LOCAL REVENUE MANAGEMENT AND MAINTENANCE OF PHYSICAL INFRASTRUCTURE IN LOCAL GOVERNMENTS: A CASE OF MARACHA DISTRICT LOCAL GOVERNMENT

BY

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DISSERTATION SUBMITTED TO THE SCHOOL OF CIVIL SERVICE, PUBLIC ADMINISTRATION AND GOVERNANCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS DEGREE IN MANAGEMENT STUDIES; PUBLIC ADMINISTRATION AND MANAGEMENTOF UGANDA MANAGEMENT INSTITUTE

DATE: FEBRUARY, 2016

DECLARATION

I, **Opolot Francis,** hereby declare to the best of my knowledge and understanding that this research dissertation is my original work and has never been submitted to any University, College or Institution of higher learning for any consideration. However, any sources of information are duly acknowledged.

Signed……

Date: …….

APPROVAL

This dissertation titled, Local Revenue Management and Maintenance of Physical Infrastructure in Local Governments; a case of Maracha District Local Government has been submitted for examination with our approval as supervisors

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DEDICATION

This piece of work is dedicated to my beloved wife, Ms Nandhego Juliet Opolot and our children Musayuni Patience Opolot, Joshua Opolot and David Opolot

ACKNOWLEDGEMENT

This dissertation was made possible with the intellectual guidance of my dear supervisors Dr. Dan Oryema and Mr. Tophil Owino Odoy. I appreciate the cordial environment you offered me throughout the supervision process.

Special thanks go to the Chief administrative officer and the senior staff of Maracha District local Government, and Joseph Mwesigwa for the assistance rendered to me in accessing all the relevant information needed for the success of this study.

Finally, heartfelt thanks go to my dear wife and children for being there for me during the period I was in pursuit of this great asset. May God bless you abundantly, Above all I thank God for bringing me all this far.

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ABBREVIATIONS

MOLG	Ministry of local Government
LGA	Local Government Act
LGFAR	Local Government financial and accounting Regulations
LGFC	Local Government Finance Commission
JARD	Joint Annual Review of Decentralization
O&M	Operation and Maintenance
DLG	District Local Government
FY	Financial Year
MOFPED	Ministry of Finance, Planning and Economic development
OBT	Output Budgeting Tool
LGFC	Local Government Finance commission
GDP	Gross Domestic Product
RDT	Resource Dependency Theory

ABSTRACT

The study established the effects of local revenue management on the maintenance of physical infrastructure in local governments with specific reference to Maracha District Local Government. Based on this, three specific objective were formulated and these are; to examine the effect of local revenue planning on the maintenance of physical infrastructure in Maracha district local government; to assess the contribution of local revenue collection on the maintenance of physical infrastructure in Maracha district local government and to determine the effects of local revenue control on the maintenance of physical infrastructure in Maracha district local government. It is about these that the researcher reviewed their related literature as a basis for determining the gaps in knowledge.

This study adopted a case study research design using triangulation approach in which both qualitative and quantitative techniques of data collection were used. A total of 84 questionnaires were distributed to Heads of department, Extension workers, Head teachers, In charges of Health units, Community Development Officers and Accounts Assistants. However, a total of 64 were returned representing 89.4% response rate which was good enough to be relied on for analysis. In addition, six Administrative Officers that included Chief administrative Officer and Sub County Chiefs were interviewed.

Using the excel data management and Statistical Package for Social Sciences (SPSS), the data generated entered following a template, analyzed using descriptive statistics and Pearson Correlation Coefficient to generate empirical findings. The study found out that there is positive significant relationship between local revenue management and maintenance of physical

infrastructure in local governments. Hence, confirming a significant positive relationship between local revenue planning and maintenance of physical infrastructure, local revenue collection and the maintenance of physical infrastructure and local revenue control and the maintenance of physical infrastructure in Maracha local government. It was concluded that an effective and efficient local revenue management is very critical for enhancing the maintenance of physical infrastructure in local governments.

Consequently, the study recommends that all the key stakeholders be involved in local revenue planning, collection and the effectuation of a meaningful internal local revenue control mechanisms that will guarantee proper allocation of resources the long awaited maintenance of physical infrastructure in Maracha Local Government among other local governments since they share common mistakes

CHAPTER ONE: INTRODUCTION

1.1 Introduction

This study is an examination of the effects of local revenue management on the maintenance of physical Infrastructure in local governments with specific reference to Maracha District Local Government. In this study, Local revenue management is conceptualized as the Independent variable (IV) while maintenance of physical infrastructure, the dependent variable (DV). It is this chapter that highlights the background to the study, the statement of the problem, the purpose and objectives of the study, the hypotheses, scope, significance, justification and operational definitions of the key concepts of the study.

1.2 .Background to the study

This section focuses on the historical, theoretical, conceptual and contextual backgrounds to the study.

1.2.1 Historical background

While globally, decentralization policy has taken root in all countries but this differs from one country to another based on its forms and the extent of decentralization (Rondinelli, et al., 1989), in Africa, many states have pursued substantial decentralization reforms in the previous twenty years Wunsch (2001), in the areas of planning and capital investment, budgeting and fiscal management, personnel systems and management, and finance and revenue management.

Meanwhile, in Uganda decentralization was introduced in 1993 with many finance and revenue reforms and prominent among which was local revenue management. Under Fiscal decentralization, local revenue management is an important aspect of financial management

which involves resource mobilization or revenue generation, revenue sharing, budgeting, budget implementation, monitoring and accountability. This understanding of local revenue management, is consistent with the work of Paddy (2005) cited in Akonyo (2012) that focuses Local revenue management in the broader perspective of financial management as financial decision (acquiring finances), investment decision (allocating finances) and conserving finances (controlling financial resources). However, prior to the adoption of decentralization policy in Uganda, local revenue management can be traced way back to the British colonial administration. At the time the focus was on local revenue generation through taxation. The main objective of taxation was to develop the colonies and ensure that they are also self- sufficient (Atama, 2011). Opio (2012) underscored the importance of taxation in sustaining the existence of the state in terms of providing and maintaining public services or financing local government spending on goods and services.

Local revenue management has since evolved under different systems of governance. According to Karugire (1980), the Buganda Agreement of 1900 defined the financial provisions among others. The financial provisions dealt with the imposition of hut and gun taxes and control by the protectorate government of the revenues derived from these sources. In 1954, the concept of graduated tax was introduced for all local authorities in Uganda as a main source of revenue. The graduated tax stemmed from the poll tax which later replaced the Hut tax in 1905. This was as a result of the weaknesses in their administration as expounded by Atama (2011).

At the time of independence in 1962, the constitution of Uganda provided for comparatively strong local government systems and devolved significant powers to Kingdoms, Urban councils and District councils, with meaningful financial resource arrangements. Local Governments

rendered services to relative satisfaction of their constituents. The infrastructures for example feeder and community roads were well maintained with a well created spirit of ownership of the development process (cited by Tuhirwa, 2000). However sufficient to note, the 1967 Constitution and the Local Administration Act 1967 created a highly centralized system in Uganda where the local governments had limited financial powers over collection of revenues and their expenditures and this was manifested by loss of accountability and popular participation in the development process (Tuhirwa, 2000).

This state of affairs was brought to an end by introduction of decentralization in 1993 by the National Resistance Movement Government based on democratic principles which empower and encourage the active participation of all citizens at all levels in their own governance as enshrined in the National objectives and principles of state policy and Chapter 11 of the 1995 Constitution of the Republic of Uganda. Uganda opted for an elaborate (devolution) form of decentralization involving a wide range of powers and functional responsibilities to local Governments at various levels including political, fiscal, legislative, judicial and administrative (MOLG, Induction of Local government council participants' handbook, 2012).

The policy aimed at achieving the following objectives among others: to enhance the contribution of the public sector, civil society and community based Organizations to national development and modernization; to improve the quality of service, policy formulation and management of service delivery; to make efficient and effective use of available resources; to reduce the decision making load by sharing it with more people and allow more decisions to be made below instead of concentrating them at the overburdened center; to provide for local popular participation and increased involvement of the people in decisions that directly affect

them; to Promote local ownership and ensure sustainability of projects and programmes and to enhance local economic development in order to increase local incomes. It is worth noting that Uganda's decentralization is believed to be a model in African continent.

Under fiscal decentralization, Local Governments were empowered to levy, charge, and collect fees as a means to generate local revenue (LGA, CAP 243, section 80). The fifth schedule of the Act, also spells out the regulations governing the Local Government revenue. In addition to graduated rates and grants from central government , local government revenue (local revenue) consists of ; Property rates; Fees and fines or licenses and permits; Interest on investments; Rents from lease of property; Donations, contributions and endowments; Charges or profits arising from any trade, service or undertaking carried on by the council; Parking fees; Charcoal burning licenses; Any other revenue which may be prescribed by the Local Government and approved by the minister; Local service tax and Local Hotel tax. Local revenue from these different sources is critical in the maintenance of the physical infrastructure hence need for its effective collection mechanisms in local governments.

In view of the above, decentralization policy was not meant to be simply a policy goal to shift responsibility for development to local authorities, but a policy instrument aimed at improving local democracy, effectiveness, increased efficiency and sustainability in the delivery of essential services country wide. It also aimed at introducing efficiency and effectiveness in the generation and management of resources and delivery of services (MOLG, Induction of Local government council participants' handbook, 2012).

Nonetheless, as later observed in the work of Wunsch (2001), many of these reforms are still experiencing problems in bringing about effective local governance especially in regard to translating general reform initiatives into specific working arrangements at the local level that are effective in several key processes and operations. Furthermore, fiscal decentralization strategy (FDS) designed to ensure efficient provision of local services that align with local needs, and to improve accountability to residents has in few cases been achieved. Consistent with aforementioned, Kikwete (2013) avows that local expenditure and local revenue generation is not in close proximity in local governments. As a result, adverse effects of deficient infrastructure maintenance and general problems of providing and maintaining public services are not addressed (Rondinelli, et al., 1989: Rioja, 2003).

In Uganda, it has been further noted that the problems of service delivery including maintenance of physical infrastructure in local governments generated renewed call for the development of a policy on operation and maintenance of Local Government investments besides enhancement of local revenue by 50% by the end of financial year (FY) 2014/15 (JARD report, FY 2013/14), as a response to declining Local revenue mobilization and collection in Local Governments. In that respect, Maracha DLG statement for the FY 2013/14 as shown in table 1 below has provided substantial evidence of local revenue collection decline and high dependency on central government transfers amidst devolved mandates including infrastructure maintenance.

Table 1: Maracha DLG Income and expenditure Statement for FY2013/14

		June 2012/13		June 2013/14		June 2013/14
Revenue		**Actual**		**Budget**		**Actual**
Local Revenue		93,404,927		329,000,000		130,057,431
Government Grants		13,327,832,558		14,958,818,362		14,083,998,024
Donor/Project Funds		199,249,887		12,440,000		6,300,600
Misc Income		65,985,188		66,000,000		2,236,658
Maracha District Deposit A/C		0		0		0
Total Revenue		**13,686,472,560**		**15,366,258,362**		**14,222,592,713**

Source: Maracha District Financial Statement for FY2013/14

From Table 1, the proportion of local revenue of the district total revenue is a mere 0.9% as compared to 99%central government transfers. The financial statement also reveals that of the budgeted local revenue only 39.5% was collected. Smoke (2003) attributes such scenario to unclear definition of fiscal decentralization, poorly articulated roles and resource deficiencies which cripple local governments and undermine incentives for local officials and elected representatives to perform effectively.

Therefore, policy being an instrument for improving local democracy, effectiveness, increased efficiency and sustainability in the delivery of essential services, the researcher contends that efficient and effective local revenue management and providing for adequate funding for maintenance of physical infrastructure in the local governments should be prioritized at all levels of decentralization policy implementation.

1.2.2 Theoretical background

This study was informed by the systems theory and the resource dependency theory. In regard to systems theory, it was proposed in the 1940s by Ludwig Von Bertalanffy and focuses on understanding an organization as an open system that transforms inputs into outputs. According to Osborne (2010) and Charlton & Andras (2003), a system is a collection of parts unified to accomplish an overall goal and can be viewed as having inputs (financial and human resources), processes (management thus; planning, organizing, control, feedback), outputs (a maintained and functional infrastructure) and outcomes (enhanced social welfare, enhanced production of labour, markets working more effectively, employment opportunities and entrepreneurship).

This theory has had significant effects on management science and the understanding of organizations. Its relevance has been propounded by Ashby (1956) as cited in Akonyo (2012); in studies that focus on financial management and service delivery in local government systems. Similarly, focusing on the organizational, decentralization policy and sustainability perspectives as provided in the Local government Act Cap 243 and as treated in the work of Khan (2000), Charlton and Andras (2003) and Osborne (2010), the researcher found it underpinning the study as further argued in the literature review.

The second theory underpinning this study is the Resource Dependency Theory (RDT).The core argument of RDT as advanced by Pfeffer and Salancik (1978) cited in (Nyakato, 2009); is that, organizations will respond to demands made by external actors or organizations upon whose resources they are heavily dependent, even if those organizations will try to minimize that dependency as much as possible. In this theory, the management style in a given organization will follow, and to what extent, will depend on external circumstances. This theory is one of

many theories organizational studies have used in understanding the behavior of organizations. From the fiscal decentralization point of view, Local governments heavily depend on central government financial transfers (LGA, CAP 243) and donor funds as argued in the work of Rioja, (2003). Therefore, because of the dependency nature of local governments on external resources for executing most of their mandates, RDT underpinning was very paramount in this study as exhaustively explained in next chapter.

1.2.3. Conceptual background

The key variables in the study were local revenue management and maintenance of physical infrastructure in local governments. Local revenue management in the broader perspective of financial management refers to financial decision (acquiring finances), investment decision (allocating finances) and conserving finances (controlling financial resources), Paddy, (2005) as cited in Akonyo (2012). Under Fiscal decentralization, local revenue management is an important aspect of financial management which involves revenue mobilization and collection or revenue generation, revenue sharing, budgeting, implementation of the budget, monitoring and accountability.

In this study Local revenue management is conceptualized as having three dimensions thus; local revenue planning with revenue enhancement plans, budgeting and business assessment as constructs; Local revenue collection with diversification of revenue sources, revenue mobilization, payment compliance as constructs; and Local revenue control with revenue sharing, budget implementation, accountability and monitoring and evaluation as constructs.

Maintenance of physical infrastructure as indentified in work of Khan (2000) is Logistics Dimension of project sustainability and refers to the necessary support that the project receives (both budgetary and institutional) to enable it to maintain required level of facilities. Maintenance means activities that allow public infrastructure to efficiently deliver the outputs for which they were built (Gyamfi et al., 1992).

Maintenance of physical infrastructure was treated as the dependent variable with indicators categorized as follows; Asset or equipment related indicators, such as asset condition, plant and equipment reliability; maintenance task related indicators such as maintenance work quality, reliability of maintenance service; cost/finance related indicators such as efficiency of cost recovery and adequacy of operating budget; customer satisfaction related indicators such as service availability, including beneficiary involvement in maintenance procedure; learning and growth related indicators such as adequate skills and experience; and employee satisfaction related indicators such as productivity of the asset and Maintenance Resource Usage and employee safety (Khan , 2000; Sondalini,2015).

At operational level, maintenance of physical infrastructure in local governments depends on how well the local revenue is managed in terms of Local revenue planning, local revenue collection and local revenue control. Revenue enhancement plans, budgeting and business assessment as Local revenue planning constructs are very important measures for revenue performance improvement, and local revenue enhancement in general. If these measures are effectively implemented, they form the basis for mobilizing the financial resources required for Maintenance of physical infrastructure in the local governments. On other hand, diversification of revenue sources, revenue mobilization, payment compliance as Local revenue collection

constructs, determine how much revenue the local government collects. They are very important measures in improving local revenue collections, hence, addressing financial challenges that riddle maintenance of physical infrastructure in local governments. Meanwhile, revenue sharing, budget implementation, accountability and monitoring and evaluation as Local revenue control constructs, if effectively and efficiently implemented, can translate into a strong local revenue control system ,capable of securing the local revenue collected from any form of financial abuse or misallocation hence guaranteeing effective funding for the maintenance of physical infrastructure.

1.2.4 Contextual Background

Local Revenue management and maintenance of physical infrastructure is a unique academic dimension in Uganda and as such very little scholarly works have been done on the subject. The current studies have tended to focus much on declining local revenue and service delivery for fear of drop in service delivery in general.

The Joint Annual review of decentralization (JARD) report for FY2013/14 and the study on the holistic review of the Local government financing by Local Government Finance Commission (Ministry of Finance, Planning and Economic development; background to the Budget for the FY 2013/14, June, 2013), reveals that the condition of existing public capital in local governments is deteriorating due to inadequate funding. In addition there is no policy on operation and maintenance of local government investments. As a measure, the reports have suggested for an immediate action on Local government financing modalities and a policy on operation and maintenance of local Government investments. To this end it is recommended that central government provides funding for operation and maintenance (O&M) of physical

infrastructure or investments as part of central Government transfers, while urging local government to increase their local revenue collections by 50% by FY 2014/15.

Prior JARD 2013/14 report recommendations for local governments to enhance their local revenue by 50% by the end of FY2014/15, Maracha DLG had a deliberate revenue enhancement plan for FY2013/14. The plan aimed at realizing an upward trend in revenue generation. It also provided opportunities for increasing the amount of revenue realized from existing and new local revenue sources, identified through innovation. In addition the plan outlined the current sources of revenue; review of local revenue performance; constraints and challenges to local revenue collection and management; potential new revenue sources, strategies for improved collection, management and accountability in terms of social mobilization and technical aspects; and proposed monitoring and coordination mechanisms.

Despite above policies and plans focusing on improving revenue management in local governments and Maracha DLG in particular, there still exist inadequacies in revenue planning, revenue mobilization and collection, revenue sharing, budgeting, budget implementation, monitoring and accountability (Maracha District Financial Statements FY 201/11to 2014/15). In addition as pointed out in the work of Kikwete (2013), local expenditure and local revenue generation is not in close proximity in local governments. Consequently, infrastructure maintenance continues to suffer inadequate funding. On the other hand providing funding for maintenance of physical infrastructure from central Government transfers would appear more a lasting solution to inadequate funding for infrastructure maintenance, the Researcher observes that this kind of financing modality might override decentralization policy objective of enhancing participation and ownership of projects by local governments and communities.

This further poses a question, whether there is any commitment among local governments to tackle infrastructure maintenance despite their discretional powers over the management of local revenue. In Uganda and Maracha DLG in particular, inadequate funding for infrastructure maintenance has become a chronic problem resulting in rapid decay of public capital or deplorable state of facilities as revealed by anecdotal evidence and Education department supervision report of 6th October, 2014.

Equally important and consistent with the foregoing is the fact that maintenance of infrastructure is not given priority as argued by Luyendijk and Fonseca (2013).They maintained that funding should first be for those who do not have access rather than fund maintenance for those who already have access. This has been a subject of debate internationally (infrastructure and capital investment 2012-16; medium term exchequer framework report, November, 2011).

Despite the above, government has continued to prioritize and budget for new and highly visible investments without due regard to functionality of the existing ones. In the spirit of decentralization policy objective of sustainable development this phenomenon calls for immediate attention if the intended investment benefits are to be realized.

1.3 Statement of the problem

Local Revenue management is a devolved responsibility to local governments which has been viewed as an instrument for addressing problems of providing and maintaining public services (MOLG, Induction of Local government council participants' handbook, 2012). Besides, there has been increased central government funding to Local governments in Uganda. During FY 2013/2014, 99% of Maracha District's total budget was funded from central government. This

funding is however, used for putting up new investments without corresponding provision for operation and maintenance (LGFC report, October 2012). Local governments are characterized by limited local resources, which are largely consumed in administrative costs and political emoluments (Paul and Robert, 2003) with little or no budgetary provision for maintenance (civil) as evidenced in Maracha DLG Financial Statement for FY 2012/2013.

Despite the increased central government funding to Maracha District Local government and their discretional powers over local revenue management in terms of local revenue planning, Local revenue collection and Local revenue control, inadequate funding for infrastructure maintenance has become a chronic problem resulting in rapid decay of public capital or deplorable state of facilities as revealed by anecdotal evidence and Maracha District Education department supervision report of 6th October, 2014. This poses a serious challenge to the sustainability of Local Government infrastructure in Maracha District. If not addressed immediately, this phenomenon is likely to reduce the economy's productive capacity and undermine the full realization of the gains of decentralization policy (Rioja 2003;LGA Cap 243) in terms of improved social welfare, enhanced production of labour, effective markets, creation of employment opportunities and entrepreneurship (World Bank,1975; USAID, 1982), cited in (Rondinelli, et al., 1989). It is upon this scenario that, the study was undertaken so as to bridge this existing gap.

1.4 Purpose of the study

The purpose of the study was to establish the effect of local revenue management on the maintenance of physical infrastructure in local governments with specific reference to Maracha District Local Government.

1.5. Objectives

The study was guided by the following objectives;

1. To examine the effect of local revenue planning on the maintenance of physical infrastructure in Maracha district local government.
2. To assess the contribution of local revenue collection on the maintenance of physical infrastructure in Maracha district local government.
3. To determine the effect of local revenue control on the maintenance of physical infrastructure in Maracha district local government.

1.4 Research Questions

The study was guided by the following research questions;

1. What is the effect of local revenue planning on the maintenance of physical infrastructure in Maracha District local government?
2. What is the contribution of local revenue collection on the maintenance of physical infrastructure in Maracha District local government?
3. What is the effect of local revenue control on the maintenance of physical infrastructure in Maracha District local government?

1.7 Research Hypotheses

The study focused on the following research hypotheses which were later tested and the findings included in main text;

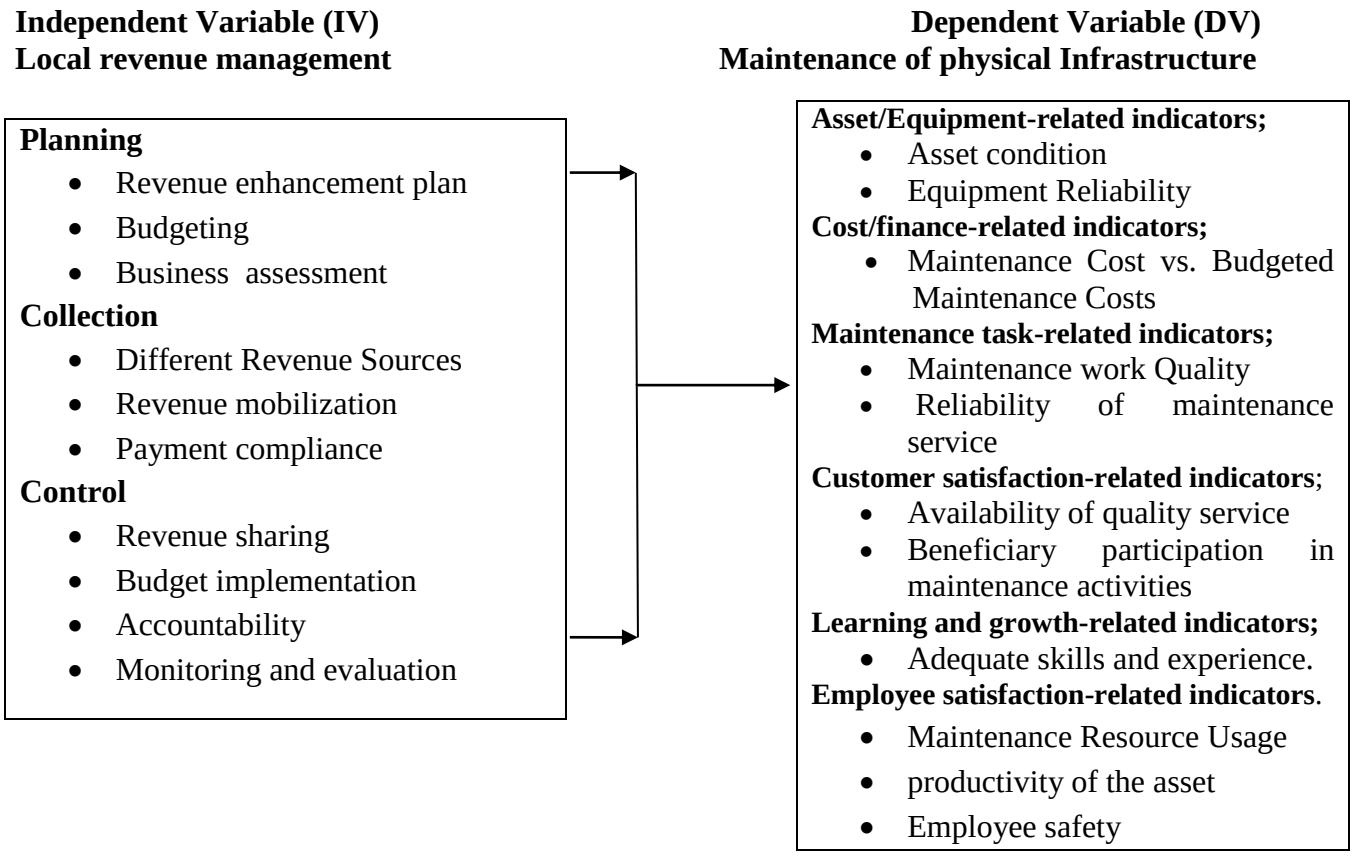
1. There is significant effect of local revenue planning on the maintenance of physical infrastructure in local governments.

2. There is significant contribution of local revenue collection on the maintenance of physical infrastructure in local governments.

3. There is significant effect of local revenue control on the maintenance of physical infrastructure in local governments.

1.8 Conceptual framework

Figure 1: Conceptual framework of the study



Source: Adopted from Akongo (2012), Khan (2000), Sondalini (2015), Schiff A. et al. (2013) and modified by the Researcher

The Conceptual Frame work for this study treated Local Revenue Management as the Independent Variable (IV) and Maintenance of physical infrastructure as the Dependent Variable

(DV). Maintenance of physical infrastructure in local governments depends on how well the local revenue is managed. This focuses on local revenue planning, collection and control.

Local revenue planning as a dimension of the independent variable is a very important function for revenue performance improvement, through formulation of local revenue enhancement plans and budgets, proper business registration and revenue assessment. These measures or constructs form the basis for mobilizing the financial resources required for Maintenance of physical infrastructure.

Local revenue collection dimension determines how much revenue the local government collects. It involves diversifying sources of revenue, revenue mobilization involving community sensitization on the benefits of paying taxes, political and technical engagements on issues of local revenue performance, payment compliance and collection are very important aspects in improving local revenue collections. Maintenance of physical infrastructure largely depends on good local revenue performance.

Local revenue control as a local revenue management dimension is concerned with allocation of funds collected in the local government to other sectors in accordance with the budget and local revenue sharing mechanism. Proper allocations, timely release of funds will ensure effective and efficient budget implementation. In addition, effective internal controls such as audits, accountability, monitoring and evaluation will lead to proper maintenance of physical infrastructure hence sustainability of the investments.

1.9 Scope of the study

The scope of the study was categorized into three types thus; Geographical scope, Content scope and Time scope.

1.9.1 Geographical scope

The study was conducted in Maracha district headquarters and 6 sub counties , primary schools, health centers, water sources, agricultural extension facilities e.g. cattle dips, slaughter slabs, crushes and opened community roads at the sub-county level. Maracha District is found in the North Western region and it is bordered by Koboko District in the North, Yumbe District in the North East, Democratic Republic of Congo in the West and Arua District in the South and South East. It started operations effective 1st July 2010. Its District headquarters and Commercial Town is in Maracha Town. The District has an approximate total area of 441Square Kilometers with the population of 186,147 people as per 2014 population census. Maracha District is made up of two counties, seven Sub-Counties and one Town Council (Maracha Town Council) with 42 parishes/wards.

1.9.2 Content scope

The study covered effect of local revenue management on the maintenance of physical infrastructure in local governments. It focused on local revenue planning, collection and control. While maintenance of physical infrastructure with Asset/Equipment-related indicators, Cost/finance-related indicators, Maintenance task-related indicators, Customer satisfaction-related indicators, Learning and growth-related indicators, Employee satisfaction-related indicators as detailed in above conceptual framework and propounded by Khan (2000), Schiff et al.; (2013) and Sondalini, (2015).

1.9.3 Time scope

The study covered a period of three financial years from 2012 /13 to 2014/15. Anecdotal evidence showed that the existing physical infrastructure is poorly maintained and as such services and facilities have continued to deteriorate, hence this time period was long enough to provide the necessary data for understanding the relationship between two variables under study in a bid to address the problem.

1.10. Justification of the study

This was the first time a study of this kind has been conducted in Maracha District Local Government. It aimed at establishing the effects of local revenue management on the maintenance of physical infrastructure in local governments with specific reference to Maracha District Local Government and below is its rationale:

The maintenance of existing public infrastructure has often been neglected in favour of building new infrastructure in developing countries and Uganda in particular, has a weak financing system that focuses on putting up new investments in local governments without a corresponding provision for operation and maintenance of physical infrastructure. This study is destined to be an eye opener.

Besides, a comprehensive analysis of the reasons and effects of infrastructure maintenance neglect reveals that reallocating funds from new infrastructure to maintenance can have positive effects on the countries' GDP (Rioja, September, 2003). This is because; this decision has the capacity to enhance productivity of both the public and private capital stock. No wonder, this

study has unraveled the necessity to reallocate public funds to the maintenance of physical infrastructure.

Equally, the key focus of public capital investment the world over, is in part the need to protect the value of existing investments such as Education, health, Roads, water and sanitation, plant and equipment (Khan, December, 2000; infrastructure and capital investment 2012-16; medium term exchequer framework report, November, 2011).This is destined to enhance social welfare, productivity of labour, effective markets, creation of employment opportunities and entrepreneurship (world bank,1975; USAID,1982) as cited in (Rondinelli,etal,1989). This study is a current invitation of the public sector to sustain a commitment on the maintenance of physical infrastructure.

Still in tandem is the fact that the adverse effects of poor or lack of maintenance of infrastructure on service delivery in local governments and its socio-economic impact on the entire citizenry as expounded by (World Bank, 1975; USAID, 1982); as cited in Rondinelli,et al.,(1989) could probably remain obscure to both policy makers and implementers and the general public. Therefore, this study retains a central position in the promotion of local ownership and sustainability of projects and programmes.

1.11. Significance of the study

It was envisaged that this study would make significant contribution in the academia as well as contributing to policy making process by the Ministry of local government and Local Governments in the following ways:

Under the Ministry of local government, the study highlights the problems that physical infrastructure or investments funded by local or central government or donors face. Therefore, as a supervisory body, it shall have the opportunity to appreciate the state of the various physical infrastructures that it continues to fund so as to step up efforts intended to revamp their centrality through ensuring that necessary and appropriate budgets are made and implemented effectively.

In the area of policy makers, the study could draw the attention of policy makers in parliament since it exposes the flaws in policy implementation with regard to the state of physical infrastructure to which public resources are allocated every year without appropriate routine maintenance yet budgets presented before parliament signal a commitment by the local governments to maintain the public physical infrastructure.

As far as the local governments in Uganda are concerned, **t**he study lays bare the extent of local government neglect of effective budgeting on physical infrastructure maintenance in face of the meager local revenue allocated in budgets and subsequently diverted for something else. In this regard, they can better focus now on the need to maintain the physical infrastructure.

In regard to the academia, the findings offer a scholarly appreciation of local revenue management and maintenance of physical infrastructure in local governments. Therefore, it provides current literature against which, a review could provide a further ground for advancement of knowledge.

Furthermore, to the Researcher, this study is in part a fundamental requirement for the award of a Master of Management Science, with a bias in Public Administration and Management.

1.12. Operational definitions

Fiscal decentralization: Was used to refer to assignment of responsibilities, including sector functions, as well as the assignment of own-source revenues to sub-national governments.

Sustainability: Was used to refer to meeting needs of the present without compromising the needs of the future generations to meet their own needs.

Conditional Grants: Was used to refer to money given to Local Governments by Central Government to finance programmes agreed upon between the Government and Local Governments, and is spent purposes for which it was made in accordance with conditions agreed upon.

Equalization Grant: Was used to refer to money given to Local Governments by Central Government for special provisions to the least developed districts. It is based on the degree to which a Local Government is lagging behind the National Average standard for a particular service.

Unconditional Grant: Was used to refer to minimum grant given to Local Governments by Central Government to run decentralized services. Local governments' have discretional powers over grant but taking into consideration the National Priority Programme Areas.

Local revenue: Was used to refer to revenue generated locally by local governments

Local Revenue Management: Was used to refer to local revenue planning, collection and control

Maintenance of physical infrastructure: Was used to refer to logistics dimension thus**,** the necessary support that the project receives (both budgetary and institutional) to enable it to maintain required level of facilities.

Maintenance: Was used to refer to activities that allow public infrastructure to efficiently deliver the outputs for which they were built.

Maintenance expenditures: Was used to refer to employment of resources that preserve the operative state of capital.

Economic Dimension of sustainability: Was used to refer to **c**ontinuous flow of net benefits (for economic sector projects) has all the cost and benefits under varying conditions weighted properly and does the project guarantee an acceptable level of financial and economic return?

Community Dimension of sustainability: Was used to refer to continued community participation (in projects where active community participation is crucial for both stimulating new actions as well as for cost recovery).

Logistics Dimension of sustainability: Was used to refer to means *c*ontinued operation and maintenance of project facilities *(*maintenance of physical infrastructure).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This Chapter presented the review of the related literature to local revenue management and maintenance of physical infrastructure in local governments focusing on Local revenue planning and infrastructure maintenance, local revenue collection and infrastructure maintenance and local revenue control and infrastructure maintenance.

2.2 Theoretical review

This study was informed by two theories; the systems theory and the resource dependency theory. The Systems theory was proposed in the 1940s by Ludwig Von Bertalanffy. It focuses on understanding an organization as an open system that transforms inputs into outputs. It also focuses on the organization as whole, its interaction with environmental factors and its need to achieve equilibrium. The theory was supported by Ashby (1956) cited in Akonyo (2012) in the study of financial management and service delivery in local government systems in Uganda. This theory has had significant effects on management science and understanding organizations. A system is a collection of parts unified to accomplish an overall goal. A system can be looked at as having inputs, processes, outputs and outcomes. Systems share feedback among each of these four aspects of the systems (Osborne, 2010).

In organizational perspective, inputs would include resources such as raw materials, money, technologies and people. These inputs go through a process where they are planned, organized, motivated and controlled, ultimately to meet the organization's goals. Outputs would be products or services to a market. Outcomes would be enhanced quality of life or customers/clients, productivity. Feedback would be information from human resources carrying out the process,

customers/clients using the products among others. Feedback also comes from the larger environment of the organization for instance influences from government, society, economics, and technologies. This overall system framework applies to any system, including subsystems (departments, programs, etc.) in the overall organization.

According to Charlton and Andras (2003), the nature of management may be conceptualized from a perspective of Systems Theory as the process by which an organization generates a global representation of its own processes (management depends upon modeling an organization). Modeling allows management to perform its distinctive information-processing activities such as monitoring, evaluation, prediction and control. The purposes to which these activities are directed define the function of management. The function of management is a product of the interaction between a management system and its environment." This is a consequence of the way that management systems will tend to adapt to survive and grow in whatever specific context in which they are operating - this can lead to very different management functions in different environments. There is, of course, a vast and diverse literature in the discipline of Management Science which refers to the nature and function of management. It is not our intention here to engage with this literature, but to offer a fresh approach to the subject from the perspective of Systems Theory"

> *"The effect of systems theory in management has been appreciated, as helping managers to look at the organization from a broader perspective. It is contended that systems theory brings a new perspective that enables managers to interpret patterns and events in the workplace. They recognize the various parts of the organization, and, in particular, the interrelations of the parts for instance the coordination of central administration with its programs, supervisors with workers, etc. According to fore mentioned scholars, this has been appreciated as a major development. Otherwise, in the past, managers typically took one part and focused on that. Then they moved all attention to another part. The problem was that an organization could, e.g., have a wonderful central administration*

and wonderful set of teachers, but the departments didn't synchronize at all. They applauded that paradigm shift in what they called systems thinking".

From the Decentralization policy of governance perspective, systems theory can be seen as a driver for the policy, as evidenced in the institutional framework and coordinated mandates of Local governments in the implementation of the decentralization process as provided in the Local Government Act CAP 243. The justification is evidenced under section 3 of the local government Act that provides for the establishment of the District and sub-county as local governments in the rural areas. In the urban areas the city, municipal and division councils are also local governments. The county, parish and village/ward are administrative units. Further, as evidenced under section 30 of the Act that provides for functions and powers of the local government council; thus, provision of services and execution of public expenditure including among others the development and maintenance of infrastructure at the local levels. There is recognition of various parts of the organization, and, in particular, the interrelations of the parts, as exemplified by coordination of central administration with its programs under decentralized governance as propounded by system theory.

Under sustainability point of view, Khan (2000) and Nyakato (2009) while explaining sustainability strategy or process, concur with Charlton and Andras (2003) understanding of effects of systems theory on management. Sustainability strategy is looked at as a follow up activity of sustainability analysis indicating the way various elements of sustainability including operation and maintenance are identified, assessed and incorporated into a project or a programme, right from the design stage. Sustainability analysis offers to interpret patterns and events as advocated by the systems theory. From the systems point of view as argued by

(Osborne, 2010), Maracha District Local Government represents the organization, Lower local governments, administrative units, political and administrative organs of government, departments , sections and community represent Subparts, financial and human resources represent inputs, management (planning, organizing, control, feedback) represent the processes, a maintained and functional infrastructure (quality condition of facilities, plants and equipment, adequacy of maintenance procedure, operating budget , operating manpower and adequacy cost recovery percentage (%) of targeted for recovery) represent the output and the outcomes are enhanced social welfare enhanced production of labour, markets working more effectively, employment opportunities and entrepreneurship .The research therefore recommends that this study is grounded on the systems theory underpinning it.

The Resource dependency theory (RDT), as advanced by Pfeffer and Salancik (1978) and cited in (Nyakato, 2009) is based on core argument that, organizations will respond to demands made by external actors or organizations upon whose resources they are heavily dependent and those organizations will try to minimize that dependence as possible. In this theory, the management style in a given organization will follow the extent to which it depends on external circumstances (Pfeffer and Salancik 1978). The main issues are basically concerning what the cost of giving in to external demands, what the costs of abandoning the use of the resource, and what the demands in conflict with other demands from actors on whose resources the focal organization is dependent on. Resource dependence theory is one of many theories organizational studies regarding the behavior of organizations.

From fiscal decentralization point of view, the RDT, theory supports the study given that Local

governments heavily depend on central government financial transfers. The Central Government remits conditional, unconditional and equalization grants direct to District, Municipal and Town Councils. Under section 83 subsection 5 of the LGA CAP 243, Local Government councils are required to indicate how Conditional and Equalization Grants obtained from the Centre are to be passed on to lower Government councils. The high level of dependency can be evidenced in the proportion of central government transfers to Maracha District Local Government and subsequent transfers to lower local governments. (Maracha DLG financial statement for the financial year 2013/14). The resource dependency theory is also very important in informing the study in that many projects in developing countries depend on donor funds as argued in the work of Rioja, (September 2003) noting that in developing countries, new public projects are mostly financed by international donors and the maintenance of existing public infrastructure, conversely, is financed by taxation. In that respect the researcher contends that this study is grounded on systems theory and the Resource dependency theory.

2.3. Thematic review

This section focuses on literature review and presented objective by objective as below:

2.3.1. Local revenue planning and maintenance of physical infrastructure

The democratic principles which empower and encourage the active participation of all citizens at all levels in their own governance are enshrined in the National objectives and principles of state policy and Chapter 11 of the 1995 Constitution of the Republic of Uganda. Local revenue management and maintenance of physical infrastructure are some key functions that have been devolved to the local governments under the decentralization system of governance.

The decentralization policy has been viewed as an instrument for improving local democracy, effectiveness, increased efficiency and sustainability in the delivery of essential services. The system gives the district and the sub-counties the key responsibilities for the provision of services and execution of public expenditure. These include among others the development and maintenance of infrastructure, provision and improvement of social services and the promotion of rural development at the local levels.

However, Wunsch (2001), argues that many African states that have pursued substantial decentralization reforms in the previous twenty years, have not had some of these reforms bring about effective local governance. He notes problems of translating general reform initiatives into specific working arrangements at the local level that are effective in several key processes and operations. These problems include among others; planning and capital investment, budgeting and fiscal management, personnel systems and management, and finance and revenue. This argument points to the fact that decentralized governance does not necessarily bring about effective local revenue management that translates into effective maintenance of physical infrastructure or investments in local governments. In that respect Tendler, (1979) a scited in Rondinelli, et al.,(1989) expounded that, while the demand for public services and maintenance of physical infrastructure in developing countries is growing steadily as populations increase and as expectations of achieving better standards of living are raised by national development plans and international development assistance programmes, maintenance of physical infrastructure that does exist is notoriously poor and as such services and facilities deteriorate.

Focusing on the work of these scholars, it did not underpin the relationship between national development plans and international development assistance programmes on the maintenance of

physical infrastructure which could have further informed this study especially in regard to revenue planning and maintenance of the physical infrastructure.

Rioja (2003), on the other hand made emphasis on economic benefits of maintenance of physical infrastructure. He maintains that maintenance disregard, for example may lead to road deterioration, power line breakdowns reducing the economy's productive capacity. Furthermore, he submits that in developing countries, new public projects are mostly financed by international donors (typically by governments of industrialized countries or international organizations) and the maintenance of existing public infrastructure, conversely, is financed by taxation. Whereas this was good attempt to demonstrate the significance maintenance of physical infrastructure to the economy's productive capacity and source of its financing, the study did not explore how different dimensions of revenue management for instance how local revenue planning affects maintenance of physical infrastructure which gaps this study will attempt to explore.

Furthermore, Rondinelli et al. (1989), note that the problems of providing and maintaining public services had increased calls for decentralization. Many decentralized developing countries however, have not translated the policy to address the problem of maintenance of public infrastructure due to inadequate funding for infrastructure maintenance. Consistent with this, Therkildsen and Semboja (1992), argues that whereas rural local governments in Tanzania were introduced in 1984, they face serious problem of financing the operation and maintenance of basic services. A similar view was held by Grundy, Healy, Gorgolon and Sandig (2003) adding that since the advent of devolution in the Philippines the under financing of public health services had resulted in their slow decay in terms of un-maintained infrastructure and un-repaired or un-replaced equipment among others. Accordingly the researcher believes that these

phenomena negate the aim of decentralization which is meant to widen decision making space of middle level managers, enhance resource allocations from central to peripheral areas and to improve the efficiency and effectiveness of services delivery. Whereas these studies underscored under funding to explain the deplorable state of infrastructure, little was done to show the effect of resource management (revenue planning) on infrastructure maintenance, which the study dealt with.

The reviews of other studies revealed that maintenance of infrastructure has continued to gain focus of public capital investment plans because of the need to protect the value of the existing investments. Whereas the researcher concedes to this argument, it is also sufficient to mention that this obtains in developed countries not in the developing world and local governments in Uganda in particular as further alluded to in the work of Agénor (2005), where it was argued that inadequate funding for infrastructure maintenance has been a chronic problem in many countries in the developing world, resulting in rapid decay of public capital. Maintenance of existing public infrastructure has been neglected in favor of starting new, highly visible projects despite their macroeconomic contribution to the country's GDP (Rioja, 2003), which assertion the researcher agrees with. In Uganda, the study on holistic review of local government financing conducted by the Local Government Finance Commission in October 2012, reveals that the current financing system focuses on putting up new investments in local governments without a corresponding provision for operation and maintenance. Consequently it strongly recommended for review of local government financing in order to take care of operation and maintenance. However the study did not underscore the issue of management of local revenue at the local governments especially with regard to planning for maintenance of physical infrastructure using locally generated revenue in local government which is point of focus of this study.

Furthermore, Maracha District capacity building plans for the last two Financial Years (2012/13 and 2013/14) including FY2014/15 indicate that there has been Human Resource Capacity Building Programs in areas of financial management and planning. These interventions could have translated into Local Revenue Enhancement plans 2013/14 and 2014/15. Despite such interventions, the district faced local revenue management challenges which could be translating into deteriorating condition of local government investments. The district seemed to be trapped in financial distress; thus, a failure to meet financial commitments. This argument was supported in the work of Stewart and Walker (2007), where it was noted that local councils in the Australian state (New South Wales) were engulfed in financial distress, hence, hindering restoration of infrastructure assets to a satisfactory condition. The study therefore, will seek to explore financial distress in light of infrastructure maintenance despite rigorous capacity building programmes and revenue planning processes in local governments.

2.3.2. Local revenue collection and maintenance of physical infrastructure

The decentralization policy transferred to local governments responsibilities for resource mobilization and collection, revenue sharing, budgeting, budget implementation, monitoring and accountability or generally streamlined financial management procedures as provided for in the local Government, Act CAP 243 and Local Government financial and accounting Regulations 2008. However as noted in the work of Wunsch (2001), problems still exist in translating general reform initiatives into specific working arrangements at the local level that are effective in several key processes and operations in many African states that have pursued substantial decentralization reforms in the previous twenty years. These debates about implementation of decentralization policy have continued to feature in scholarly world. Consistent with the

foregoing little had been done to address the lacunas on management of local revenue and execution of devolved mandate of maintenance of physical infrastructure in local governments which this study intended to deal with.

According to the Local Government Act, CAP 243 Section 80, Local Governments are empowered to levy, charge, collect fees as a means to generate local revenue. The fifth schedule of the Act, also spells out the regulations governing the Local Government revenue. The sources of revenue for Local Governments include; Grants from central government; Property rates; Fees and fines or licenses and permits; Interest on investments; Rents from lease of property; Donations, contributions and endowments; Charges or profits arising from any trade, service or undertaking carried on by the council; Parking fees; Charcoal burning licenses; Any other revenue which may be prescribed by the Local Government and approved by the minister; Local Service Tax and Local Hotel Tax. These different sources of local revenue are critical in contributing to maintenance of the physical infrastructure or investments as earlier alluded to in the work Rioja (2003), hence, the researcher strongly believed that there was need for a renewed call to local governments to put in place effective revenue collection mechanisms for increased local revenue generation required for infrastructure maintenance activities.

Notwithstanding the government's elaborate Local revenue (financial) management framework in Local governments as evidenced above, maintenance of physical infrastructure (investments) has quite often tended to encounter problems due to weak and inadequate support (Khan, 2000:Agénor, 2005). However the researcher contended that what remained unanswered in the works of foregoing scholars was the question of addressing the existing challenges in the implementation of financial management framework in order to generate sufficient revenues

required for effective service delivery including maintenance of infrastructure. Furthermore as earlier highlighted in the work of Rioja (2003), there is high dependency on central government transfers for service delivery among Local governments in Uganda and maintenance of existing public infrastructure continues to rely on local revenue financing. According to the researcher this scenario was expected to place more responsibility on local governments to enhance their revenue collection to match the devolved mandate.

In addition, Luyendijk and Fonseca (2013) argue that in the ideal situation regular maintenance costs should be borne by the users (community members or local government) of the system or facility. It is maintained that the beneficiary community of the investment is expected to own the investment through active participation in the projects maintenance or sustainability mechanisms, through formation of management committees for instance, water user committees (WUC), school management committees (SMC), Parents Teachers Associations (PTA), Health Management Committees (HMC). In practice this is often not the case due to poor revenue collections. Luyendijk and Fonseca (2013) argue that those committees' mandate has most often tended to appropriate or execute their plan on the funds released to them either from Donors or central government through the district or local revenue transfers. In the circumstances the researcher believed that the thrust of mobilizing resources for maintenance of the infrastructure has often been left confusing among various stakeholders at different responsibility centers. As such community members tend to apportion the responsibility to plan and budget for such services to the District or lower local government. On the other hand, in the spirit of participation and ownership of the projects in local governments, it is the community's responsibility for instance to generate revenues for maintenance of the infrastructure. According to the researcher this phenomenon raises questions such as" to what extent does Maracha District local

government plan, budget, collect and allocate resources for the maintenance of infrastructure or investments?," which this study attempted to highlight.

Consistent with the foregoing, Paul & Robert (2003) while analyzing Uganda's ambitious decentralization program said that Uganda operates a "Dual-Mode" system of local governance thus technocratic mode and patronage mode. Under a "technocratic mode," conditional funding from the center is earmarked for particular programs but with little local participation. In contrast, the "patronage mode" is an elaborate system for local "bottom-up" planning, but with limited resources, which are largely consumed in administrative costs and political emoluments. This system of local governance seemingly does not favor maintenance of infrastructure in local governments. The researcher believed that this study could further explore the participation of key Stakeholders in local revenue collection and maintenance of infrastructure which Paul and Robert (2003) did not expound.

From the previous Chapter, It has been noted that the problems of service delivery, including maintenance of physical infrastructure demand the question of declining Local revenue mobilization and collection in Local Governments and development of a policy on infrastructure maintenance be addressed (JARD report, FY 2013/14). Besides the researcher contends that, probable contributing factors which cripple local governments and undermine incentives for local officials and elected representatives to perform effectively such as unclear definition of fiscal decentralization, poorly articulated roles and resource deficiencies as argued by Smoke (2003 p7-16) need to be addressed. While this has been appreciated, the study could further explore how local revenue collection affects maintenance of physical infrastructure.

2.3.3 Local revenue control and maintenance of physical infrastructure

Studies that have compared allocation of public expenditure on infrastructure investment and maintenance in an endogenous growth framework, have shown that maintenance spending affects both the durability and efficiency of public capital (Agenor, April, 2009) .In line with the foregoing, the study was to give a thorough assessment of the contribution of allocation of public revenue or expenditure on maintenance of infrastructure. Increased funding for new infrastructural investments has been witnessed in many African countries (Foster and Morella, March, 2010). While general infrastructure maintenance in different sectors of government, including community access roads continue to suffer neglect.

In Uganda, there has been government's increased decentralization effort to improve public service delivery through the increased grants from central government to local governments. This has increased from 1763 billion to 2,009.1 billion representing 10.9% of the total budget during the financial year 2013/14 (MOFPED; background to the Budget FY 2014/15, June, 2014). Accordingly, 99% of Maracha District's total budget was funding from central government. However, this funding is used for putting up new investments without corresponding provision for operation and maintenance (LGFC, October 2012). This is because Local governments are characterized by limited local resources, which are largely consumed in administrative costs and political emoluments (Paul and Robert, 2003) with little or no budgetary provision for maintenance (civil) as evidenced in Maracha DLG, Financial Statement for FY 2012/2013) Therefore, the researcher contended that if this trend is not reversed the value of existing investments would not be secured hence undermining attainment of intended investment goals as further discussed below.

Procedurally, the Central Government remits conditional, unconditional and equalization grants direct to District, Municipal and Town Councils. Under section 83(5) of the LGA,CAP243 Local Government councils are required to indicate how Conditional and Equalization Grants obtained from the Centre are to be passed on to lower Government councils. Furthermore, all Local Governments collect revenue and it has to be shared in accordance with the provisions of section 85 of the LGA, CAP 243 as follows; In the city and Municipal Councils, collected revenue is shared 50% equally with the division Councils and 25% of what a division retains is distributed to the villages and 10% amongst wards. While in rural areas, the District and Sub county councils collect and revenue share revenue at 35% and 65% respectively and the Sub County distributes 5% to parishes and 25% village councils. Where a higher Local Government collects revenue on behalf of the lower Local Government entitled to do the collection, such Higher Local Government shall remit the proportionate percentage to the Lower Council and retain the percentage it is entitled (LGA section 85 (4). Where lower Local Governments fail to remit the required percentages, section 85(3) empowers Higher Local Councils to take appropriate measures to fully recover the revenue due to it. Whereas the above framework has been put in place by governments to facilitates revenue allocation, sharing and accountability, conversely, there is neglect of maintenance of existing public infrastructure in favor of new investments in local governments (LGFC; Holistic review of local government financing, October 2012).and where maintenance exist funding is inadequate and financed by local revenue (Rioja, 2003).

Financing maintenance continues to face a lot of debate while considering funding priorities. Luyendijk and Fonseca (2013), while believing in “some for all rather than all for some.” maintained that funding should be directed first to those who don't have access rather than maintenance for those who already have access. It is further argued that donor funding should

not be used for maintenance for those who already have access. It is contended that in the ideal situation, regular maintenance costs should be borne by the users of the system but this is often not the case due to poor revenue collections. Similar argument has also been advanced in the infrastructure and capital investment 2012-16, medium term exchequer framework report (November, 2011) while focusing on spending decisions thus ;Maintaining Infrastructure Versus New Investment as quoted below;

> *"In such a challenging fiscal environment, the question must be asked as to what is more beneficial: upkeep of existing assets or investment in new ones. This point has been the subject of research internationally. There has been a considerable degree of consensus on the importance of, and potential economic returns from maintenance expenditure. Analysis has shown that for some countries, a higher return can be expected from reducing expenditure on new projects to finance maintenance of existing infrastructure. For more developed economies there are clear benefits from maintenance expenditure in terms of enhancing the productivity of both the public and private capital stock. Intuitively it makes sense that if the most beneficial projects are prioritized, at some point the return on new investment declines and maintenance of original infrastructure represents a better use of resources than new project development. The key focus of public capital investment over the coming period will therefore be to protect the value of our existing investments. "*

The fore going scholars as well as Rioja (September, 2003), agree on the fact that the investment decisions either on new or maintenance of existing infrastructure remains the subject of research internationally. They portray micro economic value of maintenance of existing infrastructure as opposed to new project development..Whereas the foregoing works has provided a basis and significant literature to this study there still exist knowledge gaps on the contribution of revenue management (control) on maintenance of original physical infrastructure. The researcher believed that the question of funding priorities in terms of locally generated revenue is very critical in local governments which this study would attempt to explore.

Equally important and consistent with the above submission is the fact that there is an almost universal deficiency of sub-national own-source revenues relative to assigned sub-national expenditure requirements including maintenance of physical infrastructure, as such intergovernmental transfers play a critical role in closing this fiscal gap as well as in alleviating interregional resource disparities (Smoke, 2003 P7-16).This assertion was also held by Kikwete (2013) noting that Local expenditure and local revenue generation is not in close proximity. Thus, the fiscal decentralization strategy (FDS) designed to ensure efficient provision of local services that align with local needs, and to improve accountability to residents has in few cases been achieved. This school of thought attempted to suggest that expenditure on maintenance of physical infrastructure and local revenue management could as well be far apart from each other and such this investigation became very paramount. The above argument was evidenced by Maracha DLG Financial Statement for FY 2012/13 which indicated no budgetary provision for item 228001(maintenance civil) in the works department, and yet anecdotal evidence shows the deteriorating condition of physical infrastructure. This revelation reinforced the assertion that the current financing system in Government has continued to focus on putting up investments in local governments without a corresponding provision for operation and maintenance (LGFC, 2012). In line with the foregoing, the researcher strongly believed that this study would thoroughly assess the contribution of local revenue control in terms of allocation, budget implementation, accountability, and monitoring and evaluation on maintenance of infrastructure.

2.4 Summary of literature review

The review of literature looked at the following thematic areas thus; Local revenue planning and maintenance of physical infrastructure, local revenue collection and maintenance of physical

infrastructure and local revenue control and maintenance of physical infrastructure in local governments.

In summary the review of the literature revealed that decentralized governance still has challenges in bringing about effective local revenue management that translates into effective maintenance of physical infrastructure or investments in local governments. There are challenges in the implementation of financial management framework in order to generate sufficient revenues required for effective service delivery including maintenance of infrastructure. This is evidenced by unclear definition of fiscal decentralization, poorly articulated roles and resource deficiencies as argued by Smoke (2003 p7-16). There are also ineffective revenue collection mechanisms despite many different sources of local revenue as such there is declining local revenue mobilization and collection. In addition there is poor prioritization of funds generated from local revenue. There is high dependency on central government transfers for service delivery among Local governments in Uganda but maintenance of existing public infrastructure continues to rely on local revenue financing and yet local governments' responsibility to enhance local revenue collection that matches with the devolved mandate is still weak. This is evidenced by tendencies of the Management committees in government facilities to appropriate or execute their plans on the funds released to them either from Donors or central government through the district or local revenue transfers.

The above scenario coupled with Lack of a policy on infrastructure maintenance in local governments (JARD report, FY 2013/14) may account for inadequate funding for infrastructure maintenance in local governments including Maracha district leading to their slow decay in terms of un-maintained infrastructure and un-repaired or un-replaced equipment in institutions.

Analysis of the reasons and effects of infrastructure maintenance neglect reveals that reallocating funds from new infrastructure to maintenance can have positive effects on the countries' GDP (Rioja, September, 2003). It can also enhance productivity of both the public and private capital stock and the key focus of public capital investment should therefore be to protect the value of existing investments hence improved social welfare, enhanced production of labour, effective markets, creation of employment opportunities and entrepreneurship.

In view of the foregoing a lot could be lost if we do not engage in this study. The adverse effects of poor or lack of maintenance of infrastructure on service delivery in local governments and its socio economic impact on the entire citizenry could probably remain obscure to both policy makers and implementers and the general public. In addition this study was very critical in those issues of efficiency and effectiveness in the generation and management of resources and service delivery, promotion of local ownership and sustainability of projects and programmes, would likely be much more appreciated and inform policy.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This Chapter presents the research design, study population, sampling strategies, data collection tools, data quality control, data collection procedure and data analysis techniques used in the study.

3.2 Research Design

This study adopted a case study research design. The case study design was used in order to generate in depth understanding of the study variables given the complex nature of local government service delivery (Neuman, 2011). Correlation was also used because the study variables had cause -effect relationship. The study employed triangulation approach with qualitative and quantitative techniques. Qualitative technique was used because it explores attitudes, beliefs, motives and behaviors hence providing an in-depth study on the subject matter, while quantitative technique provides an understanding of cause effect relationship.

3.3 Study Population

The study population had 118 people comprising 9 Administrative Officers (Chief Administrative Officer and Sub county Chiefs); 12 District Heads of Departments, 63 Primary School Head Teachers, 5 Extension workers, 13 Health Facility In-Charges, 8 Community Development Officers in charge of Planning and 8 Accounts Assistants at sub-county. The aforementioned District staffs were units of analysis for the study. These different categories people were chosen because they are responsible for planning and budgeting, revenue mobilization and collection, and budget implementation at different levels of service delivery in Local governments.

3.4 Sample size and selection

The sample size of respondents was selected from the population of 118 people drawn from 7 different categories of respondents using Krejcie and Morgan (1970) model of determining the sample size as indicated below;

Table 2: A Table Showing the Population and sampling size of the Respondents

Category of Respondents	Population	Sample Size	Sampling Technique	Research Instrument
Administrative officers	9	7	Purposive	Interview guide
Heads of Departments	12	9	Purposive	Self-Administered Questionnaire
Extension workers	5	4	Purposive	Self-Administered Questionnaire
Head Teachers	63	49	Simple random	Self-Administered Questionnaire
Health Unit In Charges	13	10	Purposive	Self-Administered Questionnaire
CDOs	8	6	Purposive	Self-Administered Questionnaire
Accounts Assistants	8	6	Purposive	Self-Administered Questionnaire
Total	**118**	**92**		

Source; Maracha DLG Staffing position report (April, 2015) and Krejcie and Morgan (1970 as cited in Amin (2003, p454) and modified by the researcher

The above model was preferred because it satisfies the basic principle and laws of probability and assures the researcher of an utmost representation of the total population within the accepted margin of error. It is also easy to use and above all, it is cost effective.

3.5 Sampling Technique and procedures

Arising from Table 2 above, the sampling techniques which was used to select respondents include; purposive and simple random sampling. In order to ensure representation of the study population, the sample was selected from a cross section of the Population of 118. The selection

of 49 Head Teachers was through Simple Random Sampling because it gives all the respondents an equal chance of being selected in the sample and avoids biases on side of the researcher (Mugenda and Mugenda, 2003). However, the selection of the 7 Administrative Officers (Chief Administrative Officer and Sub County Chiefs); 9 District Heads of Departments, 4 Extension Workers, 10 Health Facility in charges, 6 Community development Officers in charge of Planning and 6 Accounts Assistants at Sub-County level was purposive totaling to 92 respondents. Purposive sampling was preferred because of these categories' unique skills, knowledge, central role and responsibility in financial management in local governments and access to other information of interest to the study, hence, they were regarded the key informants in this study.

3.6 Data collection Methods

Multifaceted approach using both the Qualitative and Quantitative methods of data collection was employed, and both primary and secondary data was collected. Questionnaire and interview methods were used to collect primary data using Self-Administered Questionnaires and Interview Guides respectively (Marshall & Rossman 2006) and cited by Opio A.D (2012). While secondary data was collected using documentary reviews from library/registry sources, internet sources and government publications, and exploring existing published literature.

3.6.1 Questionnaire method

This method is mainly used to generate quantitative data. In this study it involved the use of self administered questionnaires to respondents (District Heads of Departments, Extension Workers, Health Facility in charges, Community development Officers and Accounts Assistants) in relation to how local revenue management relate to maintenance of physical infrastructure. In

generating quantitative data only closed ended questions in a scale (five likert 1-5 rating) was used. This method is critical in investigating motives and feeling in likert scale (Creswell, 1994). According to Amin, (2005) questionnaires are popular with researchers because information can be obtained fairly, easily and responses are easily coded. It is also preferred because big number of respondents can be covered and cost effective.

3.6.2. Interview Method

Interview is face to face interpersonal communication in which an interviewer asks participants questions aimed at eliciting answers related to the research hypothesis (Nachmias and Nachmias, 1990). The structured interview which comprises of open ended questions that elicit a variety of responses which are elaborate and truly reflect the opinions of the respondents was used on Administrative Officers. It usually yields richest data, details, new insights and permits face-to-face contact with respondents; provides an opportunity to explore topics in depth and allows the interviewer to experience the affective as well as cognitive aspects of responses; it allows interviewer to explain or clarify questions; increases the likelihood of useful responses and allows the interviewer to be flexible in administering interview to particular individuals or in particular circumstances (Amin 2005). Therefore, a face to face interview with accounting officers (Chief Administrative officer and sub-county chiefs) was conducted because they have key information about local government administration and management.

3.6.3. Documentary reviews

This involves sourcing for secondary data in relevant written documents such as Government Publications and reports. Lincoln and Guba (1985) defined a document as "any written or recorded material" not prepared for the purposes of the evaluation or at the request of the

inquirer. Documents can be divided into two major categories: public records, and personal documents (Guba and Lincoln, 1981). This method enabled the researcher to get necessary secondary data on local revenue management and maintenance of physical infrastructure. This method is preferred due to the fact that documents are available locally, cheap, provides information on historical trends or sequences, provides opportunity for study of trends over time and unobtrusive (Jacobson, Pruitt Chapin & Rugeley, 2009).

3.6.4. Observation

The researcher also used observations on the state of the existing physical infrastructure. This method has of late gained prominence because it permits the researcher to enter into and understand situation or context provides good opportunities for identifying unanticipated outcomes and exists in natural, unstructured, and flexible setting (Lofland and Lofland, 1995; Creswell, 2014).

3.7 Data collection Tools

The Data collection tools for this study include; documentary analysis checklists, questionnaires, interview guides and observation checklist. These tools were preferred based on their theoretical and practical considerations. The theoretical issues centre on the value of the types of data, the relative scientific rigor of the data and basic underlying philosophies of evaluation. On the practical level, it centres on credibility of findings, staff skills, costs and time constraints (Kidder and Fine, 1987).

3.7.1 Questionnaires

The researcher used self administered questionnaires. The closed ended questions with options to select and based on a one – five likert scale. According to Amin, (2005) questionnaires are popular with researchers because information can be obtained fairly, easily and responses are easily coded. It is also preferred because big number of respondents can be covered and cost effective.

3.7.2 Interview guide

The researcher carried out personal interviews to collect data from respondents. The interview was to provide in depth information about a particular research question (Nachmias and Nachmias, 1990). Face to face communication ensures usefulness, accuracy and compatibility of data. It also provides opportunity for clarification of issues and gaining insight and context into a topic. It allows respondents describe what is important to them and useful for gathering quotes and stories (Patton,1990: Amin, 2005).The interview guide was administered to Chief Administrative officer and sub-county chiefs because they have key information about local government administration and management.

3.7.3. Document Analysis checklist

This was mainly used by the researcher to source secondary data useful in understanding local revenue management and maintenance of physical infrastructure. It involved analysis of Government publications and reports such as Development plans and budgets, financial statements and relevant legislations and different academic articles and books, internet, newspapers/magazines. According to Jacobson, Pruitt Chapin & Rugeley 2009; Creswell,2014), document reviews is a good source of background information, provides a “behind the scenes”

look at a program that may not be directly observable and it may bring up issues not noted by other means.

3.7.4. Observation Check List

This was used to document the actual practices of local revenue management and maintenance of physical infrastructure in order to corroborate the responses from interviews and questionnaire surveys in order to generate a triangulated data set. This collects data where and when an event or activity is occurring, does not rely on people's willingness to provide information and one can directly see what people do rather than relying on what they say or do (Lofland and Lofland,1995: Finn & Jacobson 2008).

3.8 Procedure of data collection

The researcher obtained Letters of introduction from Uganda Management Institute and the Chief Administrative Officer (CAO) Maracha District Local Government. The respondents were informed that the research was purely academic. The questionnaires to the respondents were distributed and data collection was commenced. It was also followed by face to face interview with key respondents who had expertise and responsibility for financial management in local governments.

3.9 Data Quality control

Validity and Reliability was established by pre-testing the data instrument using statistical package for social scientists (SPSS). This was to ensure that the instrument measures exactly what had been set to be measured.

3.9.1 Validity

Validity is the ability of the instrument to produce findings that are in agreement with theoretical or conceptual values (Mugenda and Mugenda 2003). According to Amin (2005), validity refers to appropriateness of the instrument. Content validity measures the extent to which the content of the instrument corresponds to the content of the theoretical concept it is designed to measure. According to (Mugenda and Mugenda, 1999), the content validity index of the instruments was determined by giving a list of objectives, research questionnaires and interview guides to experts in the area of study and questionnaire construction. The experts were requested to evaluate each item in the questionnaire and interview guide on a scale ranging from very relevant, quite relevant to relevant. It was then calculated using the formula as follows:

$$CVI = \frac{VR+QR+R}{N}$$

Where CVI is 'Content Validity Index', VR is 'Very Relevant', QR is 'Quite Relevant', R is 'Relevant' and N is the total number of items in the questionnaire. When the CVI is 70% it implies that the instrument is capable of providing information which can answer about 70% of the research questions. The minimum deterministic value is 50% for the instrument to be considered fit and valid. The purpose of pre-testing the instruments was to indentify deficiencies in the instrument, limiting the researcher's bias and minimizing vagueness. Therefore, this process enhances validity of the instrument. We picked six experts and their rankings were VR=30, QR=16, R= 13

$$CVI = \frac{VR+QR+R}{N}$$

Thus; 30+16+13/6 = 98.3. This implies that the instrument was capable of collecting data.

3.9.2. Reliability.

According to Norland, (1990) and Merriam (1998), reliability refers to random error in measurement. It indicates the accuracy or precision of the measuring instrument. Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda and Mugenda, 1999). The researcher pre -tested the instrument to determine its consistency in terms of the likely duration of time that could be taken while answering the questionnaire, clarity of the questions, test of logical flow and whether the questionnaire could be reliably self administered. The researcher used of one respondent from each of the categories of the study population. After pre-testing the instrument, the researcher ran the statistical test using SPSS to obtain the Cronbach coefficient Alpha (a) to determine the reliability of the instrument and if the Cronbach coefficient Alpha is greater than 0.5 (Alpha >0.5), it implies a high level of reliability of the instruments (Amin, 2005). The respondents selected for this test were not used for the data collection. The chronbach's Alpha was 0.642 which was greater than 0.5 implying that the instruments had a high level of reliability.

3.10. Measurement of Variables

The measurement of variables was done using the likert scale rating measure. This involved examining whether the study population strongly agrees or strongly disagrees with the statements on a 5- point scale (sekaran 2000) and cited by Nyakato (2009) In this study the scale will range as follows; 1- strongly agree, 2- agree, 3-neutral, 4- disagree and 5- strongly disagree.

3.11 Data Management and Analysis

The Researcher collected data, edited in accordance with the responses from the structured and unstructured interviews and questionnaires. The data was coded, categorized under the variables

and entered into the computer using the excel data management which was later exported to the statistical package for social scientists (SPSS) for analysis.

3.11.1 Qualitative Data analysis

The qualitative data from the interview responses, documentary review was analyzed using the thematic procedures. This involved organizing the statements and responses (through summaries, coding and testing out main study themes) and useful conclusions and interpretation was generated based on patterns and explanations of the study findings and research objectives (Trochim, 2006). In addition Clustered qualitative information was synthesized and used to explain the quantitative analysis results.

3.11.2 Quantitative Data analysis

The quantitative data was analyzed in three stages thus; univariate, bivariate and multivariate stages. The univariate analysis was carried out to generate information about demographic and socio-economic variables in the study. The information was presented in form of descriptive statistics (i.e. frequency tables, charts and graphs). At the bivariate stage, cross tabulations and chi square test statistics was used to establish the significance of the relationships between the independent variables (local revenue planning, collection and control) and dependent variables (maintenance of physical infrastructure). The Pearson correlation matrix which measures the degree and the direction of the relationship between the two variables was also used to analyze the data as propounded by Mugenda and Mugenda (1999). A chi-square test with results showing a probability of 0.05 or less is commonly interpreted by social Scientists as a justification for rejecting the null hypothesis that the row variable is unrelated (that is only randomly selected) to the column variable. If found significant, the interpretation is that, increases in one variable are

associated with increases or decreases for negative relationship in the other variable greater than what would be expected by chance of random sampling.

3.12 Ethical Consideration

In the context of research, ethics refers to the appropriateness of the researcher's behavior in relation to the rights of those who become subjects of the study or are affected by it. The researcher considered ethical issues throughout the period of the research and remained sensitive to the impact of his work on the respondents and stakeholders affected by the study (Saunders et al., 2009). The researcher obtained introductory letter from Uganda Management Institute to the Chief Administrative Officer, Maracha District prior to conducting research, seeking permission to conduct research in the District. The informed consent from the respondents was also obtained by explaining the purpose and objectives of the study.

The researcher observed the principle of anonymity during data collection and presentation by using codes as a means of identify the respondents. This research dealt with direct questioning of respondents, and reviewing documents, administering of questionnaires to respondents and observations and throughout these processes, ethical concerns was considered.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1. Introduction

In this chapter the researcher presents, analyses and interprets results in regard to how Local revenue management affects maintenance of physical infrastructure in Maracha District Local Government. The results are presented according to the objectives of the study together with the hypotheses. The first section of this chapter deals with a presentation of the response rate and a description of the characteristics of the respondents. This is then followed by a section in which findings about the study objectives are presented.

4.2 Response Rate

The response rate also known as completion rate or return rate in a study, refers to the number of people who answered the research questions divided by the number of people in the sample and it is expressed in the form of a percentage (%). Therefore, the table below provides the rate at which respondents completed the instrument of data collection.

Table 3: the Response Rate

Category of respondents	**Sample**	**Questionnaires distributed**	**%of questionnaires distributed**	**Questionnaires returned**	**Response rate**
Heads of department	9	9	10.7	9	100%
Extension workers	4	4	4.8	3	75%
Head Teachers	49	49	58.3	30	61.2%
Health unit in charges	10	10	11.9	10	100%
CDO	6	6	7.1	6	100%
Accounts Assistants	6	6	7.1	6	100%
Total	**84**	**84**	**100**	**64**	**89.4%**

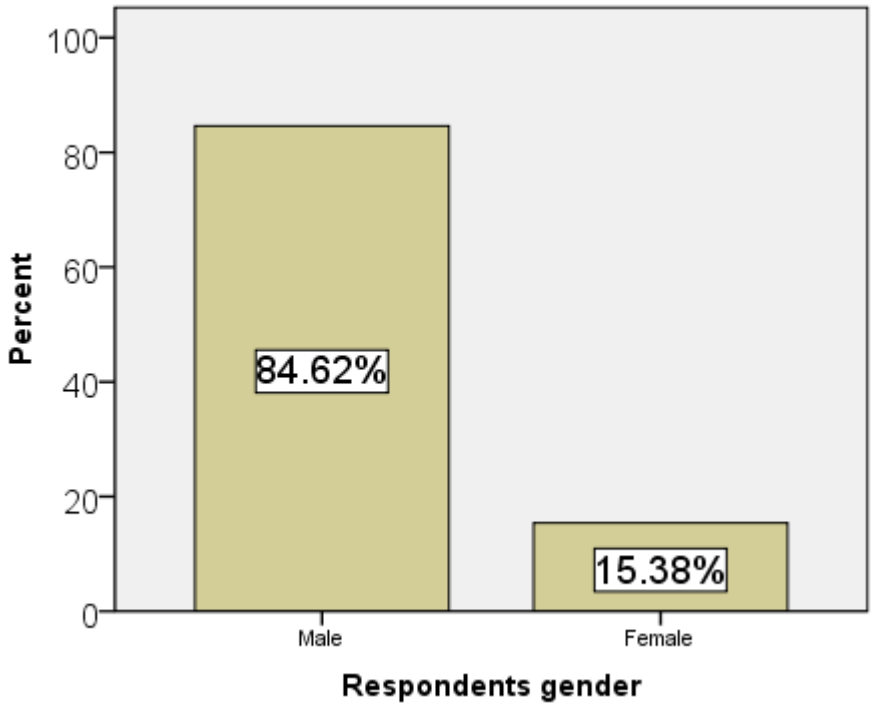
From Table 3, 84 questionnaires were distributed as follows; 9 (10.7%) to Heads of department, 4 (4.8%) to Extension workers, 49 (58.3%) to Head teachers, 10 (11.9%) to Health unit in charges, 6 (7.1%) to community development officers and 6 (7.1%) to Accounts Assistants. A total of 64 were returned representing 89.4% response rate. In addition out of 7 respondents selected as key informants 6 were interviewed representing 85.7%. These response rates are good enough to be relied on for the study.

4.3. Descriptive Characteristics of Respondents

The Descriptive characteristics covered the gender of respondents, marital status, age, level of education, work station and years of work experience as presented in the following tables below:

4.3.1 Gender of Respondents

Figure 2: Gender distribution of the Respondents



Source: Primary Data

From Figure 2 above, of the 64 respondents who participated in the study, 10 (15.38%) were females while the remaining 54 (84.64%) were males, meaning that a larger proportion of the respondents were males, despite local governments being guided by the Gender policy which offers both sexes equal opportunities especially when it comes to recruitment of workers. This is because most people prefer employing males to females, for females are entitled to maternity leave and are considered to be weak compared to males which always put work at standstill (stereo-type gender roles).

4.3.2 Marital status of the respondents

Table 4: Distribution of the respondents by marital status

Status	Frequency	Percent
Married	58	90.62
Single	5	7.81
Separated	1	1.56
Total	64	100.0

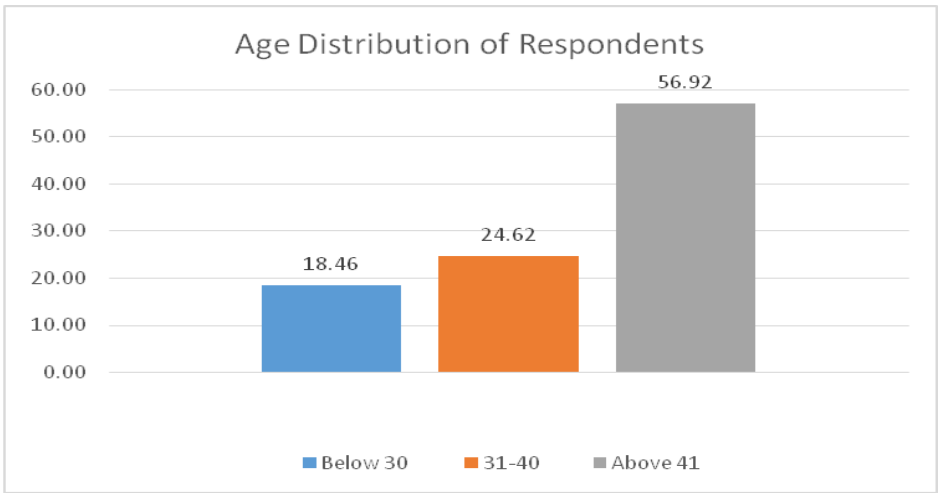
Source: Primary Data

From Table 4 above, 58 (90.62) of the respondents were married, 5 (7.81%) were single and 1 (1.56%) persons had separated. The observation here is that a larger percentage (90%) of the respondents were married, this is because people with these job specifications are more likely to be married people The essence was to arrive at a team of mature responsible people, who undoubtedly provided the needed information.

4.3.4 The Respondents Age

These are also other factors that determine validity, therefore this is why the researcher was interested in establishing the age of the respondents who participated in the study and the results are given as follows;

Table 5: Distribution of the Respondents by Age



Source: Primary Data

Table 5 indicates that 37 (57.81%) of the respondents were of ages above 41 years, 15 (25%) had ages ranging between 31- 40 while the remaining 12 (18.75%) had ages below 30 years. The observation here is that a larger percentage of the respondents were of the ages 41 and above and were without doubt mature enough to comment about the effects of local revenue management on the maintenance of the physical infrastructures in Maracha District.

4.3.5 Education level of the respondents

Table 6: Distribution of respondents by level of education

Education level of respondents	Frequency	Percent
Masters	2	3.13
Degree	22	34.38
Diploma	30	48.88
Certificate	10	15.62
Total	**64**	**100.0**

Source: Primary Data

From Table 6 above, 30 (48.88%) of the respondents were Diploma holders while 22 (34.38% were Degree holders, 10 (15.62%) certificate holders and 2 (3.13%) were masters' holders. It can

be observed here that a larger proportion of the respondents were degree holders and the least were those holding masters.

4.3.6. Distribution of respondents by work station

Since the need for the maintenance of the physical infrastructures to the concerned authority is expressed by workers in those departments, the researcher was interested in establishing the respondents work stations and the results are established in the table below.

Table 7: The respondents work station

Work station of respondent	Frequency	Percent
District	9	14.06
Health center	10	15.63
School	30	46.88
Sub-county	15	23.44
Total	**64**	**100.0**

Source: Primary Data

From Table 7, out of the 64 respondents 30 (46.88%) were working in schools, 15 (23.44%) were working at sub counties, 10 (15.63%) were working in the health centers and the remaining 9 (14.06%) were working at the district headquarters. The observation here is that a larger proportion their work station were schools and the least were those from the district. This is because in most cases local revenue collection is done at the sub county level and used to put up infrastructures like roads and rehabilitation and construction of classroom blocks at schools. The people from the work stations reported about were believed to have had adequate knowledge about the effect of local revenue management on the maintenance of physical infrastructure in Maracha District.

4.3.7 Distribution of respondents by years of work

The researcher wanted to know the period the respondent had spent at work. This is because; the number of years spent at a particular work can lead to increased efficiency and competence in that field. The report is as follows:

Table 8: Respondents' period spent at work

Period spent at work	Frequency	Percent
1-5 Years	9	14.06
11 and above	46	71.81
6-10 Years	5	7.81
Below 1 Year	4	6.25
Total	**64**	**100.0**

Source: Primary Data

From Table 8, 46 (71.81%) of the employees had worked for a period of 11 and above years, 9 (14.06%) had worked for a period between 1-5 years, 5 (7.81%) had worked for a period between 6-10 years and the remaining 4 (6.25%) had worked for a period below 1 year. The observation here is that a larger proportion of the respondents had worked in their positions for a long time in Maracha District.

4.4 The effects of Local Revenue planning on maintenance of physical infrastructure

Local revenue planning is a very important function for revenue performance improvement, through formulation of local revenue enhancement plans and budgets, proper business registration and revenue assessment. Local revenue planning if not well done can result in poor revenue generation which in turn affects physical infrastructure maintenance.

Table 9: Analysis of local revenue planning and maintenance if physical infrastructure

Rated Items		Response category				
		SA	**A**	**NS**	**A**	**SD**
		f/64 &%	**f/64 &%**	**f/64 &%**	**f/64 &%**	**f/64 &%**
1	District/sub-county has revenue enhancement strategies	17	41	3	2	1
		26.56	64.06	4.69	3.13	1.56
2	My institution/department is represented at the technical planning committee meetings at the district/ sub-county	31	19	2	5	7
		41.44	29.69	3.13	7.81	10.94
3	The revenue enhancement plan has helped in resource mobilization and collection	10	40	11	2	1
		15.63	62.5	17.19	3.13	1.56
4	My institution/department participates in budget process at the district/ sub-county	18	22	5	8	11
		26.56	34.38	7.81	12.90	17.19
5	Budgeting for new investments is prioritized first	10	18	24	8	2
		16.13	29.03	38.71	12.90	3.23
6	There are conditions on how to budget for local revenue	10	33	7	4	3
		17.54	57.89	12.28	7.02	5.26
7	District/sub-county/assesses its tax payers	16	25	9	6	6
		25.81	40.32	14.52	9.68	9.68
8	The District/sub county maintains data base for its tax payers	10	28	18	6	3
		14.06	43.75	28.13	9.38	4.69
9	Awareness about tax payment helps in revenue generation	14	36	7	4	4
		21.31	56.25	10.94	6.25	6.25
10	District /sub county Local revenue budget provides for maintenance for physical infrastructure	11	31	8	8	6
		17.19	48.44	12.50	12.50	9.38
11	Maintenance has adequate budgetary provision	3	17	15	18	6
		5.08	28.81	25.42	30.51	10.17
	Maintenance activities are implemented as budgeted	3	20	13	21	5
		4.84	32.26	20.97	33.87	8.06
12	Local revenue planning has helped physical infrastructure maintenance in my department	4	27	14	14	5
		6.35	42.86	22.22	22.22	7.94

Source: Primary data

From Table 9, out of the 64 respondents who were involved in the study, 41 (64.06 %) of the respondents agreed while 17 (26.56%) strongly agreed that the district/sub-county had revenue enhancement strategies. On the contrary 2 (3.13%) disagreed and 1 (1.56%) strongly disagreed meanwhile 3 (4.69 %) were not sure. Data provided evidence that 58 (90.62%) agreed that the District/ sub county had revenue enhancement strategies. This means that Maracha District Local Government tries to fulfill its mandate of having revenue enhancement strategies which are critical for increased local revenue generation.

From Table 9, it was also discovered that 31 (41.44%) strongly agreed, 19 (29.69%) agreed, 5 (7.81%) disagreed 7 (10.94%) strongly disagreed and 2 (3.13%) were not sure with the statement that there institution/department is represented at the technical planning committee meetings at the district/ sub-county. The data therefore provided evidence that 50 (71.13 %) agreed that their departments /institutions were represented at technical planning meetings as opposed to 12 (18.75 %) who had contrary view. This means that Maracha District Local Government has well constituted technical planning committees which fairly undertake their mandate as a measure of compliance with Local government Act that provides for the Technical Planning committees at local governments charged with planning processes.

In addition, 40 (62.5%) agreed and 10 (15.63%) of the respondents strongly agreed that revenue enhancement plan has helped in resource mobilization and collection. Meanwhile 1 (1.56 %) strongly disagreed, 2 (3.13%) disagreed and 11 (17.19%) were not sure. The data provided evidence that 50 (78.13 %) agreed that revenue enhancement plan has helped in resource

mobilization and collection. This means that Maracha District Local government attaches significance on revenue enhancement planning as a means to increased revenue mobilization.

Similarly, 22 (34.38%) of the respondents agreed and 18 (26.56%) strongly agreed that their institutions/departments participate in budget process at the district/ sub-county .Meanwhile 11(17.19%) strongly disagreed, 8 (12.90%) disagreed and 1 (7.81%) were not sure. Although the data reveals that 40 (60.94 %) participated in the budgeting process, 19(30.09 %) had contrary view. This reveals that Maracha District Local government fulfills its mandate and undertakes budgeting as provided for in the public finance Act 2015. However there is still a problem of effective participation and as a result the budgets may not give a true reflection of the needs of other institutions /departments.

Furthermore, 18 (29.03 %) of the respondents agreed and 10 (16.13 %) strongly agreed that budgeting for new investments is prioritized first. On the contrary, 8 (12.90 %) disagreed, 2 (3.23%) strongly disagreed and 24 (38.71%) were not sure. Although the data provided evidence that 26 (45.16%) of respondents agreed that budgeting for new investments is prioritized first, 10 (16.13%) disagreed and 24 (38.7 1%) were not sure. This means that on the whole, Maracha District Local Government prioritizes budgeting for new investments although there still exists challenges of increased participation of key stakeholders in the planning and budgeting process in the local government.

It was also discovered that 33 (57.89 %) of the respondents agreed and 10 (17.54 %) strongly agreed that there are conditions on how to budget for local revenue. Meanwhile 4 (7.02%) disagreed, 3 (5.26%) strongly disagreed and 7 (12.28%) were not sure. The data provided

evidence that 43 (75.43 %) of the respondents agreed that there are conditions on how to budget for local revenue. This means that there are conditions on how to budget for local revenue in Maracha Local Government although not all stakeholders decide on what finally constitutes priorities of the Local Government.

The Table 9 also shows that 25 (40.32 %) of the respondents agreed and 16 (25.81 %) strongly agreed that the district/sub-county/assesses its tax payers. Meanwhile 6 (9.68 %) strongly disagreed, 6 (9.68 %) disagreed and 9 (14.52 %) were not sure. Data provided evidence that 41 (66.13%) agreed that District/sub-county/assesses its tax payers while 12 (19.36%) were on the contrary view. This means that Maracha Local Government undertakes tax payers' assessment which is a very critical strategy in projecting revenue collections for effective planning and budgeting, although there are traces of disbelief in the way this exercise is undertaken.

In addition 28 (43.75%) of the respondents agreed and 10 (14.06 %) strongly agreed that the district/sub county maintains data base for its tax payers while 6 (9.38%) disagreed, 3 (4.69%) strongly disagreed and 18 (28.13%) were not certain. Although the data provided evidence that 38 (57.81%) agreed that District/sub-county maintains data bases for tax payers, on the contrary 18 (28.13%) were not sure. This means that although there is maintenance of data bases for tax payers, there still exists challenges in maintaining the data bases for tax payer as a considerable number are not certain of the existence of such a measure.

From Table 9 above, 36 (56.25%) of the respondents agreed and 14 (21.31%) strongly agreed that awareness about tax payment helps in revenue generation. Meanwhile 4 (6.25%) disagreed, 4 (6.25%) strongly disagreed and 7 (10.94%) were not sure. The findings provided evidence that

50 (77.56%) of the respondents agreed that awareness about tax payment helps in revenue generation. This means that the majority of tax payers consider awareness creation about tax payment as a meaningful strategy for the enhancement of revenue generation in the local governments.

It is also discovered that 31 (48.44 %) of the respondents agreed and 11 (17.19 %) strongly agreed that District /sub county local revenue budget provides for maintenance for physical infrastructure. On the other hand, 8 (12.50 %) disagreed, 6 (9.38 %) strongly disagreed and 6 (12.50 %) were not sure. This data provided evidence that 42 (65.63) were in agreement that District /sub county local revenue budget provides for maintenance for physical infrastructure and 14 (21.88%) had contrary view. This means that the local government provides for maintenance of physical infrastructure under local revenue budgets, although what finally is put to the budgeted activity of physical infrastructure maintenance is almost unbelievable.

Table 9 reveals that 17 (28.81%) of the respondents agreed and 3 (5.08 %) strongly agreed that maintenance has adequate budgetary provision. On the contrary 18 (30.51 %) disagreed, 6 (10.17 %) strongly disagreed and 15 (25.42%) were not sure. Although the data provided evidence that 30 (33.89 %) of the respondents agreed that maintenance has adequate budgetary provision, 24 (40.68%) had a contrary view and 15 (25.5 %) were not sure. This means that there is inadequate budgetary provision for maintenance hence, maintenance activities which are dependent on local revenue budgets remain a big challenge in the local governments.

Similarly, 20 (32.26%) of the respondents agreed, 3 (4.84%) strongly agreed, 5 (8.06%) strongly disagreed, 21 (33.87%) disagreed and 13 (20.97%) were not sure with the statement that the

revenue collected is used to implement maintenance activities as budgeted. While the data provided evidence that 23 (37.1%) agreed that maintenance activities are implemented as budgeted, 26 (41.93%) of the respondents had contrary view and 13 (20.97%) were not certain. This means the local government still has challenges in implementing maintenance activities as budgeted and this has far reaching effects on budget performance.

Furthermore, 27 (42.86%) of the respondents agreed and 4 (6.35%) strongly agreed that Local revenue planning has helped maintenance of physical infrastructure in my institution/department. To the contrary 14 (22.22%) disagreed, 5 (7.94 %) strongly disagreed and 14 (22.22%) were not sure. Although the data provided evidence that 31 (49.21%) of the respondents agreed that Local revenue planning has helped maintenance of physical infrastructure, 19 (28.57%) had a contrary view and 14 (22.2%) were not sure. This means that there still exist challenges in maintenance of physical infrastructure arising from inadequacies in local revenue planning and lack of appreciation of macroeconomic value of maintenance of existing infrastructure as opposed to new project development.

Overall, the investigator ran a correlation test to determine the relationship between local revenue planning and the maintenance of physical infrastructure. This followed a hypothesis that there is no significant correlation between local revenue planning and maintenance of physical infrastructures. Interestingly, the results indicate that there is a positive and significant relationship between local revenue planning and the maintenance of physical infrastructure. As such the alternative was accepted, hence, there is a significant correlation between local revenue planning and maintenance of physical infrastructures since the output indicated 0.827** level of significance.

Table 10: The relationship between local revenue planning and Maintenance of physical infrastructures

Variables	Statistics	Local revenue planning	Maintenance of infrastructures
Local revenue planning	Pearson Correlation	1	0.827**
	Sig. (2-tailed)		0.001
	N	64	64
Maintenance of infrastructures	Pearson Correlation	0.827**	1
	Sig. (2-tailed)	0.001	
	N	64	64

**. Correlation is significant at the 0.05 level (2-tailed).

From Table 10 above, the correlation coefficient is 0.827.This implies that there is a strong positive correlation of 82.7% between local revenue planning and the maintenance of the physical infrastructures. And since the hypothesized value (0.001) is less than 0.05 the significance level, the null hypothesis was rejected and as such there is significant positive relationship between local revenue planning and maintenance of the physical infrastructure in Maracha District. The above quantitative results are supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue planning has had a relative contribution towards the maintenance of physical infrastructure".* However; another respondent was quick to add that; "*maintenance of physical* i*nfrastructure* is n*ot prioritized, because, administration has only 1.000.000/=. In fact I don't know what they intend to maintain. This is because, 90% of local revenue is spent on recurrent expenditures".*

4.5 The Contribution of local revenue collection on maintenance of physical infrastructure

Local revenue collection determines how much revenue the local government collects. It involves diversifying sources of revenue, revenue mobilization and payment compliance which are critical in improving local revenue collections required for infrastructure Maintenance.

Table 11: Analysis of local revenue collection and maintenance of infrastructures

Rated Items		**Response category**				
		SA	**A**	**NS**	**A**	**SD**
		f/64 &%	**f/64 &%**	**f/64 &%**	**f/64 &%**	**f/64 &%**
1	I know all local revenue sources in my local government	8	13	10	18	14
		12.70	20.63	15.87	28.57	22.22
2	There are other sources of funding for maintenance activities	14	34	10	3	1
		22.58	54.84	16.13	4.84	1.61
3	District/sub-county/institution has revenue collection strategies	14	39	7	2	2
		21.88	60.94	10.94	3.13	3.13
4	District/ sub county has adequate capacity in mobilizing local revenue	5	23	12	16	8
		7.81	35.94	18.75	25.00	12.50
5	District/sub-county sensitizes her tax payers on tax payment	2	18	19	16	8
		3.17	28.57	30.16	25.40	12.70
6	Local revenue is collected as planned	3	14	15	24	7
		4.76	22.22	23.81	38.10	11.11
7	Local revenue collected is well managed	1	14	14	18	15
		1.61	22.58	22.58	29.03	24.19
8	District/sub-county ensures good revenue mobilization	2	27	17	4	11
		3.17 %	42.86 %	26.98%	6.15%	17.46 %
9	There is compliance by tax payers towards tax payment	2	12	15	28	6
		3.17	19.05	25.42	44.44	9.52
10	Local revenue collected has enhanced maintenance of physical infrastructure	1	32	11	15	5
		1.56	50	17.19	23.44	7.81

Source: Primary data

From Table 11 above, 13 (20.63%) of the respondents agreed and 8 (12.70%) strongly agreed that they know all local revenue sources in their local government. Meanwhile 18 (28.57%) disagreed, 14 (22.22%) strongly disagreed and 10 (15.87%) were not sure. Although the data provided evidence that 21 (33.33 %) of the respondents agreed that they know all local revenue sources in their local government as compared to 32 (50.79 %) who disagreed. This means that the majority of the tax administrators are not aware of all local revenue sources as spelt out in the fifth schedule of the Local Act CAP 243. This could have adverse effects on revenue mobilization and collection.

In table 11 above, 34 (54.84%) of the respondents agreed and 14 (22.58%) strongly agreed that there are other sources of funding for maintenance activities. Meanwhile 3(4.84%) disagreed, 1 (1.61%) strongly disagreed and 10 (16.13%) were not sure. This means that while there are recognized other sources of funding for the maintenance of physical infrastructure, these sources are either insufficient or even when funds are secured; the money is not put to the very activity as secured.

Furthermore, 39 (60.94%) of the respondents agreed and 14 (21.88%) strongly agreed that District/sub-county/institution has revenue collection strategies. On the other hand only 2 (3.13%) disagreed, 2 (3.13%) strongly disagreed and 7 (10.94%) were not sure. This means that Maracha District local Government has some existent revenue collection strategies although one wonders whether they are that effective.

In addition, 23 (35.94 %) of the respondents agreed and 5 (7.81 %) strongly agreed that District/ sub county has adequate capacity in mobilizing local revenue. Meanwhile 16 (25%) disagreed, 8 (12.5%) strongly disagreed and 12 (18.75%) were not sure. Although the data provided

evidence that 28 (43.75%) agreed that District/ sub county has adequate capacity in mobilizing local revenue while 18 (37.5 %) disagreed. This means that Maracha District local Government has some existent capacity in mobilizing local revenue although not that effective.

Table 11 above shows that 18 (28.57 %) of the respondents agreed and 2 (3.17%) strongly agreed that District/sub-county sensitizes her tax payers on tax payment. To the contrary 16 (25.40 %) disagreed, 8 (12.7%) strongly disagreed and 19 (30.16 %) were not sure. Although the data provided evidence that only 20 (31.74%) of the respondents agreed that District/sub-county sensitizes her tax payers on tax payment as compared to 24 (38.1%) who disagreed and 19 (30.16%) who were not sure. This means that Maracha District local Government has reasonably poor sensitization of her tax payers on tax payment and this has adverse effects on its revenue collection performance.

Furthermore, 14 (22.22%) of the respondents agreed and 3 (4.76%) strongly agreed that Local revenue is collected as planned. Meanwhile 18 (38.1%) disagreed, 7 (11.11 %) strongly disagreed and 15 (23.81 %) were not sure. Data provided evidence that only 17 (26.98%) of the respondents agreed that Local revenue is collected as planned as compared to 25 (49.21%) who disagreed and 15 (23.81%) who were not sure. This means that Maracha District local Government does not realize the local revenue as estimated and this is indicative of poor implementation of planned activities.

From Table 11, 14 (22.58 %) of the respondents agreed and 1 (1.61 %) strongly agreed that Local revenue collected is well managed. On the contrary 18 (29.03 %) disagreed, 15 (24.19 %) strongly disagreed and 14 (22.58 %) were not sure. Data provided evidence that 15 (24.19 %) of the respondents agreed that Local revenue collected is well managed as opposed to 33 (53.22%)

who disagreed. This reveals that there are challenges in the management of collected local revenue.

It is also observed that 27 (42.86%) of the respondents agreed and 2 (3.13% strongly agreed that District/sub-county ensures good revenue mobilization. To the contrary 11 (17.46%) disagreed, 4 (6.15%) strongly disagreed and 17 (26.98%) were no sure. Although the data provided evidence that 29 (45.99%) of the respondents agreed that District/sub-county ensures good revenue mobilization, 15 (23.61%) had contrary view and 17 (26.98%) were not certain. This finding means that there are still problems of resource mobilization and collection resulting in declining revenue generation in the Maracha District.

Furthermore, 12 (19.05%) of the respondents agreed and 2 (3.13%) strongly agreed that there is compliance by tax payers towards tax payment. Meanwhile 28 (44.44%) disagreed, 6 (9.52%) strongly disagreed and 15 (25.98%) were not sure. The data provided evidence that 10 (22.18%) of the respondents agreed that there is compliance by tax payers towards tax payment. Meanwhile 37 (53.96% had a contrary view. This means that Maracha District Local Government has very low tax compliance, a challenge that already communicate poor local revenue collection and poor implementation of maintenance planned activities.

Similarly, 32 (50 %) of the respondents agreed and 1 (1.56 %) strongly agreed that Local revenue collected in District/sub-county has enhanced maintenance of physical infrastructure. On the other hand 15 (23.44%) disagreed, 5 (7.81%) strongly disagreed and 11 (17.19%) were not sure. Although the data provided evidence that 33(51.56%) of the respondents agreed that Local

revenue collected in District/sub-county has enhanced maintenance of physical infrastructure, 20 (31.25%) had a contrary view and 11 (17.19%) were not sure This means that there is a limited contribution of local revenue toward the maintenance of physical infrastructure in Maracha District Local Government.

Overall, the investigator ran a correlation test to determine the relationship between local revenue collection and the maintenance of physical infrastructure. This followed a hypothesis that there is no significant correlation between local revenue collection and maintenance of physical infrastructures. Interestingly, the results indicate that there is a positive and significant relationship between local revenue collection and the maintenance of physical infrastructure. As such the alternative was accepted, hence, there is a significant correlation between local revenue collection and maintenance of physical infrastructures since the output indicated 0.720** level of significance as illustrated in the table below:

Table: 12 The relationship between Local revenue collection and Maintenance of physical infrastructures

Variables	**Statistics**	**Local revenue collection**	**Maintenance of infrastructures**
Local revenue collection	Pearson Correlation	1	0.720**
	Sig. (2-tailed)		0.001
	N	64	64
Maintenance of infrastructures	Pearson Correlation	0.720**	1
	Sig. (2-tailed)	0.001	
	N	64	64

**. Correlation is significant at the 0.05 level (2-tailed).

From Table,12 above, the correlation coefficient is 0.720 implies that there is a strong positive correlation of 72.0% between local revenue collection and the maintenance of the physical infrastructures. And since the hypothesized value (0.001) is less than 0.05 the significance level, the null hypothesis was rejected and as such; there is significant positive relationship between local revenue collection and maintenance of the physical infrastructure in Maracha District. The above quantitative results are supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue collection has had a relative contribution towards the maintenance of physical infrastructure".* However; another respondent was quick to add that: *"the CFO and his team do not give time to revenue collection. Another retorted that even the few do not go to undertake meaningful revenue collection"*.

4.6 The effect of local revenue control on the maintenance of physical infrastructure

Local revenue control is also another critical dimension of local revenue management which is concerned with budget implementation, local revenue sharing mechanism, accountability, monitoring and evaluation. This will lead to proper maintenance of physical infrastructure.

Table 13: Local revenue control and maintenance of physical infrastructure

Rated Items		Response category				
		SA	**A**	**NS**	**A**	**SD**
		f/64 &%	**f/64 &%**	**f/64 &%**	**f/64 &%**	**f/64 &%**
1	Local revenue collected is spent according to the budget	7	24	14	11	8
		10.94	37.50	21.88	17.19	12.50
2	There are challenges in budget execution	27	28	5	2	1
		42.86	44.44	7.94	3.17	1.59
3	Local revenue collected is shared among local governments and admin. units	9	31	6	7	11
		14.06	48.44	9.38	10.94	17.19
4	Local revenue sharing in the district/sub county has improved physical infrastructure maintenance	3	26	12	17	6
		4.69	40.63	18.75	26.56	9.38
5	District/sub-county/institution has mechanisms for internal revenue control	9	38	10	5	1
		14.29	60.32	15.87	7.94	1.59
6	Execution of budget on maintenance is regularly audited	6	25	16	10	7
		9.38	39.06	25.00	15.63	10.94
7	Accountability for local revenue has improved delivery of maintenance activities	5	28	4	17	10
		7.81	43.75	6,25	26.56	15.63
8	The council monitors the management of local revenue	14	37	8	2	3
		21.88	60.66	13.11	3.28	4.92
9	Monitoring and evaluation has improved local revenue control in the district	9	31	13	5	6
		14.06	48.44	20.31	7.81	9.38
10	The allocated funds are adequate for maintenance of physical infrastructure	1	10	7	30	16
		1.56	15.63	10.94	46.88	25
11	Accountability on maintenance activity is shared with all the stakeholders	3	18	15	23	5
		4.69	28.13	23.44	35.94	7.81
12	Local revenue control measures have enhanced maintenance activities	1	31	16	12	4
		1.56	48.44	25	18.75	6.25
13	District/sub-county/ faces challenges in maintenance of its physical infrastructure	27	26	4	4	3
		42.19	40.63	6.25	6.25	4.69

Source: Primary data

From Table 13 above, 24 (37.50%) of the respondents agreed and 7 (10.94%) strongly agreed that Local revenue collected is spent according to the budget**.** On the other hand 11 **(**17.19%) disagreed, 8 (12.50%) strongly disagreed and 14(21.88%) were not sure. Data provided evidence that 31 (48.44%) of the respondents agreed that Local revenue collected is spent according to the budget as opposed to 19 (29.69%) with contrary view and 14 (21.88%) not sure. This means that Maracha District Local Government spends the local revenue collected according to the budget although there are marked deviations.

In addition, 28 (44.44%) of the respondents agreed and 27 (42.86%) strongly agreed that there are challenges in the budget execution. On the other hand 3 (4.69%) disagreed, 1 (1.6%) strongly disagreed and 5 (7.94%) were not sure. This means that the Maracha District Local Government budget is not executed as planned due to challenges best understood by the budget implementers.

From Table13above, 31 (48.44%) of the respondents agreed and 9 (14.06%) strongly agreed that Local revenue collected is shared among local governments and admin. units as provided for in the LG Act, while 7 (10.94%) disagreed, 11 (17.19 %) strongly disagreed and 6 (9.38%) were not sure. Although data provided evidence that 40 (62.5%) agreed that Local revenue collected is shared among local governments and administrative units as provided for in the LG Act, 18 (28.13%) had a contrary view. This means that to some extent the local revenue collected by Maracha District Local Government is not shared and this affects delivery of services.

Furthermore, 26 (40.63%) of the respondents agreed and 3 (4.69%) strongly agreed that Local revenue sharing in the district/sub county has improved maintenance of physical infrastructure.

To the contrary 17 (26.56%) disagreed, 6 (9.38%) strongly disagreed and 12 (18.75%) were not sure. Although data provided evidence that 29 (45.32%) of the respondents agreed that Local revenue sharing in the district/sub county has improved maintenance of physical infrastructure 23 (35.94%) had contrary view. This means that local revenue sharing among local governments and administrative units has not significantly translated into improved maintenance of physical infrastructure because there are still challenges in executing budgetary allocations in local governments. To this effect one of the key informants was quoted saying "*Discretional funds – very few departments benefit, Health, Production that benefit from conditional grants are sidelined".*

Table 13 reveals that 38 (60.32%) of the respondents agreed and 9 (14.29%) strongly agreed that District/sub-county/institution has mechanisms for internal revenue control. On the other hand 5 (7.94%) disagreed, 1 (1.56%) strongly disagreed and 10 (15.87%) were not sure. This means that the local government has mechanism for internal revenue control and as such it can offer opportunities for better service delivery.

From Table 13, 25 (39.06%) of the respondents agreed and 6 (9.38%) strongly agreed that execution of budget on maintenance is regularly audited while 10 (15.63%) disagreed, 7 (10.94% strongly disagreed and 16 (25%) were not sure. Although the data provided some evidence 31 (48.44%) that execution of budget on maintenance is regularly audited. This means that there exist inadequacies in the audit function and this has weakened budget execution on infrastructure maintenance because of possible misallocation threats.

From table 13 above, 28 (43.75%) of the respondents agreed and 5 (7.81 %) strongly agreed that accountability for local revenue has improved delivery of maintenance activities. To the contrary 17 (26.56 %) disagreed, 10 (15.63%) strongly disagreed and 4 (6.25%) were not sure. Although the Data provided evidence that 33 (51.56%) agreed that accountability for local revenue has improved delivery of maintenance activities, 27 (42.19%) had contrary view and 4 (6.25%) were not sure. This indicates that accountability for local revenue has not necessarily translated into improved delivery of maintenance activities.

Similarly, 37 (60.66%) of the respondents agreed and 14 (21.88%) strongly agreed that the council monitors the management of local revenue. On the other had 2 (3.13%) disagreed, 3 (4.69%) strongly disagreed and 8 (13.11% were not sure. Data provided evidence that 51 (82.54%) of the respondents agreed that the council monitors the management of local revenue as opposed to 5 (7.82%) who had a contrary view. This means that council fulfills its mandate as set out in the Local Government Act CAP 243, thus, to approve the budgets and monitor its implementation.

It was also observed that 31 (48.44% of the respondents agreed and 9(14.06%) strongly agreed that monitoring and evaluation has improved local revenue control in the district/sub county. To the contrary 5 (7.81%) disagreed, 6 (9.38%) strongly disagreed and 13 (20.3%) were not sure. Although the data provided evidence that 40 (62.5%) of the respondents agreed that monitoring and evaluation has improved local revenue control in the district/sub- county, 11 (17.19%) disagreed and 13 (20.31%) were not sure. This means that monitoring and evaluation of local

revenue control has a considerable contribution towards physical infrastructure maintenance, although the extent is not satisfactory.

Furthermore, 10 (15.63 %) of the respondents agreed and 1 (1.56%) strongly agreed that the allocated funds are adequate for maintenance of physical infrastructure. To the contrary 30(46.88 %) disagreed, 16 (25%) strongly disagreed and 7 (10.94 %) were not sure. Although the data provided evidence that 11 (17.19%) of the respondents agreed that the allocated funds are adequate for maintenance of physical infrastructure, 46 (71.88 %) of the respondents had a contrary view. This means that there is inadequate funding for maintenance of physical infrastructure activities.

Similarly, 18 (28.13%) of the respondents agreed and 3 (4.69%) strongly agreed that accountability on maintenance activity is shared with all the stakeholders while 23 (35.94%) disagreed, 5 (7.81%) strongly disagreed and 15 (23.44%) were not sure. Whereas the data provided evidence that 21 (32.82%) of the respondents agreed that accountability on maintenance activity is shared with all the stakeholders, 28 (43.75%) disagreed and 23.4% were not sure. This means that accountability on maintenance activity is not shared with all the stakeholders and this has led to participatory planning challenges.

It was also observed that 31 (48.44 %) of the respondents agreed and 1 (1.56 %) strongly agreed that there is value for money in physical infrastructure maintenance in the District/sub-county/institution. On the other hand, 6 (9.38%) disagreed, 8 (12.5%) strongly disagreed and 18 (28.1%) were not sure. Although the data provided evidence that 32(50%) of the respondents

agreed that there is value for money in physical infrastructure maintenance in the District/sub-county/institution 14 (21.88%) disagreed and 18 (28.1%) were not sure. The means Maracha District still struggles to realize value for money and this has adverse effects on the quality of maintenance of physical infrastructure.

From Table 13, 31 (48.44%) of the respondents agreed and 1 (1.56) strongly agreed that Local revenue control measures have enhanced maintenance of physical infrastructure in the district/.sub county while 12 (18.75%) disagreed, 4 (6.25%) strongly disagreed and 16 (25%) were not certain. Whereas the data provided evidence that 32(50%) of the respondents agreed that Local revenue control measures have enhanced maintenance of physical infrastructure in the District/.Sub -County, 17 (25%) had a contrary view. This observation casts doubt on local revenue control measures in enhancing maintenance of physical infrastructure.

Furthermore, 26 (40.63 %) of the respondents agreed and 27 (42.19%) strongly agreed that District/sub-county/ faces challenges in maintenance of its physical infrastructure. To the contrary, 4 (6.25 %) disagreed, 3 (4.69 %) strongly disagreed and 4 (6.25%) were not certain. The data provided evidence that 53 (82.82%) of the respondents agreed that there are challenges in maintenance of its physical infrastructure as compared to 7(10.94%) who had contrary view. This finding implies that there are numerous challenges in maintenance of physical infrastructure ranging from neglect, financing and prioritization resulting in rapid decay of public capital.

The observation here is that there are still enormous local revenue management challenges that have had effect on maintenance of physical infrastructure in local governments as articulated by one of the key informant "*Very few indicate sources of revenues. Inadequate revenue collectors and mobilizes. Laxity on the part of the Local Government at all levels– there are still revenues*

that go un collected , what control do we have in the markets, who is there to monitor? Lack of commitment to collect local revenue. Local Revenue has also to do with Politics; they compromise with locals because Parish Chiefs serve in their places. Existing markets across the border are competing. The population is poor. They produce food but excess is very little".

Overall, the investigator ran a correlation test to determine the relationship between local revenue control and the maintenance of physical infrastructure. This followed a hypothesis that there is no significant correlation between local revenue control and maintenance of physical infrastructures. Interestingly, the results indicate that there is a positive and significant relationship between revenue control and the maintenance of physical infrastructure. As such the alternative was accepted, hence, there is a significant correlation between local revenue collection and maintenance of physical infrastructures since the output indicated 0.820** level of significance as illustrated in the table below:

Table 14: The relationship between local revenue control and the maintenance of physical infrastructure

Variables	**Statistics**	**Local revenue control**	**Maintenance of infrastructures**
Local revenue control	Pearson Correlation	1	0.820**
	Sig. (2-tailed)		0.001
	N	64	64
Maintenance of infrastructures	Pearson Correlation	0.820**	1
	Sig. (2-tailed)	0.001	
	N	64	64

**. Correlation is significant at the 0.05 level (2-tailed).

From table 14 above, the correlation coefficient is 0.820. This implies that there is a strong positive correlation of 82.0% between local revenue control and the maintenance of the physical

infrastructures. And since the hypothesized value (0.001) is less than 0.05 the significance level, the null hypothesis was rejected and as such; there is significant positive relationship between local revenue control and maintenance of the physical infrastructure in Maracha District. The above quantitative results are supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue control has had a relative contribution towards the maintenance of physical infrastructure".* However, another respondent was quick to add that *"maintenance is not given priority unless it is conditional".*

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings, their discussion, conclusion and recommendations. The study had three objectives and these are:

1. To examine the effect of local revenue planning on the maintenance of physical infrastructure in Maracha district local government.

2. To assess the contribution of local revenue collection on the maintenance of physical infrastructure in Maracha district local government.

3. To determine the effect of local revenue control on the maintenance of physical infrastructure in Maracha district local government.

Based on the report of the findings in the previous chapter, below is their summary;

5.2. Summary of findings

5.2.1 Local revenue planning and maintenance of physical infrastructure

The results from the correlation test indicate that the correlation coefficient is 0.827 which implies that there is a strong positive correlation of 82.7% between local revenue planning and the maintenance of the physical infrastructures. Equally, since the hypothesized value (0.001) is less than 0.05 significance level, we reject the null hypothesis and argue that there is significant positive relationship between local revenue planning and maintenance of the physical infrastructure in Maracha District. The quantitative results were supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue planning has had a relative contribution towards the maintenance of physical infrastructure"*. However, another respondent was quick to add that; *"maintenance of physical*

infrastructure is not prioritized because administration has only 1.000.000/=. In fact I don't know what they intend to maintain. This is because, 90% of local revenue is spent on recurrent expenditures".

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5.2.2 Local revenue collection and maintenance of physical infrastructure

The results from the correlation test indicate that the correlation coefficient is 0.720. This implies that there is a strong positive correlation of 72.0% between local revenue collection and the maintenance of the physical infrastructures. And since the hypothesized value (0.001) is less than 0.05 the significance level, the null hypothesis was rejected and as such; there is significant positive relationship between local revenue collection and maintenance of the physical infrastructure in Maracha District. This therefore, implies that the local revenue collected when managed well can lead to improvement in the quality of infrastructures. The quantitative results were supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue collection has had a relative contribution towards the maintenance of physical infrastructure".* However another respondent was quick to add that; "*the CFO and his team do not give time to revenue collection".* Another retorted that; "*even the few do not go to undertake meaningful revenue collection".*

5.2.3. Local Revenue Control and Maintenance of Physical Infrastructure

The results from the correlation test indicate that the correlation coefficient is 0.820. This implies that there is a strong positive correlation of 82.0% between local revenue control and the maintenance of the physical infrastructures. And since the hypothesized value (0.001) is less than 0.05 the significance level, the null hypothesis was rejected and as such; there is significant positive relationship between local revenue control and maintenance of the physical

infrastructure in Maracha District. This means that maintenance of physical infrastructure depends on the control of the local revenue and if not well managed, there will be lack of funds to maintain the infrastructures. The quantitative results were supported by a related qualitative observation in which one respondent was quoted as having remarked that: "*It is true Local revenue control has had a relative contribution towards the maintenance of physical infrastructure".* However, another respondent was quick to add that; *"maintenance is not given priority unless it is conditional".*

5.3. Discussion of Findings

The study established how local revenue management affects maintenance of physical infrastructure in Maracha District local government. The following are the key findings in relation to research objectives and questions. The first objective was to examine the effect of local revenue planning on the maintenance of physical infrastructure in Maracha district local government. The second objective was to assess the contribution of local revenue collection on the maintenance of physical infrastructure in Maracha district local government. And third objective was to determine the effect of local revenue control on the maintenance of physical infrastructure in Maracha district local government.

5.3.1. Local revenue planning and maintenance of physical infrastructure

Local revenue planning is a very important function for revenue performance improvement, through formulation of local revenue enhancement plans and budgets, proper business registration and revenue assessment. As such effective local revenue planning is very essential for all local governments in the implementation maintenance activities.

From the study, therefore, 58(90.62%) were in agreement that the District/sub county had revenue enhancement strategies. This finding was in line with local government mandate under fiscal decentralization where Local Governments are empowered to levy, charge, collect fees as a means to generate local revenue (LGA, CAP 243, section 80). Data from interviews however, provided sufficient evidence that revenue enhancement plans are not implemented. One of the key informants saying "*Having a plan is one thing but implementation is another. Every year we keep on rolling the plan because of non implementation. They put in place as requirement."* Another added to say "*There is no impact because it is not implemented; you cannot have your own resources. It needs to be implemented first to enable us to evaluate the impact".* This research, therefore, found it inconsistent with fiscal decentralization strategy (FDS) objectives that focus on revenue enhancement plans as an important tool in resource mobilization and collection. Therefore, the study concludes that maintenance of physical infrastructure suffered inadequate funding because local revenue enhancement plan could not create impact in local revenue generation in the local governments.

In addition, the study provided evidence that 42(65.63%) of the respondents were in agreement with the statement that district/sub county local revenue budget provides for maintenance for physical infrastructure and 14 (21.88%) had a contrary view. This finding is consistent with the work of Rioja (2003) arguing that maintenance of public infrastructure is financed by taxation or local revenue. The study also revealed that maintenance is not prioritized. In addition, it suffers inadequate funding as well as not being implemented as budgeted as supported by 26(41.93%) and 24 (40.68%) of the respondents respectively. To this effect, one of the key informants, when asked to comment on provision for maintenance in local revenue budget said "*Not prioritized, administration has only 1.000.000/= I don't know what they intend to maintain? 90% of local*

revenue is spent on recurrent expenditures; on Fuel, allowances, travels/Daily running of offices". Adding that "maintenance *is done adhoc, Local revenue is used to do some repairs and address emergencies. And when the magnitude of works is big unconditional grant is the target".* The aforementioned revelation is in agreement with 43 (75.4%) of the respondents who said that there are conditions on how to budget for local revenue. And found consistent with the work of Paul and Robert, (2003) asserting that Local revenues are largely consumed in administrative costs and political emoluments. In that respect the study concludes that maintenance of physical infrastructure is neglected in favour of other expenditures to the extent that there is inadequate budgetary provisions and implementation.

Finally, although 41 (49.21%) of the respondents were in agreement that Local revenue planning has helped maintenance of physical infrastructure, 19 (30.16%) had a contrary view and 14 (22.2%) who were not certain is consistent with the works of numerous scholars as well as Rioja (2003), agreeing on the fact that the investment decisions either to spend on new or maintenance of existing infrastructure remains the subject of research internationally, The study, therefore, concludes that local governments still face challenge of taking bold decisions on either maintenance of existing infrastructure as opposed to new project development. Under the circumstances the condition of existing infrastructure continues to deteriorate, hence, denying the citizenry the benefits of macro- economic value of maintenance

5.3.2 Local revenue collection and maintenance of physical infrastructure

Local revenue collection contributes immensely to how much revenue the local government generates. It involves diversifying sources of revenue, revenue mobilization and payment

compliance which are very important aspects in improving local revenue collections required for Maintenance of physical infrastructure.

The study provided evidence that 53 (82.82 %) of the respondents were in agreement that district/sub-county has revenue collection strategies while only 4 (6.26 %) disagreed. This finding was found consistent with decentralization policy which aimed at introducing efficiency and effectiveness in the generation and management of resources and delivery of services (MOLG, Induction of Local government council participants' handbook, January 2012). Review of secondary data however, revealed a declining trend in revenue mobilization and collection (Maracha District Financial Statements, FY 2011/12 to 2014/15). This was a clear evidence that the existing local revenue collection strategies face implementation challenges such as inadequate capacity in mobilizing local revenue as alluded to by 18 (37.5 %) of the respondents and unprecedented 12 (18.75%) of respondents who were uncertain, despite Human Resource Capacity Building Programs in areas of financial management and planning interventions. Furthermore, one key informant was quoted saying "*There is capacity but do not give time. CFO and his team do not give time to revenue collection. Even the few do not go. If all people were positive, have initiative it would be good".* Adding that other challenges faced in revenue mobilization and collection at both the entity and community levels include: "*understaffing at the Sub County level (Parish chiefs) one Parish Chief handling three parishes, Poor facilitation/no transport, if a parish does not have a bicycle how do we expect them to mobilize, Markets have not been developed well. Too many small markets and suffocating the big markets*". As a result the majority 31(49.2%) of respondents were of the view that Local revenue is not collected as planned hence affirming JARD report of FY 2013/14 and Maracha District

financial statement of FY2011/12 to 2014/15 which noted declining Local revenue mobilization and collection in Local Governments.

Furthermore, the study provided sufficient evidence that Local revenue collected is not well managed as alluded to by 43 (62.29%) of the respondents This poses a bigger challenge to local revenue management and maintenance of physical infrastructure in local governments (Paul and Robert, 2003) The District/sub-county also has challenges in ensuring good revenue mobilization. This finding was consistent with the assertion that there are still problems of resource mobilization and collection, (Wunsch 2001), despite devolved responsibility under the decentralization policy. In addition the study revealed non compliance by tax payers towards tax payment as reported by 34 (53.96%) of the respondents, coupled with inadequate sensitization of tax payers on tax payment. One of the key informants was cited saying "*There are still defaulters in the markets. Need to be followed up because they do not come by themselves to pay"* This finding means that there still exist challenges in implementation of decentralization policy which was meant to provide for local popular participation and increased involvement of the people in decisions that directly affect them; to Promote local ownership and ensure sustainability of projects and programme and to enhance local economic development in order to increase local incomes.. The study concludes that local revenue collection contributes immensely to maintenance of physical infrastructure in Local governments.

5.3.3 Local Revenue Control and Maintenance of Physical Infrastructure

The study provided overwhelming evidence that there are challenges in budget execution as reported by 55 (87.3%) of the respondents. Some of challenges highlighted by 26 (42%) of the respondents were maintenance activities not being implemented as budgeted. Furthermore, key

informant interviews provided sufficient evidence that executing budgets for maintenance of physical infrastructure in local government faced a number of challenges. To this effect one of the key informants remarked that; "*maintenance is not given priority unless it is conditional. There is low budget performance under Local revenue collection. Expenditure is on recurrent costs. Who budgets for what?"* This finding is consistent with Maracha DLG Financial statements for the financial year 2011/12 to 2014/15 whereby actual expenditure on maintenance civil works falls short of estimated expenditure. The study also highlighted the question of budget indiscipline at the District/ Sub -County which has not enhanced delivery of maintenance activities.. Quite often funds are not released for maintenance whenever requested due to lack of prioritization for maintenance as a key informant was reported saying "*Maintenance is usually not given a priority "It cannot be paid for the whole year"*. This finding further concurs with Kikwete (2013) who avowed that local expenditure and local revenue generation is not in close proximity in local governments.

In regard to revenue sharing, the study revealed that only 29 (48.5%) of the respondents were in agreement that Local revenue collected is shared among local governments and administrative units as provided for in the Local Government Act. There are however, challenges faced in executing revenue sharing in local governments. In that respect, one of key the informants said "Lower *administrative units are usually given their share, Lack of transparency on the part of the sub-counties. They under declare the collections LST is not sent to the Lower Local Government, LLG are intimated. The willingness to share is not there".*

The study further indicated that District/sub-county/institution had mechanisms for internal revenue control as reported by 47 (74.6%) of the respondents. These included presence of the

budget desk; vote controller, quarterly internal audit, maintenance of books of accounts. Further evidence revealed that these internal control measures were still faced with challenges in regard to ineffective budget desk, irregular audit of execution of budget on maintenance citing under staffed internal audit. This was supported by one of the key informant saying "*Local Revenue is budgeted for and implemented like any other revenue. There is common practice in spending local revenue at source especially at LLG. Note this needs to be streamlined".* This kind of scenario exposes the execution of budget on infrastructure maintenance to abuse in terms of inadequate funding or neglect as expounded in the work of Agénor (December, 2005) and Rioja (September, 2003).

In addition the study revealed some degree of disagreement that accountability for local revenue has improved delivery of maintenance activities despite high level of sharing accountability on activity implementation as maintained by 38 (87%) of the respondents and affirmed by one key informant saying "*In Review meetings; water sector, Production, NUSAF in a way are accountability sessions. Roads share with Road Committees. Stakeholders share".* Whereas this is in line with the objectives of the Public Finance and Management Act 2015 and Local Government Financial and Accounting Regulation (2007) thus; improving service delivery through accountability and transparency, internal audit has not improved implementation of budgets due to understaffing as revealed by one of the key informants saying ; "*Not very sure. Need to have a well staff internal audit so as to have good quality work, currently they are overwhelmed".*

The study further revealed that 47(74.61%) of the respondents were in agreement that management and council regularly monitor the implementation of the budget respectively. The

monitoring and evaluation systems are in place in the local government internal audit, biannual budget performance review meetings, sectoral committee meetings, quarterly OBTs meetings and DEC monthly meetings. This finding is in consistent with fiscal decentralization strategy (FDS) which is designed to ensure efficient provision of local services that align with local needs, and to improve accountability to residents and Local Government Act CAP 243 which set out the functions of among which approves the budgets and monitors its implementation. Although 40 (62.5%) of the respondents agreed that Monitoring and evaluation has improved local revenue control, maintenance of physical infrastructure in local governments, *"Not due attention is given, unless is planned for under conditional grant. There is financial indiscipline they are not given priority"* said one of key the informants.

5.4 Conclusions

5.4.1 Local Revenue planning and maintenance of physical infrastructure

The findings indicate that there is a positive and significant relationship between Local revenue planning and the maintenance of physical infrastructure. There is very poor implementation of local revenue planning strategies as such local revenue enhancement is incapacitated; hence, inadequate funding for infrastructure maintenance has become a chronic problem resulting in rapid decay of public capital in Maracha District Local Government. Therefore, study concluded that if the local revenue is well planned and implemented, there is no doubt that there shall be a corresponding improvement in the quality of the infrastructures in Maracha Local government.

5.4.2 Local revenue collection and maintenance of physical infrastructure

The findings indicate that there is a positive and significant relationship between Local revenue collection and the maintenance of physical infrastructure, although less of it is put to the same

activity. Maracha District Local Government is still riddled with poor local revenue collection, consequently, hampering adequate funding for maintenance of physical infrastructure. Therefore, the study concluded that local revenue has not substantially been availed to the maintenance of physical infrastructure in Maracha Local government.

5.4.3 Local revenue control and maintenance of physical infrastructure

The findings indicate that there is a positive and significant relationship between Local revenue control and the maintenance of physical infrastructure, although less revenue control is undertaken in the district. There were still gaps in the local revenue control system which exposed the revenue collected to financial abuse and misallocation at the detriment of maintenance activities. Therefore, the study concluded that unless efforts are stepped up by administration to undertake effective local revenue control, a lot awaits the maintenance of physical infrastructure in Maracha Local Government.

5.4.4 General conclusion

This study set out to answer three critical questions thus; firstly, whether local revenue planning has any effect on the maintenance of physical infrastructure in Maracha District local government; Secondly, whether local revenue collection contributes to the maintenance of physical infrastructure in Maracha District local government; and thirdly, whether local revenue control had any effect on the maintenance of physical infrastructure in Maracha District local government.

In answering the first question, the researcher used both quantitative and qualitative methods of data collection - using self administered questionnaires, interviews and document reviews. The study concluded that local revenue planning significantly affects physical infrastructure maintenance, while noting very poor local revenue enhancement which perpetuates inadequate funding for infrastructure maintenance, hence, continued rapid decay of public capital in Maracha District Local Government.

While answering the second question, the same research methods used in the first question were employed. The study concluded that local revenue collection significantly contributes to physical infrastructure maintenance in local governments, while noting poor execution of local revenue collection strategies, which accounts for low tax revenues, as a result maintenance of physical infrastructure, suffers insignificant budgetary provisions in Maracha District Local Government.

Finally, under the third question, the researcher further used the same methods to gather the data. The study concluded that local revenue control significantly affects physical infrastructure maintenance in local governments, while noting gaps in the local revenue control system, which exposes the local revenue collected to financial abuse and misallocation, hence, perpetuating inadequate funding for the maintenance of physical infrastructure in Maracha District Local Government.

5.5 Recommendations

5.5.1 Local revenue planning and maintenance of physical infrastructure

- There is need for local governments to implement revenue enhancement strategies in order to generate more local revenues because revenue enhancement plan have been proved by this study to have significant effect on maintenance physical infrastructure.
- The local governments need to increase budgetary provisions for maintenance of physical infrastructure since this study has proved that there is inadequate budgetary allocations to physical infrastructure maintenance activities
- The local governments need to enhance involvement of all key stakeholders in local revenue planning since this study revealed that revenue enhancement plans help in resource mobilization and collection.

5.5.2 Local revenue collection and maintenance of physical infrastructure

- Local governments need to enhance local revenue collection strategies ranging from identification of more sources of revenues, building capacity on revenue collection, to generating political will are effectively implemented so as to generate sufficient resources required for maintenance of physical infrastructure.
- The local governments need to maintain the data base for tax payers because the study has proved that this will facilitate effective assessment of taxpayers hence improving resource mobilization and collection which is critical for maintenance of physical infrastructure
- The local governments need to hasten awareness creation because the study has proved that it elicits tax payment compliance hence generating more revenue required for maintenance activities.

- In a bid to raise a taxable population, local governments need to embrace programmes that aim at addressing poverty among the population.

5.5.3 Local revenue control and maintenance of physical infrastructure

- The Local governments need to put in place internal local revenue control mechanisms that will guarantee proper allocation of resources for enhanced maintenance of physical infrastructure in local governments
- The local governments need to ensure that there is effective implementation of budgets for maintenance as planned
- Local governments also need to ensure effective sharing of local revenue collected among themselves and administrative units as stipulated in the Law
- Local governments need to promote sharing of accountability on maintenance of physical infrastructure with all stake holders
- The policy makers need to utilize the above findings to come up with fundamental policies on local revenue management and service delivery

6.0. Contribution of the study

The study highlighted the problems that physical infrastructure or investments funded by local or central government or donors face. Internationally, it is presumed that the study re-enforces a considerable degree of consensus on the importance of, and potential economic returns from maintenance expenditure. And regionally it ignites focus of public capital investment over the coming period on protecting the value of existing investments.

The study draws the attention of policy makers and managers at national level in Uganda on the importance of local revenue management in ensuring maintenance of physical infrastructure.

It assists local governments to respond to challenges of local revenue management and maintenance of physical infrastructure.

The study findings also enable stake holders from national to community level to apply the government policy in line with maintenance of physical infrastructure to achieve the intended investment goals.

The findings from the study offer the academia an appreciation of issues of local revenue management and maintenance of physical infrastructure in local governments.

At individual level this study enriches the researcher's knowledge in the field of research while making valuable contribution to policy shift in the subject.

It also enables the citizenry appreciate adverse effects of poor or lack of maintenance of infrastructure on service delivery in local governments and its socio economic impact in their livelihoods.

7.0. Proposed suitable areas for further research

This study cannot claim to be exhaustive. Therefore there are other areas of local revenue management that other scholars could venture into. The researcher proposes the following two areas for further inquiry;

- Factors affecting maintenance of infrastructure for sustainable development in Uganda
- Local revenue management and service delivery

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APPENDIX 1

QUESTIONNAIRE

The researcher is a student of Uganda Management Institute pursuing Masters in Management Studies, Public Administration and Management option. He is conducting a study on Local Revenue Management and Maintenance of Physical infrastructure in Local governments a case of Maracha District Local Government. You have been identified as a respondent for this research due to your knowledge and experience in the topic under study. This research is purely for academic purposes and any information you provide will be treated with utmost confidentiality. Please kindly answer the questions below to the best of your knowledge.

SECTION A. DEMOGRAPHIC CHARACTERISTICS (Please tick where appropriate).

Q 1 Please indicate your gender
1. Male ☐ 2. Female ☐

Q.2 Indicate your marital status
1. Single ☐ 2. Married ☐
3. Separated ☐ 4. Divorced ☐

Q.3 please indicate your age range
1. Below 30 years ☐ 2. 31-40 ☐
3. Above 41 years ☐

Q4. Please indicate your education level
1. Masters ☐ 2. Degree ☐
3. Diploma ☐ 4 Certificate ☐

Q5. Please indicate your duty station
1. District ☐ 2.Sub-County/ Town Council ☐
3. School ☐ 4. Health Centre ☐

Q6 Please indicate your Work experience
1. Below 1 year ☐ 2. 1 – 5 years ☐
3. 6 – 10 years ☐ 4. 11 above ☐

For the subsequent sections below, indicate your level of agreement or disagreement to the Likert-scale statements ranging from 1 – Strongly disagree (SD), 2 – Disagree (D), 3 – Neutral (N), 4 – Agree (A), 5 – Strongly agree (SA)

SECTION B: Revenue Planning

Questions		Response Category				
		SA(5)	**A(4)**	**N(3)**	**D(2)**	**SD(1)**
B1	**Revenue enhancement plan**					
1	District/sub-county has revenue enhancement strategies					
2	My institution/department is represented at the technical planning committee meetings at the district/ sub-county					
3	The revenue enhancement plan has helped in resource mobilization and collection					
B2	**Budgeting**					
1	My institution/department participates in budget process at the district/ sub-county					
2	Budgeting for new investments is prioritized first					
3	There are conditions on how to budget for local revenue					
4	District /sub county Local revenue budget provides for maintenance for physical infrastructure					
B3	**Business assessment**					
1	District/sub-county/assesses its tax payers					
2	The District/sub county maintains data base for its tax payers					
3	Awareness about tax payment helps in revenue generation					

SECTION C: Revenue Collection

Questions		Response Category				
		SA(5)	**A(4)**	**N(3)**	**D(2)**	**SD(1)**
C1	**Revenue sources**					
1	I know all local revenue sources in my local government					

2	There are other sources of funding for maintenance activities					
C2	**Revenue mobilization**					
1	District/sub-county has revenue collection strategies					
2	District/ sub county has adequate capacity in mobilizing local revenue					
3	District/sub-county sensitizes her tax payers on tax payment					
4	Local revenue is collected as planned					
5	Local revenue collected is well managed					
6	District/sub-county ensures good revenue mobilization					
C3	**Payment compliance**					
1	There is compliance by tax payers towards tax payment					
2	Local revenue collected in District/sub-county has enhanced maintenance of physical infrastructure					

SECTION D: Revenue Control

Questions		**Response Category**				
		SA(5)	**A(4)**	**N(3)**	**D(2)**	**SD(1)**
D1	**Budget implementation**					
1	Local revenue collected is spent according to the budget					
2	There are challenges in budget execution					
3	Budget discipline at the district/ sub county has enhanced delivery of maintenance activities					
D2	**Revenue sharing**					
1	Local revenue collected is shared among local governments and admin. units as provided for in the LG Act/law					
2	Local revenue sharing in the district/sub county has					

	improved maintenance of physical infrastructure					
D3	**Accountability**					
1	District/sub-county has mechanisms for internal revenue control					
2	Execution of budget on maintenance is regularly audited					
3	Accountability has enhanced local revenue control					
4	Accountability for local revenue has improved delivery of maintenance activities					
D4	**Monitoring and Evaluation**					
1	The council monitors the management of local revenue					
2	Monitoring and evaluation has improved local revenue control in the district/sub county					

SECTION E: Maintenance of Infrastructure

Questions		**Response Category**				
		SA(5)	**A(4)**	**N(3)**	**D(2)**	**SD(1)**
1	District/sub-county has a budget for maintenance of physical infrastructure					
2	Maintenance is budgeted from locally generated revenue					
3	Institution/ department has a budget line for maintenance of physical infrastructure					
4	Maintenance has adequate budgetary provision					
5	Local revenue planning has helped maintenance of physical infrastructure in my institution/department					
6	Local revenue collected in District/sub-county has enhanced maintenance of physical infrastructure					
7	Maintenance activities are implemented as budgeted					
8	The allocated funds are adequate for maintenance of physical infrastructure					
9	The physical infrastructure in the District/sub-					

	county/institution is well maintained					
10	There is routine supervision of infrastructure maintenance in the District/sub-county/institution					
11	Accountability on maintenance activity is shared with all the stakeholders					
12	Local revenue control measures have enhanced maintenance of physical infrastructure in the district/.sub county					
13	District/sub-county/ faces challenges in maintenance of its physical infrastructure					

Thank you

APPENDIX 2

Interview Guide

The researcher, is a student of Uganda Management Institute pursuing masters in Management Studies, Public Administration and Management option. He is conducting a study on Local Revenue Management and Maintenance of Physical infrastructure in Local governments a case of Maracha District Local Government. You have been identified as a respondent for this research due to your knowledge and experience in the topic under study. This research is purely for academic purposes and any information you provide will be treated very confidentially.

PART 1: Local revenue planning and maintenance of physical infrastructure

A : Revenue enhancement Plan

1. What has been your experience in putting in place a comprehensive revenue enhancement plan in your institution /local government?
2. What is the impact of revenue enhancement plan on generation of local revenue in your institution /local government?

B: Budgeting

1 What percentage of your budget is funded under Local Revenue
2 Do you feel your institution /local government prioritises physical infrastructure maintenance in the budget.
3 From which revenue source is Maintenance of physical infrastructure budgeted in your institution /local government? Why

C:: Business Assessment

1 Do you maintain a data base for both formal and informal business activities/Tax payers in your institution /local government?
2 How useful is Tax payer Data base to your institution /local government?

PART 2 Revenue collection and maintenance of physical infrastructure

A: Revenue sources

1 Do you feel Local revenue Sources in your local government/institution are adequate to cater for maintenance of physical infrastructure?
2 What has been the contribution of Conditional grants to maintenance of physical infrastructure in your institution/ local government?

B: Revenue Mobilization

1 What capacity does your institution /local government has in mobilizing local revenue at both the entity and community levels? Explain the adequacy.
2 What challenges do face in revenue mobilization and collection at both the entity and community levels?

C: Payment compliance

1 How compliant are Tax payers with tax payment in your institution /local government?
2 Do tax payers condition their compliance on provision of particular public services including maintenance of physical infrastructure in your institution /local government?

PART 3 Revenue control and maintenance of physical infrastructure

A: Budget implementation

1 Do you feel Funds in your institution /local government are spent according to the budget?
2 Do you feel each financial years' maintenance activities are executed as planned in your institution /local government

B: Revenue sharing

1 Do you feel funds are released by management to the entity for maintenance whenever requested in your institution /local government
2 What challenges are faced in executing budgetary allocation for maintenance of physical infrastructure in your institution /local government

C: Accountability

1 Is accountability on maintenance activities is shared with management in your institution /local government and how?
2 Explain how poor execution of budget on maintenance of physical infrastructure handled by internal control system in your institution /local government?

D: Monitoring and evaluation

1 How is the implementation of the maintenance of physical infrastructure activities monitored in your institution /local government?
2 Do feel internal audit has improved implementation of budgets including maintenance of physical infrastructure activities in your institution /local government?
3 a) What other challenges do have in local revenue management and maintenance of physical infrastructure?
b) What strategies do have to address these challenges in your institution/local government?

Thank you.

APPENDIX 3

Document Analysis checklist

- The Constitution of the Republic of Uganda 1995
- The Local Government Act Cap 243
- Local Government financial and accounting regulations 2007
- National Budget framework Papers 2013/14
- Maracha District local Government Annual work plans and Budgets 2013/14
- Maracha District local Government Revenue enhancement plan 2013/14
- Maracha District local Government Financial statement 2011/12 to 2014/15
- Ministry of Local Government Joint Annual Review of Decentralization 2013/14
- Maracha District local Government, Education Department Supervision and Monitoring Reports of October 2014
- Maracha District local Government staffing position report of April 2015
- Ministry of Local Government, Induction of local government councilor's handbook 2012
- Local Government Finance commission : Holistic Review of local Government Financing report 2012

APPENDIX 4

MARACHA DISTRICT LOCAL GOVERNMENT REVENUE COLLECTION TRENDS

REVENUE	2010/11	2011/12	2011/12	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Local Revenue	100,076,614	195,500,000	84,591,851	197,000,000	93,404,927	329,000,000	130,057,431	309,842,000	282,998,413
Government Grants	12,497,347,298	13,635,332,205	13,639,027,448	14,114,770,548	13,327,832,558	14,958,818,362	14,083,998,024	16,911,784,000	16,261,616,614
Donor/Project Funds	160,091,132	1,035,544,023	474,817,225	318,440,000	318,440,000	12,440,000	6,300,600	951,396,000	226,695,879
Misc Income	0	0	36,102,215	0	65,985,188	66,000,000	2,236,658	0	0
Maracha District Deposit A/C	0	123,433,718	67,049,143	0	0	0	0	0	0
TOTAL REVENUE	**12,757,515,044**	**14,989,809,946**	**14,301,587,882**	**14,630,210,548**	**13,686,472,560**	**15,366,258,362**	**14,222,592,713**	**18,173,022,000**	**16,771,310,906**

SOURCE: MARACHA DISTRICT LOCAL GOVERNMENT FINANCIAL STATEMENTS 2011/12_ 2014/2015

Appendix 5

MARACHA DISTRICT EXPENDITURE ON MAINTENANCE ACTIVITIES

a) Extract of expenditure trends on infrastructure maintenance activities (civil and other works)

Expenditure Item/code	Financial Year			
	2011/12	**2012/13**	**2013/14**	**2014/15**
Total local revenue collection	84,591,851	93,404,927	132,294,089	282,998,413
Estimated expenditure on maintenance civil& other works (item code 228001& 228004)	25,483,393	800,000	0	200,000
% Actual expenditure on maintenance civil& other works (item code 228001& 228004)	30.125%	0.856%	0	0.070%

Source: Maracha District Financial Statements 2011/12 to 2014/15

b) Actual expenditure on civil from estimated budget

Expenditure Item/Code	Financial Year(FY)			
	2011/12	**2012/13**	**2013/14**	**2014/15**
Estimated expenditure on maintenance civil& other works (item code 228001& 228004)	25,483,393	800,000	0	200,000
Actual expenditure on maintenance civil& other works (item code 228001& 228004)	45,000	347,000	0	60,000
% Actual expenditure	0.00176%	0.43375%	0%	0.3%

Source: Maracha Financial statements 2011/12 to 2014/15

Appendix 7

Map of Maracha District