. By addressing these issues, local governments can enhance their revenue generation capacities, promote better planning and resource allocation, and ultimately improve the delivery of essential services to the communities they serve (Blais, et al, 2021). The comments and opinions of the Head of Finance shows lack of team work, transparency, participation and Accountability which is core to principles of good governance in the district. Local revenue collection is a collective effort and good performance reflects good service delivery in the district. Local revenue finances projects and council activities which are not funded by central government transfers and gives discretion to Council to fund activities that otherwise are regarded as unfunded priorities.

The study findings indicate that a significant percentage (58.9%) of the respondents disagreed with the notion that the finance department submits quarterly local revenue reports to the Committees of Council and Council for review. This suggests a strong possibility that these quarterly reports are not prepared or presented for review by the committees of council. Consequently, the financial performance, including the assessment of local revenue performance,

remains unexamined. Furthermore, it is important to note that the quarterly reports prepared by the district and submitted to the Ministry of Finance, Planning, and Economic Development play a role in the consolidated government report on expenditure status for the country. This aligns with the financial provisions outlined in the Public Finance Management Act 2015. The district's executive, finance committee, and council are responsible for receiving and discussing these finance reports to evaluate expenditure assignments and identify areas that require improvement, particularly in relation to the delivery of decentralized services. The district's Chief Finance Officer serves as an advisor to the Accounting Officer on budgetary and financial matters and is also responsible for establishing standards for management systems and monitoring their performance, providing appropriate advice to the council. Any delay or failure to submit quarterly financial reports on time not only impacts the Ministry of Finance, Planning, and Economic Development in fulfilling its mandate as defined in the Public Finance Management Act, 2015, but also hampers the release of additional funds to the district (Blais, et al, 2021). The non-submission of quarterly financial reports in a timely manner affects the evaluation of financial performance, the provision of decentralized services, and the allocation of funds to the district. It is crucial for the finance department to address these issues and ensure the proper preparation, submission, and review of quarterly reports to promote effective financial management and decision-making at the district level.

The findings of the study revealed a concerning situation regarding the delayed submission of quarterly local revenue reports by the finance department. This findings was in close agreement with the findings of Bonet (2016) that indicated that submission of quaterly reports rather not consistently adhered to by local governments. The majority of the respondents disagreed with the idea that these reports are being submitted for review by the Committees of Council and Council.

This suggests that there is a high possibility that these reports are not being prepared or presented for assessment. This lack of submission and review of quarterly reports has significant implications. It means that the financial performance of the district, including the assessment of local revenue performance, is not being thoroughly examined. This lack of oversight can hinder effective decision-making and planning in the district. Moreover, it is important to recognize the broader significance of these quarterly reports (Bonet, 2016). They are not just internal documents for the district but play a role in the consolidated government report on expenditure status for the entire country. This emphasizes the importance of timely and accurate reporting to ensure transparency and accountability in financial management. The responsibility for receiving and discussing these reports lies with the district's executive, finance committee, and council. Their engagement in reviewing the reports is crucial for evaluating expenditure assignments and identifying areas that require improvement, particularly in relation to decentralized service delivery. Without this assessment, it becomes challenging to identify areas of inefficiency or opportunities for optimization (Bonet, 2016). The Chief Finance Officer of the district holds a key role in the financial management process. They are responsible for advising the Accounting Officer on budgetary and financial matters and establishing standards for management systems. Monitoring the performance of these systems is crucial for identifying any deficiencies and providing appropriate guidance to the council. The consequences of the non-submission of quarterly financial reports are far-reaching. It not only hampers the Ministry of Finance, Planning, and Economic Development in fulfilling its mandated responsibilities but also affects the release of additional funds to the district. This lack of financial accountability can impede the district's ability to carry out planned activities and deliver quality services to the community. It is essential for the finance department to address the issues surrounding the preparation,

submission, and review of quarterly financial reports. Timely and accurate reporting is vital for effective financial management, decision-making, and resource allocation in the district. Improved financial accountability will contribute to better governance and enhanced service delivery for the benefit of the residents.

Additionally, the study findings indicate that mid-term reviews to assess local revenue performance are not frequently conducted by the finance department of Bulambuli district local government. This finding was contrary to the standard procedures as described by Blais, et al, (2021). This is evident from the 48.4% of respondents who disagreed with the occurrence of mid-term reviews. Furthermore, 46.3% of respondents were unsure about the existence of these reviews, while only 5.3% acknowledged their presence. In progressive organizations, mid-year financial reviews play a crucial role in identifying strategic shifts in revenue performance and adapting plans accordingly (Blais, et al, 2021). For local governments, a high level of local revenue collection signifies a committed and ethical workforce, as well as a proactive approach in identifying new revenue sources, maintaining an effective tax collection team, and implementing a well-functioning financial system. Effective leadership and the establishment of systems to ensure efficient tax mobilization and collection are also determining factors in successful revenue generation. On the contrary, low tax collection can be attributed to factors such as a limited tax base, a laissez-faire leadership style, inadequate financial accounting systems, and a weak council (Crook et al, 2021). These factors can hinder the ability of the local government to effectively generate revenue and allocate resources for service delivery. The study highlights the lack of frequent mid-term reviews to assess local revenue performance in Bulambuli district. Conducting these reviews is essential for monitoring financial performance, identifying areas for improvement, and ensuring effective tax mobilization and collection.

According to Crook et al, (2021), addressing the issues identified, such as enhancing leadership, strengthening financial accounting systems, and expanding the tax base, can contribute to improved revenue generation and better service delivery in the district.

Similarly, the majority (52.6%) of respondents disagreed with the notion that the finance department prepares an annual local revenue performance report that is submitted to the District Executive Committee for review. Only a small percentage (6.3%) agreed with this statement, while 41.1% were unsure about the existence of such a report. Furthermore, the findings indicate that a significant proportion (60.0%) of respondents disagreed with the idea that the finance department submits monthly local revenue reports to the District Technical Planning Committee for review. Overall, the average response across all the items related to local revenue performance was 3.66, which is close to the response code for disagreement (4). This suggests that, on the whole, the respondents did not perceive local revenue performance to be satisfactory. These findings reveal significant gaps and concerns regarding the preparation, submission, and review of local revenue performance reports in Bulambuli district. The lack of an annual report and infrequent submission of monthly reports hinder the assessment and monitoring of local revenue performance. This lack of transparency and accountability may contribute to the perception of poor local revenue performance among the respondents. Improving the reporting and review processes for local revenue performance is crucial for effective financial management and decision-making at the district level. It would enable the District Executive Committee and District Technical Planning Committee to have access to accurate and up-to-date information for evaluating revenue performance, identifying areas for improvement, and making informed decisions. Addressing these issues may require strengthening the capacity of the finance department, establishing clear reporting guidelines, and promoting a culture of transparency and

accountability within the local government. Furthermore, it is important to engage and involve key stakeholders, such as the District Executive Committee and District Technical Planning Committee, in the review process to ensure their input and alignment with the district's financial goals and objectives. Regular and comprehensive reporting can help identify areas of underperformance and guide strategic interventions to enhance local revenue generation and ultimately improve the quality of service delivery in the district.

A linear regression analysis was conducted to examine the correlation between expenditure assignment and local revenue performance in Bulambuli district. The overall means from Table 4.6, which represents expenditure assignment (3.60), and Table 4.7, which represents local revenue performance (3.66), were used for the analysis. The results of the regression analysis are presented in Table 4.8. The purpose of this analysis is to determine whether there is a relationship between the allocation of expenditures and the performance of local revenue generation in the district. The correlation coefficient measures the strength and direction of this relationship. A positive correlation coefficient would indicate that higher expenditure assignments are associated with better local revenue performance, while a negative correlation coefficient would suggest the opposite. The results of the analysis in Table 4.8 will provide insights into the extent to which expenditure assignments influence local revenue performance in Bulambuli district. If a significant positive correlation is found, it would suggest that the allocation of resources towards specific expenditures positively impacts the district's ability to generate local revenue. Conversely, if a significant negative correlation is observed, it would indicate that there may be inefficiencies or mismatches in expenditure allocation that hinder the district's revenue generation potential. Interpreting the results of the regression analysis can provide valuable information for policymakers and local government officials. It can inform decision-making

processes regarding the allocation of resources and guide efforts to improve local revenue performance. By identifying the relationship between expenditure assignment and revenue generation, the findings can assist in optimizing resource allocation strategies and identifying areas where adjustments may be needed to enhance revenue collection. Ultimately, the aim is to establish a positive correlation between expenditure assignment and local revenue performance, as this would indicate effective financial management practices and the alignment of expenditures with revenue generation goals. Understanding this relationship can contribute to more informed decision-making and foster improved financial sustainability and service delivery in Bulambuli district.

5.2. Expenditure Assignment and Revenue Performance in Bulambuli District

This sub-section discusses the findings of objective one of the study. The field data indicates that Bulambuli district is not effectively carrying out its role of expenditure assignment, particularly in relation to local revenue. In the context of fiscal decentralization, districts and lower local governments are granted autonomy to plan and allocate their expenditures. However, the situation in Uganda differs, as the central government plays a significant role in determining revenue allocation and expenditure. This is contrary to proposals by Bagchi (2023). The Ministry of Finance, Planning and Economic Development holds the responsibility of ensuring the collection and allocation of public resources in the country. Local governments do not have the discretion to allocate public resources without following the guidelines set by the central government. In order for expenditure assignment to have a positive impact on local revenue performance, local governments need to be empowered to identify, assess, collect, enforce, and exercise full discretion in allocating the local revenue they generate. However, in Uganda, all local revenues collected are deposited into the consolidated central government account. Districts

must request advances or wait on a quarterly basis to access these resources. Additionally, the district councils are guided by the Ministry of Finance, Planning and Economic Development on where to invest the locally generated revenues, rather than having the freedom to allocate them according to the council's preferences. This situation is not in agreement with other studies such as Bagchi (2023) and has hindered the effective execution of expenditure assignment in Bulambuli district. The lack of autonomy in revenue allocation and the dependence on the central government for resource access and investment decisions have limited the district's ability to effectively carry out expenditure assignment. This centralized approach undermines the principles of fiscal decentralization, which aim to empower local governments to make autonomous decisions in resource allocation based on local priorities and needs.

The study's results underscore the importance of implementing policy and institutional changes aimed at strengthening the fiscal autonomy of local governments in Uganda. Granting local governments more authority to independently allocate revenues and determine expenditures can have positive impacts on local revenue performance and service delivery outcomes. It is essential for the central government to create an enabling environment that allows local governments to effectively utilize the resources they generate locally and exercise their decision-making powers within the framework of established guidelines (Bagchi, 2023). By empowering local governments with greater discretion in revenue allocation and expenditure assignment, the government can foster a system that promotes accountability, efficiency, and responsiveness at the local level. When local governments have the freedom to allocate resources according to local priorities and needs, they can make informed decisions that align with the development goals and aspirations of their communities. Enhanced fiscal autonomy can also lead to improved local revenue performance. When local governments have more control over revenue

mobilization, they can adopt innovative strategies to identify new revenue sources, enhance tax collection mechanisms, and implement sound financial management systems (Bagchi, 2023). This, in turn, can contribute to increased revenue generation and a more sustainable financial base for local governments. Moreover, empowering local governments can have a positive impact on service delivery. When local governments are given the authority to allocate resources based on local needs, they can direct funds towards key sectors and projects that directly benefit their communities. This localized decision-making can result in more efficient and effective service delivery, as local governments are better positioned to understand the specific requirements and preferences of their constituents. The findings emphasize the significance of policy and institutional reforms that enhance the fiscal autonomy of local governments in Uganda. By enabling local governments to exercise greater discretion in revenue allocation and expenditure assignment, the government can foster an environment conducive to improved local revenue performance and service delivery outcomes. Such reforms can contribute to the overall development and financial sustainability of local governments, promoting local empowerment and fostering a more inclusive and responsive governance system (Bonet, 2016).

According to the instructions provided in the self-administered questionnaire, respondents were asked to indicate their opinions on various items related to expenditure assignment using a scale ranging from "strongly agree" to "strongly disagree." To facilitate data analysis and interpretation, the responses of "strongly disagree" and "disagree" were combined, as they both indicated disagreement. Similarly, the responses of "agree" and "strongly agree" were combined as they indicated agreement. The results presented in Table 4.6 indicate that a significant percentage (48.4%) of the respondents disagreed that all local revenue expenditures in Bulambuli district were reported in committees of council and council meetings.

Additionally, 29.5% of the respondents were unsure whether or not all local revenue expenditures were reported, while only 22.1% of the respondents acknowledged that all local revenue expenditures were indeed reported. This suggests that to a large extent, not all local revenue expenditures were being reported in committees of council and council meetings. There could be several reasons for the lack of reporting of local revenue expenditures in council meetings (Bonet, 2016). One possible reason could be misappropriation or misuse of the collected revenue by those responsible for its collection. This implies that there may be cases of corruption or embezzlement within the system, leading to a failure in reporting all expenditures accurately. This finding highlights a potential issue in the financial management practices within Bulambuli district. It indicates a lack of transparency and accountability in the reporting of local revenue expenditures, which can have significant implications for financial governance and overall service delivery. When expenditures are not properly reported and scrutinized, it becomes difficult to track the utilization of funds and ensure that they are being allocated in line with the district's priorities and the needs of the local communities. Addressing this issue requires measures to enhance financial accountability and transparency in Bulambuli district. This may involve strengthening internal control mechanisms, conducting regular audits, and promoting a culture of accountability and integrity among those responsible for revenue collection and expenditure management.

Additionally, it is crucial to establish clear guidelines and procedures for reporting local revenue expenditures and ensure that they are followed consistently. The findings highlight the need for improved financial management practices and greater transparency in reporting local revenue expenditures just in the same way as those by De Mello, et al, (2021). By addressing these

issues, the district can enhance its financial governance, promote trust among stakeholders, and ensure that resources are allocated effectively to meet the needs of the community.

The findings presented in Table 4.6 indicate that a majority (51.5%) of the respondents disagreed with the notion that Bulambuli district council had a clear mechanism in place for monitoring and evaluating local revenue performance and projects funded by it. Approximately 42.1% of the respondents were unsure about the existence of such a mechanism, while only 6.3% agreed that the council had a clear monitoring and evaluation mechanism. These results were contrary to those by Crook et al, (2021), suggesting that there is a high likelihood that Bulambuli district council either lacks a clear mechanism for monitoring and evaluating local revenue performance or, if such a mechanism exists, it is not widely known among the respondents. It is also possible that if a mechanism is in place, it may not be functioning effectively. The absence or ineffective implementation of a monitoring and evaluation mechanism for local revenue performance and funded projects can have several implications. Without a clear mechanism, it becomes challenging to assess the effectiveness and efficiency of revenue collection efforts, as well as the impact of projects funded by the revenue. This hampers the ability to make informed decisions, allocate resources effectively, and ensure accountability for the use of public funds. A functional monitoring and evaluation mechanism is essential for local governments to track the progress, identify areas for improvement, and make informed decisions based on performance data (Crook et al, 2021). It allows for the identification of successful revenue generation strategies, as well as the identification of weaknesses or inefficiencies in revenue collection and utilization. Additionally, it enables the evaluation of project outcomes and the alignment of future investments with the needs and priorities of the community. To address this issue, Bulambuli district council needs to establish a clear and functional mechanism for monitoring and

evaluating local revenue performance and funded projects. This may involve developing guidelines and protocols for data collection and analysis, establishing performance indicators, and ensuring that relevant officers and stakeholders are aware of and trained in the monitoring and evaluation process. Additionally, regular reviews and assessments should be conducted to measure the effectiveness and impact of revenue collection efforts and funded projects (Estache et al, 2015). By implementing a robust monitoring and evaluation mechanism, Bulambuli district council can enhance its financial management practices, promote transparency and accountability, and improve the overall utilization of local revenue for the benefit of the community.

The findings presented in Table 4.6 indicate that 46.3% of the respondents disagreed with the statement that the preparation of the local revenue budget involved all department heads and that the revenue funded capital developments in the district. Approximately 47.4% of the respondents were unsure about the involvement of department heads and whether local revenue was used for capital developments, while only 6.4% agreed with the statement. These results contradicted with those by Faguet et al, (2016) suggesting that there is a lack of clarity regarding the participation of department heads in the preparation of the local revenue budget and the allocation of funds towards capital developments in Bulambuli district. It is uncertain whether all department heads are actively involved in the budgeting process or if their inputs are considered. Additionally, there is a perception among respondents that local revenue may be allocated to other activities, such as council and committee meetings, exchange visits, and tours, rather than being directed towards capital development projects. The implications of these findings are significant. The exclusion or limited involvement of department heads in the local revenue budgeting process can lead to a lack of alignment between budget priorities and the actual needs

of different departments (Faguet et al, 2016). This can hinder effective resource allocation and the realization of strategic objectives. Furthermore, if local revenue is not predominantly directed towards capital developments, it may impact the district's ability to invest in infrastructure, public services, and other critical development projects. To address these issues, it is essential for Bulambuli district to establish a transparent and inclusive budgeting process that actively involves department heads. This can be achieved by providing opportunities for meaningful participation and collaboration among stakeholders during the budget preparation phase. By engaging department heads, their expertise and insights can be leveraged to ensure that the budget reflects the diverse needs and priorities of the district. Moreover, it is important to prioritize the allocation of local revenue towards capital development projects. This requires a clear understanding of the district's development goals and the identification of key areas that require investment.

Focusing on capital development, the district can make significant strides in improving infrastructure, public services, and overall socio-economic development. It is also crucial to ensure transparency and accountability in the utilization of local revenue. Clear mechanisms for monitoring and reporting should be established to track how funds are being allocated and spent (Faguet et al, 2016). This can help build trust among stakeholders and ensure that resources are being used efficiently and effectively for the benefit of the district and its residents. Overall, the findings highlight the need for improved budgeting practices, active involvement of department heads, and a clear focus on capital development projects in order to enhance the effective utilization of local revenue and drive sustainable development in Bulambuli district.

Similarly, the findings from the study indicate that a majority (72.6%) of the respondents were uncertain about the presence and effective implementation of a revenue enhancement plan during the expenditure of revenues in Bulambuli district. In contrast, 24.3% of the respondents disagreed with the existence and effectiveness of such a plan, while only 3.2% agreed with it. Furthermore, approximately 50.5% of the respondents were unsure whether local revenue collected in the district was expended equitably among departments and lower local governments. On the other hand, 46.3% of the respondents disagreed with the notion of equitable expenditure, while only 3.2% agreed with it. Like in the study by Khaleghian (2023), these results indicate a lack of clarity and confidence among respondents regarding the implementation of a revenue enhancement plan and the equitable distribution of local revenue in Bulambuli district. The high percentage of respondents who were uncertain suggests a lack of awareness or information about these aspects of financial management. The implications of these findings are significant. A lack of a clear and effectively implemented revenue enhancement plan can hinder the district's ability to optimize revenue generation and maximize its potential for development (Khaleghian, 2023). Without a comprehensive plan in place, it becomes challenging to identify and implement strategies to enhance revenue streams and ensure their efficient utilization. Similarly, the absence of equitable expenditure of local revenue among departments and lower local governments raises concerns about fairness and resource allocation. If funds are not distributed equitably, certain departments or lower local governments may receive a disproportionate share of resources, while others are neglected (Khaleghian, 2023). This can lead to imbalances in service delivery and hinder overall development efforts in the district. To address these issues, it is essential for Bulambuli district to establish a well-defined and effectively implemented revenue enhancement plan. This plan should outline strategies and

initiatives to improve revenue generation, including measures to identify new revenue sources, enhance tax collection mechanisms, and promote compliance. By implementing such a plan, the district can increase its financial resources and create a sustainable revenue base. Additionally, the district should prioritize equitable expenditure of local revenue among departments and lower local governments. This requires a transparent and participatory budgeting process that considers the needs and priorities of various stakeholders. By ensuring fairness in resource allocation, the district can promote balanced development and ensure that services are provided to all residents in an equitable manner. Furthermore, there is a need for improved communication and awareness among stakeholders regarding the revenue enhancement plan and the equitable distribution of local revenue. This can be achieved through regular and transparent reporting on revenue generation, expenditure, and performance. Engaging stakeholders and providing them with information about financial management practices will help build trust and confidence in the district's financial processes (UN-HABITAT, 2015).

The findings highlight the importance of implementing a revenue enhancement plan and ensuring equitable expenditure of local revenue in Bulambuli district. These measures are crucial for maximizing revenue generation, promoting balanced development, and improving service delivery. By addressing these issues, the district can enhance its financial management practices and contribute to sustainable development in the region.

The Local Revenue Enhancement Manual prepared by the Ministry of Local Government provides comprehensive guidelines on the functions and responsibilities related to revenue generation. However, the study findings indicate that local governments in Bulambuli district often neglect to adhere to the provisions outlined in this manual. Instead, they engage in an

unorganized and haphazard approach to revenue identification, enumeration, registration, and collection. Furthermore, the principles of taxation, which are essential for fair and effective revenue generation, are not followed in practice (Khaleghian, 2023). The responsibility for revenue collection is often delegated to young, inexperienced, and unmotivated junior staff members who lack the necessary knowledge and expertise. The absence of supervision by senior district staff further exacerbates the problem. In addition to these challenges, there is a prevailing practice of distributing the collected local revenue among only a few departments, primarily the Finance and Administration departments (UN-HABITAT, 2015). Tax collectors, who play a crucial role in revenue generation, are often neglected and receive little to no share of the revenue. This unfair distribution not only demotivates tax collectors but also undermines their morale and commitment to their work. These practices have several negative implications. Firstly, the lack of adherence to the guidelines outlined in the Local Revenue Enhancement Manual undermines the effectiveness and efficiency of revenue generation efforts. Without following established procedures and principles, local governments may fail to maximize their revenue potential and miss out on opportunities for development. Secondly, the reliance on inexperienced and untrained junior staff members for revenue collection can lead to errors, inefficiencies, and potential revenue leakages. The absence of proper supervision exacerbates these issues, further compromising the revenue generation process. Moreover, the unequal distribution of local revenue among departments creates a sense of unfairness and demotivates tax collectors who play a crucial role in revenue collection. This can result in reduced employee morale, decreased job satisfaction, and a lack of motivation to perform optimally (Estache et al, 2015). To address these challenges, it is crucial for local governments in Bulambuli district to prioritize adherence to the Local Revenue Enhancement Manual and ensure that revenue

generation activities follow established guidelines and principles. This includes proper training and capacity building for staff involved in revenue collection, as well as effective supervision and monitoring by senior district staff (Estache et al, 2015).

Additionally, there is a need to review the current distribution mechanism of local revenue and ensure a fair and equitable allocation among all departments involved in revenue generation. Recognizing the contributions of tax collectors and providing them with appropriate incentives can help improve their morale and job satisfaction. It should be observed that by implementing these measures and promoting transparent and accountable practices in revenue generation, local governments in Bulambuli district can enhance their revenue collection efforts, improve employee motivation, and ultimately contribute to the development and financial sustainability (Crook et al, 2021). The findings presented in Table 4.6 indicate that a majority of the respondents disagreed with the presence of timely information on the expenditure of transfers and local revenue in Bulambuli district. Specifically, 64.2% of the respondents expressed their disagreement, while 28.4% were uncertain about the timeliness of this information. Only a small percentage (7.4%) agreed that there was timely information available on the expenditure of transfers and local revenue. Additionally, the results show that most of the respondents (65.3%) were uncertain about the existence of a system for allocating local revenue expenditure for both recurrent and capital development in Bulambuli district. On the other hand, 29.5% of the respondents disagreed, indicating a lack of clarity regarding the allocation system. A mere 5.3% agreed that there was a system in place for allocating local revenue expenditure. The overall mean of 3.60, which is closer to the code for "disagree," further supports the notion that the majority of the respondents held a negative perception of Bulambuli district's effectiveness in carrying out its role of expenditure assignment related to local revenue. These findings were

contrary to those by Crook et al, (2021) and they suggest that there are significant concerns regarding the timeliness of information on the expenditure of transfers and local revenue in the district. The lack of a clear system for allocating local revenue expenditure also raises questions about transparency and accountability in the financial management practices of the district. Timely and accurate information on expenditure is crucial for effective financial management and decision-making at the local government level. It enables stakeholders to assess the utilization of resources, identify areas of improvement, and ensure that funds are allocated and utilized in accordance with established guidelines and priorities.

Similarly, a well-defined system for allocating local revenue expenditure is essential for ensuring fairness, efficiency, and effectiveness in resource allocation (Crook et al, 2021). It allows for proper planning, prioritization, and allocation of funds for both recurrent and capital development purposes, which are essential for promoting sustainable development and meeting the needs of the district's residents. The discrepancies revealed in the respondents' perceptions regarding timeliness of information and the allocation system indicate the need for improvement in the financial management practices of Bulambuli district. It highlights the importance of implementing mechanisms that enhance transparency, accountability, and timely reporting of financial information (Crook et al, 2021). This can be achieved through the adoption of standardized financial management systems, training and capacity building for staff, and the establishment of clear guidelines and procedures for expenditure assignment and reporting. It worth noting that addressing these concerns and improving the effectiveness of expenditure assignment related to local revenue in Bulambuli district is crucial for ensuring efficient financial management, promoting accountability, and ultimately contributing to the development and welfare of the district's residents.

The descriptive statistics presented in Table 4.7 provide insights into the perceptions and opinions of the respondents regarding local revenue performance in Bulambuli district. These statistics help in understanding the overall sentiment and level of agreement or disagreement among the respondents on various aspects related to local revenue performance. The table reveals that a majority of the respondents disagreed (60.0%) with the notion that the finance department submitted monthly local revenue reports to the District Technical Planning Committee for review. This indicates a lack of confidence or awareness among the respondents about the regular reporting and review of local revenue performance at the committee level. Furthermore, the statistics show that 58.9% of the respondents disagreed with the idea that the finance department submits quarterly local revenue reports to the Committees of Council and Council for review. This suggests a lack of clarity or implementation regarding the preparation and presentation of quarterly reports for review by the council and its committees. In terms of mid-term reviews to assess local revenue performance, 48.4% of the respondents disagreed that the finance department carried out such reviews. This indicates a perceived gap in conducting mid-year assessments of local revenue performance in the district. The statistics also reveal that a majority of the respondents (52.6%) disagreed that the finance department prepared an annual local revenue performance report submitted to the District Executive Committee for review. This suggests a lack of confidence or awareness about the existence and submission of an annual report on local revenue performance.

The descriptive statistics highlight a trend of disagreement or uncertainty among the respondents regarding various aspects of local revenue performance in Bulambuli district. These findings raise concerns about the transparency, effectiveness, and accountability of the financial

management practices related to local revenue in the district. The results suggest a need for improvement in the preparation, reporting, and review processes of local revenue performance in Bulambuli district. It is important to establish clear guidelines and procedures for regular reporting, review, and evaluation of local revenue performance at different levels of governance (Crook et al, 2021). This can enhance transparency, accountability, and decision-making in financial matters. Additionally, addressing the concerns raised by the respondents and bridging the gaps identified in the descriptive statistics can contribute to better financial management, effective resource allocation, and improved service delivery at the local level. It requires efforts to strengthen the financial systems, provide training and capacity building to relevant personnel, and establish mechanisms for regular monitoring and evaluation of local revenue performance. In summary, the descriptive statistics in Table 4.7 provide valuable insights into the perceptions and opinions of the respondents regarding local revenue performance in Bulambuli district. These findings emphasize the need for addressing the gaps and concerns raised by the respondents to enhance financial management practices and promote transparency and accountability in the district's financial operations.

5.3. Revenue Assignment and Revenue Performance in Bulambuli District

This sub-section discusses the findings of objective two of the study. According to the data presented in Table 4.11, the respondents expressed their opinions on the clarity of revenue source enumeration and the proper assessment of tax revenues payable to Bulambuli district. The majority of the respondents (62.1%) disagreed that all revenue sources in the district were clearly enumerated. This indicates a lack of confidence or awareness among the respondents regarding the comprehensive identification and listing of revenue sources in the district. Regarding the proper assessment of tax revenues payable to the district, 49.5% of the respondents disagreed

with the notion that revenue sources were properly assessed. This suggests a perceived inadequacy or inconsistency in the assessment process for determining the tax revenues owed to the district. Furthermore, 27.4% of the respondents were unsure about the proper assessment, indicating a lack of clarity or understanding among the respondents. However, it is worth noting that 23.2% of the respondents acknowledged that the revenue sources were properly assessed for tax revenues payable to the district. This implies that there may be instances where proper assessments are conducted, resulting in accurate determination of tax liabilities owed to the district. The findings highlight the need for improvement in the clarity and comprehensiveness of revenue source enumeration in Bulambuli district. A clear and comprehensive enumeration of revenue sources is essential for effective revenue mobilization and ensuring that all potential sources of revenue are identified and properly managed (Crook et al, 2021).

Similarly, there is a need to address the concerns raised by the respondents regarding the proper assessment of tax revenues payable to the district. This may involve strengthening the assessment processes, providing training to personnel involved in revenue collection and assessment, and ensuring consistency and fairness in the assessment procedures. Overall, the data in Table 4.11 indicates a lack of consensus among the respondents regarding the clarity of revenue source enumeration and the proper assessment of tax revenues in Bulambuli district. These findings emphasize the importance of improving the processes and systems related to revenue identification and assessment to ensure effective revenue mobilization and financial management in the district.

According to the data presented in Table 4.11, the respondents expressed their opinions regarding the timely collection of tax revenues to the district general fund and the identification of revenue sources for funding council activities in Bulambuli District Local Government. The

majority of the respondents (60.0%) disagreed that the tax revenues assessed were timely collected to the district general fund. This indicates a perception among the respondents that there are delays or inefficiencies in the collection process, resulting in a lack of timely transfer of tax revenues to the district's general fund. Only a small percentage (6.3%) agreed that the tax revenues were timely collected, suggesting that there may be instances where the collection process operates efficiently.

Regarding the identification of revenue sources for funding council activities, the majority of the respondents (55.8%) disagreed that Bulambuli District Local Government identified all the revenue sources budgeted for council activities. This suggests a perception that there are revenue sources that remain unidentified or not fully utilized for funding council activities. Conversely, only 7.3% of the respondents agreed that all revenue sources were identified, indicating a smaller proportion of respondents who believe in the effectiveness of revenue identification processes. A significant portion of respondents (36.8%) were not sure about the identification of revenue sources, reflecting a lack of clarity or awareness among them. These findings closely corroborated with those by Crook et al, (2021) in that they highlight potential challenges in the timely collection of tax revenues and the identification of revenue sources for funding council activities in Bulambuli District. Delays in revenue collection can have implications for the district's financial management and ability to effectively carry out its activities and services (Crook et al, 2021).

Similarly, the failure to identify all revenue sources hinders the district's potential to maximize its available resources for funding council activities (Crook et al, 2021). Addressing these issues may involve streamlining and improving revenue collection mechanisms to ensure timely and

efficient transfers to the district general fund. It is also crucial to strengthen the processes and systems for identifying revenue sources, ensuring that all potential sources are identified and properly utilized for funding council activities. This may require enhancing training and capacity building for personnel involved in revenue collection and identification, as well as implementing robust monitoring and evaluation mechanisms to track the effectiveness of these processes. Overall, the data in Table 4.11 suggests a need for improvement in the timely collection of tax revenues and the identification of revenue sources in Bulambuli District Local Government. By addressing these challenges, the district can enhance its financial management, optimize resource utilization, and support the effective implementation of council activities.

According to the data presented in Table 4.11, the respondents' opinions were collected regarding the enumeration and registration of all local revenue sources by Bulambuli District Local Government. The findings show that 42.1% of the respondents disagreed that the district government ensured the enumeration and registration of all local revenue sources. This suggests that there is a perception among the respondents that not all revenue sources are properly identified and registered by the district government. On the other hand, 30.5% of the respondents agreed that Bulambuli District Local Government ensures the enumeration and registration of all local revenue sources, indicating a belief among this group that the district government is effective in this regard. A significant proportion of respondents (27.4%) were not sure about the enumeration and registration of local revenue sources, indicating a lack of clarity or knowledge among them. These results highlight potential gaps or inconsistencies in the processes of identifying and registering local revenue sources in Bulambuli District. It is essential for the district government to have an accurate and comprehensive record of all revenue sources to

effectively manage and utilize these resources for the development and provision of services (Crook et al, 2021).

Improving the enumeration and registration of local revenue sources may involve enhancing data collection mechanisms, conducting regular audits or assessments to identify potential revenue streams, and implementing robust systems for recording and tracking revenue sources. This can help ensure that no revenue sources are overlooked or left unaccounted for. Additionally, promoting transparency and accountability in revenue generation processes is crucial. This includes establishing clear guidelines and procedures for the enumeration and registration of revenue sources, as well as ensuring that relevant stakeholders are involved in the process. By doing so, the district government can enhance its ability to optimize revenue collection and effectively allocate resources for various developmental initiatives. In conclusion, the data in Table 4.11 indicates that there are varying perceptions among respondents regarding the enumeration and registration of local revenue sources by Bulambuli District Local Government. Addressing any gaps or inconsistencies in this area can contribute to more efficient and effective revenue management, enabling the district government to better meet the needs of its constituents and support local development initiatives.

The findings presented in Table 4.11 shed light on the respondents' perceptions regarding revenue assessments and timely collection and enforcement of local revenue by Bulambuli District Local Government. According to the data, 48.4% of the respondents disagreed that the district government carried out local revenue assessments, indicating a lack of confidence in the assessment processes. On the other hand, a significant proportion of respondents (47.4%) were not sure whether or not revenue assessments were conducted, suggesting a lack of clarity or

awareness among them. Only 4.3% of the respondents agreed that local revenue assessments were carried out, indicating a small minority who believed that the district government was effectively conducting these assessments. Furthermore, the results showed that 36.9% of the respondents disagreed that timely collection and enforcement of local revenue was ensured by Bulambuli District Local Government. This implies that a considerable portion of the respondents perceived delays or inefficiencies in the collection and enforcement processes. Conversely, 32.7% of the respondents acknowledged that timely collection and enforcement of local revenue was ensured by the district government, suggesting a belief among this group that these processes were being effectively carried out. Additionally, 30.5% of the respondents were not sure about the timeliness of collection and enforcement of local revenue, indicating a lack of clarity or knowledge among them. The overall mean for all the items related to revenue assignment was 3.41, which is closer to the neutral point of 3 on the scale used in the questionnaire. This indicates that, on average, most respondents were uncertain or had mixed opinions regarding the effectiveness of revenue assignment in Bulambuli District Local Government.

To further analyze the relationship between revenue assignment and local revenue performance, a linear regression was conducted using the overall means from Table 4.11 (3.41) and Table 4.7 (3.66). The results of this analysis can be found in Table 4.12, which provides insights into the statistical relationship between these variables. These findings highlight the importance of addressing concerns related to revenue assessments and timely collection and enforcement of local revenue in Bulambuli District. It is crucial for the district government to improve transparency, efficiency, and accountability in revenue assessment processes and ensure timely collection and enforcement mechanisms. By doing so, the district can instill confidence among

its constituents, enhance revenue performance, and effectively utilize resources for the development and provision of services.

Additionally, efforts should be made to provide clearer information and guidelines to the respondents and stakeholders regarding revenue assignment and related processes. This can help improve awareness and understanding, enabling stakeholders to provide more informed and accurate responses in future assessments. The data in Table 4.11 highlights the perceptions of the respondents regarding revenue assessments and timely collection and enforcement of local revenue by Bulambuli District Local Government. It underscores the need for the district government to address any issues or uncertainties surrounding these aspects and work towards improving revenue management and performance. The linear regression analysis presented in Table 4.12 can provide insights for further examination of the relationship between revenue assignment and local revenue performance.

5.4. Intergovernmental transfers and Revenue Performance in Bulambuli District

This sub-section discusses the findings of objective three of the study. The findings presented in Table 4.15 shed light on the respondents' perceptions regarding the process of local revenue collection and the systems in place for tracking revenue performance in Bulambuli District. According to the data, a majority of the respondents (61.0%) were uncertain whether all local revenue collected in the district was first sent to the Ministry of Finance, Planning, and Economic Development (MoFPED, 2016) before being refunded to the district. This suggests a lack of knowledge or awareness among the respondents regarding the specific procedures involved in the collection and allocation of local revenue. Furthermore, 35.8% of the respondents

disagreed with the statement, indicating a perception that not all local revenue collected followed the process of being sent to MoFPED before being refunded to the district. Only a small percentage (3.2%) agreed with the statement, suggesting a limited understanding of the actual practices. The results also revealed that a majority of the respondents (60.0%) disagreed that there was a system in place to track local revenue performance between the central and local government. This implies that the respondents perceived a lack of effective mechanisms for monitoring and evaluating the performance of local revenue at both levels of government. This could indicate a need for improved communication and coordination between the central and local government entities responsible for revenue management.

Additionally, the findings indicated that a majority of the respondents (72.6%) disagreed with the statement that the finance department had adequate capacity to operate the Integrated Financial Management System (IFMS) and Information Revenue Administration System. This suggests a perception among the respondents that the finance department lacked the necessary skills or resources to effectively utilize these systems for revenue management and administration. This highlights a potential area for capacity building and training to enhance the effectiveness of financial operations within the district. The results in Table 4.15 point to a lack of knowledge, awareness, and confidence among the respondents regarding the specific processes and systems related to local revenue collection, tracking, and administration in Bulambuli District. This indicates a need for improved communication, transparency, and capacity building in order to enhance understanding and participation in revenue management processes. By addressing the concerns raised by the respondents and implementing measures to improve the transparency and efficiency of revenue collection and tracking systems, the district government can enhance stakeholder confidence and promote effective revenue management (Crook et al, 2021). This can

ultimately contribute to the financial sustainability and development of the district. The data in Table 4.15 highlights the perceptions of the respondents regarding the process of local revenue collection and the systems in place for tracking revenue performance in Bulambuli District. The findings underscore the need for improved knowledge dissemination, communication, and capacity building to enhance understanding and participation in revenue management processes.

The findings presented in Table 4.16 provide insights into the respondents' perceptions regarding the treatment of local revenue as intergovernmental transfer and the monitoring of local revenue by the Ministry of Finance, Planning, and Economic Development (MoFPED, 2016) in Bulambuli District. According to the data, a significant percentage of the respondents (46.3%) disagreed with the statement that local revenue was treated as intergovernmental transfer and seemingly no different from other grants. This suggests a perception among the respondents that local revenue was not being recognized and treated appropriately as a distinct and significant source of funding for the district. Furthermore, 47.4% of the respondents were uncertain about the treatment of local revenue as intergovernmental transfer, indicating a lack of clarity or knowledge regarding its classification. This implies that there may be a need for better communication and understanding of the distinct nature and significance of local revenue in the district's financial framework. Similarly, the results indicated that a considerable proportion of the respondents (46.4%) disagreed with the statement that local revenue was monitored by the MoFPED. This suggests a perception among the respondents that there was insufficient or inadequate monitoring of local revenue collection and utilization by the central government authority responsible for overseeing intergovernmental transfers.

Additionally, a significant number of respondents (48.4%) were unsure about the monitoring of local revenue by MoFPED, indicating a lack of awareness or understanding of the specific roles and responsibilities of the ministry in this regard. The overall mean of 3.65 for all the items related to intergovernmental transfer assignment suggests that a majority of the respondents disagreed with the effectiveness of intergovernmental transfer assignment in Bulambuli District. This indicates a perception that intergovernmental transfer assignment, including the treatment and monitoring of local revenue, was not being adequately carried out. By conducting a linear regression analysis using the overall means from the intergovernmental transfer assignment and local revenue performance, the study aimed to explore the relationship between these two variables. The results of the regression analysis are presented in Table 4.16. In summary, the results in Table 4.16 reflect the perceptions of the respondents regarding the treatment of local revenue as intergovernmental transfer and the monitoring of local revenue by MoFPED in Bulambuli District.

The findings were contrary to those by Crook et al, (2021) suggesting a lack of recognition and proper treatment of local revenue as a distinct funding source, as well as a perceived deficiency in the monitoring processes by the central government authority. These findings emphasize the need for improved communication, transparency, and accountability in the intergovernmental transfer system, particularly in relation to local revenue. Addressing these concerns can contribute to better financial management and resource allocation, ultimately enhancing the development outcomes in Bulambuli District.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.0. Introduction

This chapter presents conclusions and recommendations of the study in relation to the establishment of the role of fiscal decentralization on the performance of local revenue performance in Bulambuli District Local Government. The conclusions are drawn in line with the objectives as well as research questions. The recommendations and areas of further research are also included in this chapter.

6.1. Conclusions

The conclusions were based on the three objectives of the study.

6.1.1. To examine the role of expenditure assignment on local revenue performance in Bulambuli District Local Government

Based on the findings from both quantitative and qualitative research on the role of expenditure assignment on local revenue performance in Bulambuli District Local Government, it can be concluded that expenditure assignment has a significant role it plays in local revenue performance. The quantitative results show that there is a significant role of expenditure assignment on local revenue performance, as indicated by the R² value of .399 and a significance level of .000, which is less than the threshold of 0.05. This suggests that if expenditure assignment is properly executed, there would be an improvement in local revenue performance in Bulambuli District.

However, the qualitative findings reveal that Bulambuli District is not effectively carrying out its role in expenditure assignment, particularly concerning local revenue. Despite the principles of fiscal decentralization, which grant districts and lower local government's autonomy in planning and allocating their expenditures, the practice in Uganda differs. The central government plays a crucial role in determining revenue allocation and expenditure. The Ministry of Finance, Planning and Economic Development has a significant responsibility in ensuring the collection and allocation of public resources in the country. Local governments do not have the discretion to allocate public resources without adhering to the guidelines set by the central government.

6.1.2. To assess the role of revenue assignment on local revenue performance in Bulambuli District Local Government

Based on the findings of both quantitative and qualitative research on the role of revenue assignment on local revenue performance in Bulambuli District Local Government, it can be concluded that revenue assignment has a significant role on local revenue performance. The quantitative results, with an R² value of .164 and a significance level of .000, indicate a significant role of revenue assignment on local revenue performance in Bulambuli District. This suggests that effective revenue assignment can lead to an improvement in local revenue performance.

However, the qualitative findings reveal several shortcomings in the implementation of revenue assignment in the district. The Finance Department has not given sufficient priority to local revenue collection, leading to inadequate data capture and poor record-keeping. There is a lack of up-to-date local revenue registers, and enumeration and identification of local revenue sources are not conducted systematically. This haphazard approach to revenue collection has resulted in

under-collection and under-declaration of local revenues, particularly in the natural resources department and sub-counties. This implies that while revenue assignment has a significant effect on local revenue performance, the current practices in Bulambuli District are hindering effective revenue collection. It is crucial for the district to prioritize local revenue collection and address the identified shortcomings, such as establishing up-to-date revenue registers, conducting thorough data capture, and improving record-keeping practices. By addressing these issues, the district can enhance its local revenue performance and effectively meet its financial obligations for local development and service delivery.

6.1.3. To establish the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government

Based on the findings of both quantitative and qualitative research on the role intergovernmental transfers on local revenue performance in Bulambuli District Local Government, it can be concluded that intergovernmental transfers have a significant role on local revenue performance. The quantitative results, with an R² value of .280 and a significance level of .000, indicate a strong significant effect of adopting intergovernmental transfer assignment on local revenue performance in Bulambuli District. This suggests that the effective utilization of intergovernmental transfers can lead to an improvement in local revenue performance. This implies that the study findings highlight the importance of intergovernmental transfers in supporting local revenue performance in Bulambuli District. By effectively utilizing these transfers, the district can enhance its revenue collection and meet its financial obligations for local development and service delivery. It is recommended that the district strategically allocate

and utilize intergovernmental transfers to maximize their impact on local revenue performance and promote sustainable development in Bulambuli district.

6.2. Recommendations

In view of the study findings and conclusions, this study makes the following recommendations:

6.2.1. To examine the role of expenditure assignment on local revenue performance in

Bulambuli District Local Government

Based on the research findings, it is recommended that Bulambuli District Local Government takes the following steps to improve local revenue performance:

The district should focus on effectively carrying out its role in expenditure assignment through redefining the functions and responsibilities of different levels of local governments. This involves ensuring that resources are allocated efficiently and in line with local priorities. The district should work towards aligning its expenditure assignment practices with the principles of fiscal decentralization, giving more autonomy to local authorities in planning and allocating expenditures.

While the central government plays a significant role in revenue allocation and expenditure, there should be improved collaboration between the district and the Ministry of Finance, Planning and Economic Development. This collaboration should involve open communication and consultations to ensure that the district's local priorities and needs are considered in the allocation of public resources.

The district should invest in capacity building initiatives to strengthen the skills and knowledge of its staff involved in revenue collection and expenditure assignment through routine training and retraining of staff in the local governments. This will enable them to effectively carry out

their responsibilities and make informed decisions that contribute to improved local revenue performance. Implementing measures to enhance transparency and accountability in the local revenue system is essential. This includes establishing clear guidelines and procedures for revenue collection and allocation, conducting regular audits, and ensuring that financial management practices are transparent and accountable.

Regular monitoring and evaluation of local revenue performance will help identify areas for improvement and assess the effectiveness of implemented measures. This feedback loop will enable the district to make necessary adjustments and continuously enhance its revenue generation efforts. By implementing these recommendations, Bulambuli District Local Government can work towards improving its local revenue performance and effectively contribute to the development and service delivery needs of the local community.

6.2.2. To assess the role of revenue assignment on local revenue performance in Bulambuli District Local Government

Based on the findings, it is recommended that Bulambuli District Local Government takes several steps to improve local revenue performance:

The Finance Department should allocate adequate resources and attention to local revenue collection; through effective involvement of staff by establishing clear processes for revenue enumeration, identification, and data capture.

It is essential to create and maintain accurate and up-to-date local revenue registers that capture all revenue sources by category and location. This will enable better monitoring and tracking of revenue collection.

The district should implement robust record-keeping procedures to ensure the proper documentation of revenue collection activities. This will facilitate transparency, accountability, and effective auditing of revenue sources.

Measures should be put in place to ensure ethical behavior among enumerators and staff involved in revenue collection. Spot audits should be conducted regularly to verify revenue collection records and address any instances of under-collection or under-declaration.

There should be effective coordination and communication between different departments involved in revenue assignment and collection, particularly the natural resources department and sub-counties. This will help streamline the assessment and approval processes and reduce potential revenue leakages.

Training programs should be organized to enhance the skills and knowledge of staff involved in revenue collection. This will ensure they have the necessary expertise to carry out their duties effectively and efficiently.

Regular monitoring and evaluation of revenue collection processes should be conducted to identify areas for improvement and address any emerging challenges promptly. By implementing these recommendations, Bulambuli District can enhance its local revenue performance, increase revenue collection, and ensure that funds are effectively utilized for local development and service delivery.

6.2.3. To establish the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government

Based on the findings regarding the significant impact of intergovernmental transfers on local revenue performance in Bulambuli District Local Government, the following recommendations can be made:

The district should develop effective strategies for utilizing intergovernmental transfers to maximize their impact on local revenue performance through conducting thorough assessments of revenue needs and priorities, aligning the allocation of transfers with local development goals, and implementing sound financial management practices.

It is important to invest in capacity building initiatives for local government officials and staff involved in managing intergovernmental transfers and revenue collection. This can include training programs on financial management, revenue mobilization techniques, and monitoring and evaluation of revenue performance.

The district should establish robust financial reporting systems to ensure transparency and accountability in the utilization of intergovernmental transfers. Accurate and timely reporting will enable effective monitoring and evaluation of the impact of transfers on local revenue performance.

The district should foster collaboration and information sharing with other local governments and relevant stakeholders to learn from best practices and experiences in intergovernmental transfer utilization. This can include participating in peer learning networks, attending workshops and conferences, and engaging in knowledge-sharing platforms.

Regular evaluation of the effectiveness of intergovernmental transfer utilization should be conducted, and adjustments should be made based on the findings. This will help identify areas

of improvement and ensure that intergovernmental transfers are effectively contributing to local revenue performance. By implementing these recommendations, Bulambuli District can enhance its revenue collection efforts, improve local revenue performance, and effectively utilize intergovernmental transfers to support local development and service delivery.

6.3. Areas of further Research

This research was carried out in only one district Bulambuli but a comparative study of several districts would be appropriate to give valuable information related to the study. It is thus proposed that the future studies should consider a similar study to establish the effect of fiscal decentralization on local revenue performance in Uganda.

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Appendix A: Questionnaire

Questionnaire

My name is Paak Pex Peter, a student at Uganda Christian University, Mbale Campus, pursuing a Masters’ Degree in Public Administration and Management. I am carrying out research about **“Role of Fiscal Decentralization on Local Revenue Performance in Bulambuli District Local Government”**. I kindly request you to provide me with information. The information from you will be treated as confidential and used for academic purposes only.

SECTION A: BIO-DATA OF RESPONDENTS (*tick the right option or fill the right answer in the spaces provided*)

Gender of Respondent

Male Female

Age of Respondent

21-30yrs	31-40yrs	41-50yrs	51-above

Education level of Respondent

Certificate Diploma Degree Postgraduate

Length in Service

Less than a year 1- 5 years 6-10 years 10 and above

SECTION B: To examine the role of expenditure assignment on local revenue performance in Bulambuli District Local Government. Please the appropriate response: (*Strongly Agree-1, Agree-2, Not sure-3, Disagree-4 and Strongly disagree-5*).

		Opinion				
	Role of expenditure assignment in Bulambuli District Local Government	5	4	3	2	1
1	In Bulambuli District Local Government, all local revenue collected is reported in Committees of Council and Council meetings					

2	Council has a clear mechanism of monitoring and evaluating Local Revenue performance and projects funded under it					
3	Preparation of Local Revenue budget involve all Department Heads and fund capital developments					
4	Revenue enhancement plan in place and effectively implemented					
5	Local revenue collected is shared equitably among Departments and lower local governments					
6	There is timeliness of information on transfers and Local Revenue in the District					
7	There is a system for allocating Local Revenue for both recurrent and capital development in the District					

SECTION C: To assess the role of revenue assignment on local revenue performance in Bulambuli District Local Government. Please indicate (by ticking) the appropriate response: *(Strongly Agree-1, Agree-2, Not sure-3, Disagree-4 and Strongly disagree-5).*

		Opinion				
	Role of revenue assignment on local revenue performance in Bulambuli District Local Government.	5	4	3	2	1
1	In Bulambuli District Local Government, all local revenues is enumerated, assessed and collected					
2	Bulambuli District Local Government identify all revenue sources which is budgeted for to fund Council activities					
3	Bulambuli District Local Government ensures the enumeration and registration of all Local Revenue sources					
4	Bulambuli District Local Government carries out Local Revenue assessments					
5	Bulambuli District Local Government ensures timely collection and enforcement of Local Revenue					
6	Bulambuli District Local Government has Monitoring and					

	supervision team that ensures that LR is fully collected					
7	Bulambuli District Local Government carries out Local Revenue Reviews and evaluation					

SECTION D: To establish the role of intergovernmental transfers on local revenue performance in Bulambuli District Local Government. For each of the following statements, please tick the appropriate response using the following scale: (*Strongly Agree-1, Agree-2, Not sure-3, Disagree-4 and Strongly disagree-5*).

		Opinion				
	Role of intergovernmental transfers on Local Revenue Performance	5	4	3	2	1
1	All Local Revenue collected and first sent to MoFPED is all refunded to the District					
2	The system put in place to tracks Local Revenue performance is adequate and functional					
3	The capacity of Finance Department to operate the IFMS and Information Revenue Administration System is adequate					
4	There are stringent measures to facilitate Local Revenue mobilization and collection using other grants					
5	No incentives for best district in LR performance					
6	Local Revenue is treated as intergovernmental transfer and seemingly no difference with other grants					
7	Local Revenue is centralized and controlled by the MoFPED					

SECTION E: To establish the local revenue performance in Bulambuli District Local Government. For each of the following statements, please tick the appropriate response using the following scale: (*Strongly Agree-1, Agree-2, Not sure-3, Disagree-4 and Strongly disagree-5*).

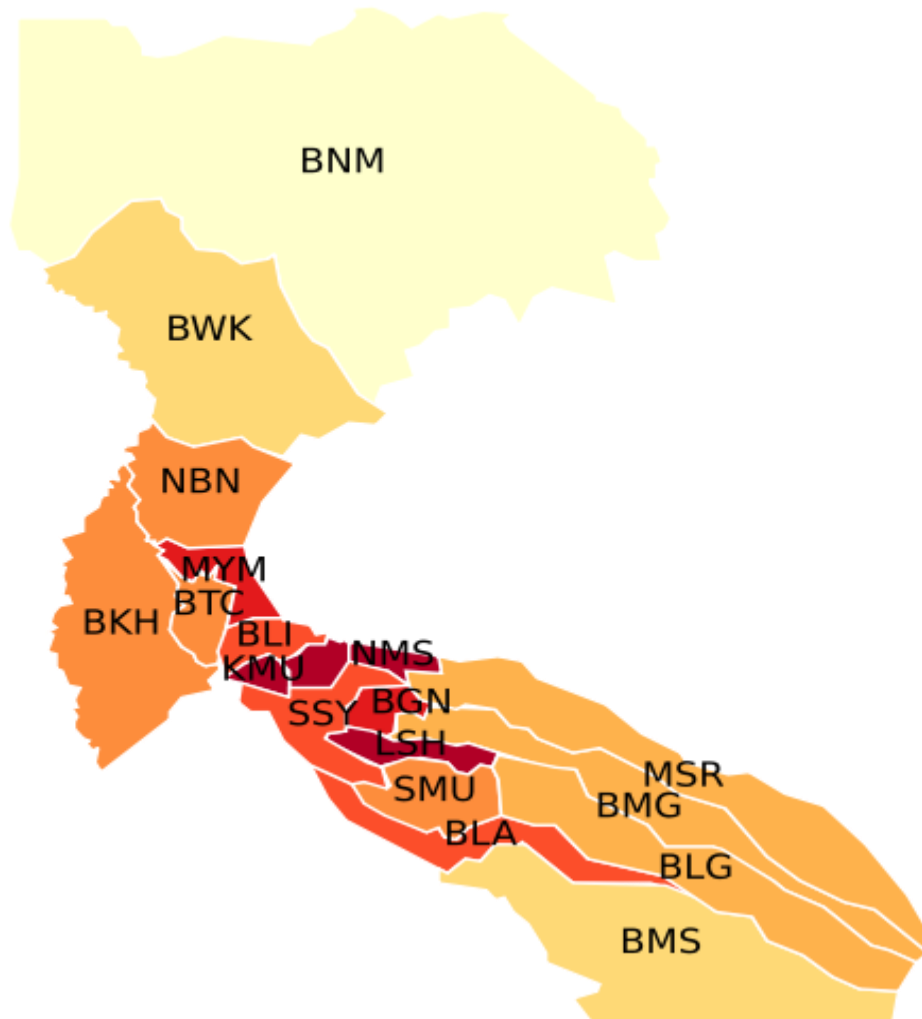
	Opinion
--	----------------

	Local Revenue Performance in Bulambuli District	5	4	3	2	1
1	The Department of Finance prepares monthly Local Revenue Returns which are submitted to District Executive Committee for review and discussion.					
2	The Department of Finance Quarterly Local Revenue Reports which are submitted to Committees of Council and Council for review and discussion.					
3	The Department of Finance holds Mid-term Reviews to assess the performance Local Revenue performance in the district.					
4	The Department of Finance prepares Annual Local Revenue performance report which is submitted to District Executive Committee for review and discussion.					
5	The Department of Finance submits monthly Local Revenue Reports to District Technical Planning Committee for review and discussion.					

END

Thanks for your Cooperation

Appendix B: Map of Bulambuli Showing Sub-Counties and Town Councils



KEY - for Sub-Counties

BNM	-	Bunambutye	MSR	-	Masiira
BGN	-	Buginyanya	MYM	-	Muyembe
BKH	-	Bukhalu	NBN	-	Nabbongo
BTC	-	Bulambuli TC	NMS	-	Namisuni
BLI	-	Bulegeni	SMU	-	Simu
BTL	-	Bulegeni TC	SSY	-	Sisiyi
BLA	-	Buluganya	Buyaga Town Council		
BMS	-	Bumasobo	BUNALWERE		
BMG	-	Bumugibole	Buwanyanga		
BWK	-	Bwikhonge	NABIWUTULU		
KMU	-	Kamu	BLG		Bulaago

LSH - Lusha

Sotti

Appendix C Letter of Introduction

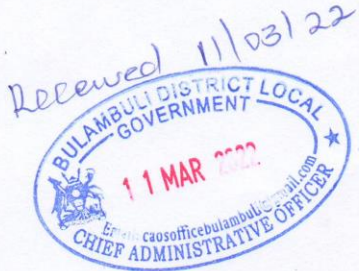


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Office of the Academic Registrar

To CAO
BULAMBULI



Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss PETER POK PAAK
Of Registration Number; 519/MUC/MPAM/015 pursuing a
Masters' Degree/Postgraduate Diploma / Bachelor's Degree
PUBLIC ADMINISTRATION & MANAGEMENT.

He/ she is required to carry out an academic research on the topic
FISCAL DECENTRALIZATION AND LOCAL REVENUE
PERFORMANCE IN BULAMBULI SUB.

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK)copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.

Yours faithfully,

[Signature]
Samari Janet (mrs)
Ag: Academic Registrar

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Appendix D: Dissertation correction compliance report by the candidate (POST VIVA FORM)

Date: 14th September 2024

Name of Candidate: Peter Pex Perk Reg. No: S19/MUC/MPAM/105

Title of Dissertation: FISCAL DECENTRALIZATION AND LOCAL REVENUE PERFORMANCE IN BULAMBULI LOCAL GOVERNMENT

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	The abstract is clear, well aligned to both the left and the right margins. However, it does not have conclusions. The candidate can generate conclusions per objective.	The abstract now has the problem that compelled the researcher to undertake the study, the target population, sample size of the study, conclusions per objective and proposed recommendations.	Page xi
2	The background is very rich and compelling. It sets the pace for the thesis. It could have been strengthened by improving on the analysis by providing arguments at the global, continental and regional level of fiscal decentralization and local revenue performance.	I appreciate the commendation with regard to this comment and indeed, it has been strengthened as advised.	Page 1-17
3	The problem statement is clear and brings out the problem well. However,	The problem statement has been recast removing any statemets which imply that the cause of the problem is known. Also a	Page 18-19

	<p>the candidate has to recast statements which imply that the cause of the problem is known, such as The challenges of local revenue collection are attributed to poor supervision and drop in local revenue performance is attributed to issues relating to poor management Additionally, include an aspect that speaks to so what? In case nothing is done, what would happen - why should we care? This would make the problem statement complete</p>	<p>statement has now been included explaining what would happen if the situation continues unabated.</p>	
4	<p>The objectives are good but they can be strengthened by showing the role of fiscal decentralization on the performance of local revenue performance in Bulambuli District Local Government. The specific objectives are also derived from the main objective and the constructs that lead to the IV are well established dimensions of fiscal decentralization.</p>	<p>The objectives have been strengthened by bringing out the role of each of the three constructs that constitute fiscal decentralization (expenditure assignment, revenue assignment and intergovernmental transfers).</p>	Page 19
5	<p>The conceptual framework needs to be updated. For example, Expenditure Assignment, Revenue Assignment and Intergovernmental Transfers should be in separate boxes, and each box then having an arrow pointing to the DV, Local</p>	<p>The constructs under the Independent Variable i.e. Expenditure Assignment, Revenue Assignment and Intergovernmental Transfers have been operationalized in brackets and in italics in Fig 1.1</p>	Page 27

	Revenue Performance. Moreover, under each of the constructs of the DV, we need to see how it's operationalized, e.g. what constitutes / can be used to measure expenditure assignment?		
6	Most of the literature used is old and needs to be updated.	More recent literature has been incorporated throughout chapter two of literature review.	Page 30-70
7	Methods seem to be well designed. The research design is very appropriate for the study but the candidate is not clear which mixing is being used - Convergent Parallel Design:	The issue of convergent-parallel design has been resolved and dropped	Pages 71-86
8	It could have also been useful to provide the reliability and validity for the data collection instruments.	This has now been done - see results in Table 3.2 and 3.3	Page 71-73
9	The data is relevant. However, the data on the demographic characteristics are presented on pages have no import as far as the study objectives are concerned. The cumulative percentage is redundant	The demographic data has now been made relevant and the cumulative percentage removed since it was redundant.	Page 88-95
10	The chapter misses the analysis an interpretation of most of the qualitative data see page 119 for example. The study would also benefit from a comparison of the qualitative and quantitative data.	The comparison of qualitative and quantitative data has now been incorporated.	Pages 96 - 127
11	The discussion is poorly well done. The candidate has to do cross	The discussion has been improved upon in relation to the previous studies cited in chapter two.	Pages 128 - 158

	referencing with the literature already reviewed, none of which has been referred to.		
12	The recommendations are very appropriate and stem from the study. However, the candidate has to demonstrate for each one of the how they will be implemented.	The recommendations have now been improved to show how each will be implemented	Pages 162-166

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
	Preliminary Pages		
1	There was need to capitalise the titles	The titles under the preliminary pages have now been capitalized	Pages i-xi
2	The abstract does not reflect the problem that compelled the researcher to conduct the study, the population of study, sample size, conclusions and recommendations.	The abstract now has the problem that compelled the researcher to undertake the study, the target population, sample size of the study, conclusions and the proposed recommendations.	Page xi
3	The findings should exclude passive words and ensure concise and precise statements that are written in good English.	The findings presented in the abstract have been done using concise and precise statements	Pages 128-258
4	The findings of the study are a mismatch of the purpose and objectives. These should be reconciled	The findings have been harmonized to match the purpose and objectives of the study.	Pages 128-158
	CHAPTER ONE: INTRODUCTION		
	Background to the Study		
5	The background to the study is rather too long and lacks focus on the research problem.	Background has been reduced in size as advised.	Pages 1-22
6	The student made attempt to provide literature to explain the link between	The unnecessary information has now been scaled down to the appropriate scope.	Pages 40-120

	<p>decentralization theory and fiscal decentralisation. However, the information is unnecessarily too much and should be limited in scope.</p>		
7	<p>Also the main focus of the background should be on the DV (revenue performance) and decentralization as has been the case.</p>	<p>Given that the external examiner okayed the background as can be noted, it has been considered good to leave the follow of the background in the current state.</p>	<p>Pages 1-22</p>
8	<p>This section is deficient of literature. One would expect the researcher to join the debate of previous authors and show his intended contribution to the body of existing literature but this has not been the case. In fact most pages have one citation (e.g. p1&2), others have no citation e.g. p3. The student should therefore provide the sources of the literature presented and if he is presenting his views, it needs to be clearly stated.</p>	<p>The literature review has been upgraded and even more recent literature has been incorporated in the entire chapter. The sources of literature presented has now been clearly stated as guided.</p>	<p>Pages 40-120</p>
9	<p>Paragraphs are also too long with a mixture of different points. This makes readability and clarity of issues difficult. For example pages 1-3 are presented as one paragraph.</p>	<p>Most paragraphs have been broken down into shorter paragraphs</p>	<p>Pages 1-3</p>
10	<p>The conceptualisation of the study variables has not been given precedence. One would have expected to read the literature reflecting</p>	<p>Variables in conceptual framework have been unpacked and harmonized as guided reflecting the link btn the IV and DV.</p>	<p>Pages 9-15</p>

	the link between the IV and DV.		
	Purpose, Objectives and Research Questions		
11	Objectives and research questions are aligned to the conceptual frame. However, they should be revisited to ensure correct use of adjectives and general grammar to make more sense.	The research objectives have been aligned to the conceptual framework and appropriate adjectives have been used.	Pages 19-20
12	The objectives suggest that the study is largely qualitative. Therefore there is need to use “how” or “why” questions as opposed to “what” which represents a quantitative study.	Some of the research questions have been turned into “how” rather than “what” questions.	Pages 19-20
13	Conceptual framework. Revisit and provide a clear conceptualization. There is need to breakdown the variables under the DV for clear understanding .	Variables in conceptual framework have been unpacked and harmonized as guided reflecting the link btn the IV and DV.	Page 27
14	The indicators for revenue performance are also misleading.	The indicators for the revenue performance have been improved upon	Page 27
	CHAPTER TWO: LITERATURE REVIEW		
15	There is need to clearly state the theory and bring out the key assumptions.	The theory has now been clearly stated and its assumptions included in sub-section 2.1 under theoretical review in chapter two.	Pages 30- 71
16	In addition, point out how the theory related to the study variables and critique it to identify any gaps not explained by the theory.	The relatedness of the theory to the study variables and the critique to it has now been presented in the sub-section (2.1) for instance in appropriate taxation structure and tax authority for each level of government which ultimately determines revenue performance in the local government.	Pages 30-35
17	This chapter generally lacks a rigorous discussion	The chapter has been reviewed and gaps have been identified in the existing	Pages 30-71

	of literature to identify gaps in the existing literature.	literature.	
18	The literature is also less relevant with scanty citations. Some pages go with one even one citation page 35. What makes it literature review? What is the source of what is written here? Are they personal views?	The literature review chapter has been upgraded and improved to provide more recent sources and in every paragraph throughout the chapter.	Pages 30-71
	CHAPTER THREE: METHODOLOGY		
19	There is need to be specific about the study population other than using broad titles such as “staff” (sect 3.2).	The staff mentioned in the sect. 3.2 have now been specified for each category (Adm - CAO, DCAO, ACOA; Departments - Finance, Education, health etc; and Sectors - audit, gender, primary health etc) as guided.	Pages 71-72
20	Purposive sampling is inappropriate for the first two categories of the study population where the entire population was considered for the study.	This has been replaced by Census which considers every member of the population	
21	There is presentation of theoretical information about how CVI is calculated but it’s not clear how the actual figure of 0.8 was arrived at. If at all CV was computed. This should be well illustrated (section 3.11).	The actual figure for the CVI was 0.85 and this has been explained how it was obtained goiveing a table (Table 3.2) for the results from the judges.	Pages 72-73
22	There is need to provide 2 separate sections clearly showing independent steps of analysing qualitative and quantitative data.	These have been provided under 3.9.1 and 3.9.2	
23	Check the University dissertation guide for the right sub title for 3.11.	As guided, effort has been made to check and change the title for sub-section 3.11 to ‘Anticipated Methodological Constraints’ as	Pages 83-84

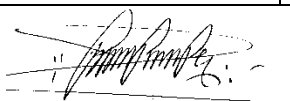
	Besides, interest would be on knowing the methodological challenges faced during the study and how each was mitigated rather than the theory presented under this section.	in the UCU research guide. Also, focus has been placed on the methodological constraints and mitigation measures used while carrying out the research.	
24	Why would you use interviews to collect quantitative data? How did you determine the “key respondents” (1 st sentence).	The sentence has been duly corrected. Interviews were used to collect qualitative data from key informants who included top administrators (all - census).	Page 77
25	Is questionnaire survey a method of data collection (3.6.1)? besides, you need to be specific about the population of study where each method of data collection was administered.	This has been corrected. It is the method used was questionnaire method and was used to collect data from 95 respondents (3.6.1). Using interviews, qualitative data was collected from 9 participants as indicated under 3.6.2	Page 79
26	Generally, avoid presentation of too much theoretical information. More interest is what you did, how you did it, why and with who.	Advice has been taken as guided with gratitude.	Throughout the dissertation
CHAPTER FOUR			
27	There is need to clarify the response rate for each method of data collection independently. In case, your methodology chapter does not specify which data collection methods were administered to which categories of the study population.	This has now been shown in Table 4.1 and is also reflected in the methodology chapter.	Page 87
28	What do the figures in Table 4.6 represent?	The figures in Table 4.6 represent percent (%) which was not included but has now been included in the top row of the table.	Page 96
29	There is dire need to provide different points in different paragraphs.	This has been done all through the chapter as guided.	Pages 71-120

	For example each of the items in the tables should be presented in different paragraphs.		
30	There is deficiency of qualitative data. Where did the interview data go?	More qualitative data has been included in the presentation of findings.	Pages 88-120
31	One citation cannot provide adequate proof that qualitative data was collected. How many interviews were conducted? Was the data analysed to make conclusions?	The number of citations has been boosted with inclusion of more citations.	Pages 88-120
32	Moreover, your quantitative tables show that all the respondents filled the questionnaire. How was it done moreover with a heterogeneous study population? Were the questions relevant to all?	The number of respondents who filled the questionnaire was 95 not all the 108 which was the sample size.	Pages 71-120
	CHAPTER FIVE		
33	What do you mean when you say that the findings were triangulated with other studies or sources? (sect 5.0)	The word traingulated was misplaced and has been removed and replaced with compared.	Page 128
34	One would have expected to see a discussion of findings that are discussed in relation to previous studies but not a repetition of presentation of findings (see page 126)	The discussion of findings has been improved upon in light of the new literature sources.	Pages 128-155
35	A section of the discussion of the findings for the DV is missing.	The discussion was done objective by objective rather than construct by construct. That explains why there is no separate section for discussion of the DV.	Pages 128-155
36	Titles for sections 5.2,5.3 and 5.4 should clearly indicate the objectives being discussed.	The sections 5.2, 5.3 and 5.4 now clearly indicate the objective being discussed.	Pages 128-155
	CHAPTER SIX		

37	The conclusions lack authority and presentation of critical analysis of the researcher and should be concisely written and aligned to the objectives. There is careless misuse of words that do not represent the facts that were originally in the objectives. For example, 6.1.1 presents a conclusion on “the relationship....” which objective aimed at this?	The conclusions have now been re-written with authority and presented consicely. Misuse of words has been avoided and there is now consistency.	Pages 159-160
38	Append the map showing the study area.	The map of Bulambuli District has now been appended	Page 178

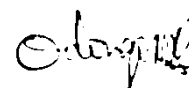
SN	COMMENTS BY VIVA VOCE PANNEL	ACTION TAKEN	INDICATOR
1	The independent variable and dependent variable are both looking at revenue, therefore the IV cannot influence the DV, the student needs to clearly explain how Fiscal Decentralization influences Local Revenue Performance	The findings actually showed that fiscal decentralization influences local revenue performance	Pages 128-155
2	You were guided to reorganize your objectives, please start with establish, then assess and lastly examine	The objectives have been re-organized as guided -starting with establish, assess and examine.	Page 20
3	The student should ensure that the items in the descriptive statistics tables are right.	The items in the tables have been checked for correctness and the sign of percent (%) included to show what they mean.	Pages 128-155
4	The student should correct the legend for the descriptive statistics	The legend has been upgraded as guided.	Pages 128-155

Peter Pex Paak



Candidate

FOR- Dr. Ayeta Mulyanyuma



Supervisor