



**THE EFFECTS OF THE SUSPENSION OF GRADUATED TAX ON SERVICE
DELIVERY IN UGANDA: A CASE STUDY OF AMURU SUB-COUNTY,
AMURU DISTRICT.**

BY

DENIS OPIO ATWOM

REG NO: 09/MMSPAM/20/020

**A DISSERTATION SUBMITTED TO THE HIGHER DEGREES DEPARTMENT
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF THE MATERS DEGREE IN MANAGEMENT STUDIES (PUBLIC
ADMINISTRATION AND MANAGEMENT) OF UGANDA
MANAGEMENT INSTITUTE**

December, 2011

DECLARATION

I Denis Opio Atwom, declare that this is my original work and that it has never been presented for any award in any other higher institution.

Sign: _____

Date: _____

APPROVAL

This is to certify that this dissertation is submitted for examination with our approval as Uganda Management Institute Supervisors.

Sign: _____

Wilfred Bongomin Lugemoi

SUPERVISOR

Date: _____

Sign: _____

Dr. Stella Kyohairwe

CO-SUPERVISOR

Date _____

ABBREVIATIONS

CAO.....	Chief Administrative Officer
CVI.....	Content Validity Index
G/Tax.....	Graduated Tax
LGs.....	Local Governments
LGDP.....	Local Government Development Fund
NR.....	Not Reliable
R.....	Reliable
SAQs.....	Self Administered Questionnaire
SPSS.....	Statistical Package for the Social Sciences.
UGX.....	Uganda Shillings
URA.....	Uganda Revenue Authority

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
ABBREVIATIONS	iii
TABLE OF CONTENTS.....	iv
CHAPTER ONE.....	1
INTRODUCTION	1
1.0 Introduction.....	1
1.1 Background to the Study.....	1
1.1.2 Theoretical Perspective.....	3
1.1.3 Conceptual Perspective.....	4
1.1.4 Contextual Perspective	7
1.2 Problem Statement.....	8
1.3 Purpose of the Study	8
1.4 Specific Objectives	9
1.5 Research Questions.....	9
1.6 Research Hypotheses	9
1.6 Scope of the study.....	9
1.6.1 Geographical Scope:	9
1.6.2 Content Scope:.....	10
1.6.3 Time Scope:	10
1.7 Justification of the Study	10
1.8 Significance of the study.....	11
CHAPTER TWO	13
LITERATURE REVIEW	13
2.0 Introduction.....	13
2.1 Theoretical Review	13

2.1.1 Fiscal Decentralization	13
2.2 Conceptual framework.....	15
2.3 Revenue shortfalls and service delivery	16
2.4 Government Decentralization Policy and service delivery	18
2.5 Summary of literature review	19
CHAPTER THREE	21
METHODOLOGY	21
3.0 Introduction.....	21
3.1 Research Design	21
3.2 Sample Size and Selection.....	22
Table 3.1: Population and Sampling size of the Respondents	23
3.3 Data collection methods.....	24
3.4 Data collection instruments.	25
3.4.1 Questionnaires	25
3.4.2 Interview	25
3.4.3 Procedures of data collection	25
3.5 Data quality control (Validity and Reliability)	26
3.5.1 Validity	26
3.5.2 Reliability.....	26
Table 3.2: Reliability analysis on questionnaire pre-test	27
Table 3.3: Reliability analysis on questionnaires after data collection	28
3.6 Data Analysis (Measurement) and Presentation	28
CHAPTER FOUR.....	30
PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS	30
4.0 Introduction.....	30
4.1 Response Rate	30
Table 4.1: Response Rate.....	31

4.2 Demographic characteristics of Respondents	31
4.2.1: Age of the Respondents	31
Table 4.2.1: Respondents by age distribution	32
4.2.2 Gender of Respondents	33
Table 4.2.2: Respondents by Gender distribution	33
4.2.3 Education attainment of respondents	33
Table 4.2.3 Education level of respondents	34
4.2.4. Marital Status	34
Table 4.2.4: Marital Status of respondents	34
4.3 Empirical Findings.....	35
4.3.1 Research question1: What are the effects of revenue shortfalls on service delivery?	36
Table 4.3.1 Descriptive analysis on the effects of revenue shortfalls on service delivery	36
4.4.0 Research question2: What are the effects of insufficient revenue base on service delivery? ..	42
4.4.1. Correlation analysis on the effects of insufficient revenue base on service delivery	42
Table 4.4.1 Correlation analysis on the effects of insufficient revenue base on service delivery	42
4.4.2: Regression analysis on the effects of insufficient revenue base on service delivery	43
Tables 4.4.2: Regression analysis on the effects of insufficient revenue base on service delivery...	43
4.4.3. Research Question 3: What are the moderator effects of Government decentralization policy on service delivery?	44
Table 4.4.3: Descriptive analysis of the moderating effects of Government decentralization policy on service delivery	45
4.5.1. Correlation analysis on the moderating effects of Government decentralization policy on service delivery	46
Table 4.5.1 Correlation analysis of the moderating effects of Government decentralization policy on service delivery	47
4.5.2 Regression analysis of the moderating effects of Government decentralization policy on service delivery	48
Table 4.5.2 Regression analysis of the moderating effects of Government decentralization policy on service delivery	48
4.6.0 Results from the interview	49

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS	51
5.0 Introduction.....	51
5.1 Summary of the Study Findings.	51
5.2 Discussion.....	52
5.2.4 Conclusion	55
5.2.4: Recommendations.....	55
5.5: Limitations to the study.	56
5.6: Contributions of the study.	57
5.7: Areas for future Research	57
REFERENCES	58
APPENDICES	61

LIST OF TABLES

Table 3.1: Population and Sampling size of the Respondents	24
Table 3.2: Reliability analysis on questionnaire pre-test	28
Table 3.3: Reliability analysis on questionnaires after data collection	29
Table 4.1: Response Rate.....	32
Table 4.2.1: Respondents by age distribution.....	33
Table 4.2.2: Respondents by Gender distribution.....	34
Table 4.2.3 Education level of respondents	35
Table 4.2.4: Marital Status of respondents	34
Table 4.3.1 Descriptive analysis on the effects of revenue shortfalls on service delivery	37
Table 4.4.1 Correlation analysis on the effects of insufficient revenue base on service delivery	42
Tables 4.4.2: Regression analysis on the effects of insufficient revenue base on service delivery	43
Table 4.4.3: Descriptive analysis of the moderating effects of Government decentralization policy on service delivery	45
Table 4.5.1 Correlation analysis of the moderating effects of Government decentralization policy on service delivery	46
Table 4.5.2 Regression analysis of the moderating effects of Government decentralization policy on service delivery	48

ABSTRACT

The purpose of this study was to examine the effects of the suspension of Graduated tax on service delivery in Local Governments of Uganda with specific reference to Amuru Sub-county in Amuru district. Its objectives were to examine the effects of revenue shortfall; insufficient revenue base; delay in payment of council allowances and the moderating effects of government decentralization policy. It was a correlation study that used quantitative and qualitative methods of data collection. The main findings of the study were that there is upward accountability in the Sub-county, there is also low revenue accountability, and government decentralization policy has significant effects on service delivery. The researcher concluded that the suspension of graduated tax greatly affected service delivery in the Sub-county. It was therefore recommended that the government of Uganda should regularly review her tax performance in order to enhance revenue availability; laws on the promotion of proper accountability needs to be enforced by the different arms of government; and that the government of Uganda should set policy that helps to improve revenue collections for the operation of local governments.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Graduated tax was mentioned in our constitution as one of the taxes that local Governments could derive revenue from (Article 191(2) of the 1995 Constitution of the Republic of Uganda). However, the Government suspended Graduated Tax on 1st July 2005 after complaints that its collection methods were inhuman and degrading. The consequences of this suspension on Local Governments service delivery remained unclear (UNHS I, 1999/00). The purpose of this study was to establish the effects of suspension of Graduated tax on service delivery in Amuru Sub-county, Amuru district. This chapter presents the background to the study, theoretical review, conceptual perspective, contextual perspective, and statement of the problem, purpose of the study, specific objectives, research hypotheses, scope of the study, justification, significance of the study and operational definition of terms and concepts.

1.1 Background to the Study

Taxation is the only practical means of raising the revenue used to finance local government spending on the goods and services that most Governments depend on (Tanzi and Zee, 2001). Taxation as a practice dates back to early civilization. The raising of tax revenues is the most central activity of any state to provide better service delivery. Most fundamentally, revenue from taxation is what literally sustains the existence of the state, providing the funding for everything from social programs to infrastructure investment. The abolition of graduated tax without developing a viable alternative replacement source of own revenue were in general undermined service delivery process, in particular the

local Government systems in Uganda (Local Government Finance Commission – Revenue Enhancement Study, Price Water House Coopers. 2000).

In the context of Africa, Graduated tax has been in existence for a long time and has taken root in Ugandan society and its abolition or suspension calls for emending article 191 (2) of the Constitution. Local Governments in Uganda have for quite some time depended on revenue generated from Graduated Tax for their own development. In the immediate post independence era, Local Governments were performing relatively well in the provision of services (Mamdani; 1977) using tax revenue. Although there existed grants from the Central Government at the time, the contribution of the local revenue cannot be underestimated. By 1987, Graduated Tax was contributing the total local revenue in every local government (Mamdani report, 1987). Therefore, the post Independent era was characterized by reasonable standard of health services and well maintained feeder roads and Community roads. In local governments, graduated tax was also used for paying salaries of support staffs, emoluments and allowances for local politicians. The suspension of the Graduated tax has serious effects on service delivery, particularly in Local Governments. Little is known about the suspension of Graduated tax in African countries like Rwanda, and Kenya, with the exception of Tanzania that abolished flat rate development levy in 2003 along with “nuisance taxes,” and business license fees for enterprises below a certain size and capping of those fees for larger enterprises (Rakner and Gloppen 2002, Local Government Taxation Reform in Tanzania, 2006).

In Uganda, taxation traces its roots to the 1900 Buganda Agreement when the Hut Tax (Okello, 2006) was introduced in the protectorate. In the 1995 constitution, graduated tax

was considered as one of the revenue sources [c.f., Art.191(2)], however, it was scrapped with an amendment in the 1997 Local Government Act. Parliamentary debates have noted that the abolition of the tax had vastly constrained operations of Local Governments due to revenue shortfall. In Amuru sub-county, the current service delivery in terms of roads, water sources, education performance, farm inputs or equipment among the community leave a lot to be desired. The purpose of this study was to establish the effects of suspension of Graduated Tax on service delivery in Amuru Sub-county, Amuru district.

1.1.2 Theoretical Perspective

A case study of Local Government Initiative by Martin Onyach-Olaa (2003), states that the Constitution of Uganda 1995 and the LGs Act of 1997 devolved service delivery mandates to Local Governments (LGs) while the central Government retained the mandate for setting national policies and standards regarding the delivery of services such as roads, education, health, water, agricultural inputs, markets, and transport to the local communities. In order to provide these services effectively, Local Governments have to fulfil the mandate of local financing powers devolved to her. For example, LGs were allowed to levy, charge, collect and appropriate fees and taxes from rents, rates, royalties, stamp duties, personal graduated tax, chess, market dues, and fees on registration and licensing for provision of internal service delivery. However, the suspension of Graduated has led to revenue shortfalls for the local governments, lack of transparency in accountability issues and dependency on donor funding.

Hoogwout (2005) however, observes that the existence of taxes as source of revenue to local Governments does not significantly contribute to the performance of the local

government in the field of service delivery, considering its inhuman and degrading methods of collections, corrupt officials and other negative effects associated to the tax. Despite this criticism, Graduated tax remains the most viable source of revenues to Local Government contributing to almost 90% of total revenue in Uganda. The study helped the researcher in identifying the key variables which would act as workable measures for effective and efficient service delivery in the Sub-county

1.1.3 Conceptual Perspective

Conceptually, taxation is the only practical means of raising the revenue used to finance government spending on goods and services that most of us demand like health services, road, water and sanitation among others (Tanzi & Zee, 2001). Graduated tax in Uganda is a presumptive tax—levied on men and those adult women in gainful employment (in practice only women with regular salaries paid the tax) and is a successor of the hut tax introduced during colonial times (specify whether this is in Ugandan context as proposed) (Davey, 1974). In this study, Gradated tax is one of the taxes that local governments used to derive revenue from (Article 191(2) of the 1995 Constitution of the Republic of Uganda. The suspension of the tax means stopping of the Local Government authorities from collecting the tax among its people by the Government.

Service delivery is the availability of and access to concrete or tangible resources (human, financial, material, technological, logistical, etc). Service delivery also includes the intangible requirements of leadership, motivation, commitment, willingness, guts, endurance, and other intangible attributes needed to transform rhetoric into action. The political, administrative, economic, technological, cultural and social environments

within which action is taken must also be sympathetic or conducive to successful implementation of service delivery (Grindle 1980).

In other words, service delivery is the total delivery of community services in many different kinds of activities including legislation, regulation, financial resources, accountability, responsibility, health care programs; subsidies to low income families by the Government. Some involve water provisions, wastewater disposal and creating and maintaining streets and parks. Other is individual benefits, for example education and social welfare, infrastructure development and includes mapping and land surveying, constructing public buildings, environment and health protection. Finally, there are those services that involve protecting the citizen's legal security and the exercise of public authority and police power. In many countries, service delivery include social services, education, planning and building permits, environmental health, street cleaning, emergency and rescue services which have been traditionally organized via sectoral committees according to law (Cohen, & Peterson, 1999).

In this study, service delivery means the total delivery of education, planning and building permits, environmental health, street cleaning, and emergency and rescue services by the Local Government of Amuru Sub-County to its citizens in the Sub-county. The researcher believe this delivery was hindered by the suspension of graduated tax, hence investigation of the effects of the suspension.

Onyach Olaa (2003) states, that in a newly decentralized system, the problem is complicated by the rigidity of the central Government to adjust roles as mentors and supervisors of local governments. Martinez-Vazquez and McNab (2003; Iimi, 2003)

founded that graduated tax had positive effects on efficient allocation of resources, democratic governance and enhanced accountability. Local Government development plans 2003/2004 observes that primary health care, water and sanitation, access to road, agriculture extension, street lighting and market infrastructure were key service deliveries financed by graduated tax. Romeo (2003) however found that donor assistance to the local Governments directly to local Government or local communities bypass the local Government systems, planning process and finance specific sectoral programs which results into cases of fragmented local Government structures, weak coordination and monitoring development activities. According to Ouedraogo (2003), the suspension of graduated tax has led to poor service delivery in local Governments. Francis and James (2003) noted that in adequate capacity and mechanisms to hold leaders accountable have undermined downward accountability which is necessarily a fundamental attributes of successful service delivery. Further, the conditionality of the central Government transfers closes off grass root control, leaving local leaders and residents with limited voice. They added that locally generated revenue is not only insufficient (less than 10% of the total revenue) but has been declining overtimes, exacerbated by the political decisions in 2005 which suspended graduated tax.

In this study, the effects of the suspension of graduated tax was measured by the dimensions of revenue shortfalls including budget deficit, insufficient revenue base and delay councilors' allowances, inadequate accountability involving limited control of funds at the Sub-county levels, upward accountability and poor access to public information, service delivery including unhappiness with education performance, unhappiness with road access and unwillingness to visit health centers and Government policy of decentralization, taxation reform policy and ministerial guidelines.

1.1.4 Contextual Perspective

Several people have made comment on the abolition of Graduated Tax on Service delivery, Mayanja (2005). The quality of service provision is less than desirable, as well, with key services such as health care, water, sanitation, education, and access to agricultural advisory services remaining dismal. Yet, there is no evidence that the citizens who are the intended beneficiaries of service delivery are demanding accountability and better performance from their elected leaders or lower local Governments. This situation in Amuru Sub-county the researcher believes it is due to the suspension of graduated tax in 2005 by the Government. There are poor access roads from one community to another especially during the rainy season coupled with inadequate field equipment for supervision and monitoring of roads activities. - Better consider services that were originally funded by G.tax such that you can justify their deterioration after the abolition of the Tax. These should enable your conceptualization of the dependent Variable

On revenue, Amuru District has three major sources of revenue namely: locally generated revenue, donor contributions and central government grants; however revenue trends in 2007-2010, show heavy dependency of the district on the central Government. During this period, the central Government grants accounted for 91%, donor contributions accounted for 8%, and local revenue was a meager of 1% of the district budget. This state of affairs undermines the district's independence and flexibility to make independent policy decisions; it affects service delivery and overall performance of the district in term of accountability, revenue base, and budgets. A local government that relies on the central government and the donors for the bulk of its budget or revenues has limited room for flexibility in identifying, planning and implementation of the district priorities. A number of district offices did not have access to hydro electric power during

the year under review. In addition, councilors do not have a lounge to from which district meetings with their electorate can be conducted. For the district to perform at optimal levels, such administrative constraints have to be solved with reasonable flexibility in the district budget (Amuru District Council Score-Card, 2008/2009).

1.2 Problem Statement

Sufficient revenue availability is one of the preconditions for developmental programs to be implemented. Graduate tax is one of the methods through which the government can increase revenue which would be used to improve service delivery. A considerable service delivery demands a corresponding financial availability. However, it is evident in local government operations of Uganda that service delivery has dropped since the suspension of graduated tax by the Central government in 2005. Many local governments are unable to meet their co-funding obligations, funding operational and development activities and maintaining or enhancing development as a whole. (The Daily Monitor Op.cit, pg 3; The New Vision of Friday October 2005; pg 5). Indeed, this situation demands urgent attention from the stakeholders to save the district from over dependency on the central Government and improve its service delivery. This study was intended bring to the limelight the effect of the suspension of G.Tax and the possible effects as well as advancing appropriate measures for the local government effective service delivery.

1.3 Purpose of the Study

The purpose of this study was to examine the effects of the suspension of Graduated tax on service delivery in Local Governments in Uganda with a focus on Amuru Sub-county, Amuru district.

1.4 Specific Objectives

This study was guided by the following objectives;

- a) To examine the effects of budget deficit on service delivery.
- b) To establish the effects of insufficient revenue base on service delivery.
- c) To find the effects of delays in payment of council allowances on service delivery.

1.5 Research Questions

The research questions for the study were:-

- i. What are the effects of budget deficit on service delivery?
- ii. What are the effects of insufficient revenue base on service delivery?
- iii. What are the effects of delays in payment of council allowances on service delivery?

1.6 Research Hypotheses

1. Budget deficit significantly affect service delivery.
2. Insufficient revenue base has significant effects on service delivery.
3. Delays in payment of council allowances significantly effects on service delivery.

1.6 Scope of the study

The scope of the study covers geographical, content and time scope.

1.6.1 Geographical Scope:

Geographically, the study was carried out in Amuru Sub-county in Amuru district. Amuru District is one of the new districts curved out of Gulu district in 2006. The district is bordered by the Sudan in the North, Gulu in the East, Kitgum district in the North East, Nwoya District in the south, Nebbi in the south West and Arua in the West. Amuru District is part of the larger Acholi sub-region, home to an estimated 1.5 million people.

1.6.2 Content Scope:

The content scope of the study was restricted to the independent variable of effects of the suspension of the graduated tax with specific focus on, budget deficit, insufficient revenue base and delays payment of council allowances while the dependent variable of service delivery covers education performance, access to roads, visits health centers and water quality. The study was limited in finding out the effects of the suspension of graduated tax on service delivery in Amuru Sub-county in Amuru district. It covered majorly the key dimensions of revenue shortfalls, revenue accountability and a moderating variable of Government policy of decentralization as indicated in the conceptual frame work (Amuru District score card 2008/2010).

1.6.3 Time Scope:

The study covered the period from 2006 – 2011 because this is when G/tax was not operational.

This is because the study aims to assess the effects of the suspension of G/tax on service delivery in Amuru Sub-county, Amuru district that could form the basis for policy makers to address the poor state of service delivery in Uganda Local Governments.

1.7 Justification of the Study

Not much research about service delivery in Amuru Sub-county, Amuru district. The study falls in line with the struggle of Ministry of Local Government among many other agencies and organizations to find out the effects of the suspension of Graduated tax on service delivery in Amuru district Local Government, particularly Amuru Sub-county. However, the phenomenon is complex, and many other effects could be involved. We

cannot determine unilaterally that revenue shortfalls, and Government policy are unconnected to service delivery and we do not fully understand the mechanism if research is not undertaken. Nonetheless, the data do show that those responsible for devising and implementing policy lack adequate arguments to support the idea that finding out the effects of the suspension of graduated tax on service delivery would necessarily improve service delivery in Uganda Local Governments, since so far at least—the data reveal no causal effects between the two variables. Therefore, this study was conducted to provide strategies for closing the gaps on how the effects of suspension of graduated tax relate to service delivery in Local Governments.

1.8 Significance of the study

It was anticipated that positive results of the study can be of value to the following;

Amuru Sub-county: The output of the research is expected to bring practical assistance to the Sub-county. It may help the Sub-county administrators on how to improve service delivery in Amuru Sub-county to allocate budget accordingly.

Policy Makers: As individuals charged with formulating policies, their understanding of revenue shortfalls, inadequate accountability and Government policy, the findings from this study may help them in pinpointing better strategic policies to identify more revenue sources for Local Governments in Uganda.

Researchers: The issue raised in this study are likely to lead to the involvement of various researchers in generating more knowledge from various perspectives. The findings of this study could form a basis for further research in other related areas of interests such as corruption, budgeting and decentralisation in Local Governments of Uganda.

Researcher students: The study act as contribution to getting the masters degree and will help researcher understand deeply the effects of the suspension of graduated tax on service delivery, and suggest way forwards for improving service delivery in Amuru Sub-county.

Community members: The study findings help the community to appeal to the government and Government partners in improving service delivery to the Sub-county.

District Authorities: The information that was gathered in this study can be utilized to alert Amuru District Local Government administrators of the effects of the suspension of Graduated tax on service delivery. This can be base on the recommendations that was decided upon for implementations hence solving the problems of service delivery in the district, especially Amuru Sub-county.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature in regard to revenue shortfalls, insufficient revenue base, delays in payment of council allowances and Government policy on service delivery in Amuru Sub-county in Amuru district. The literature is sub sectioned into theoretical, conceptual and actual review of the literature.

2.1 Theoretical Review

2.1.1 Fiscal Decentralization

The objective of the Ugandan Fiscal Decentralization Strategy is to strengthen the process of decentralization in Uganda through increasing local governments' autonomy, widening local participation in decision-making and streamlining of fiscal transfer modalities to local governments in order to increase the efficiency and effectiveness of local governments to achieve PEAP goals within a transparent and accountable framework.

This strategy is set within a legal framework the components of which are the 1995 Constitution, the 1997 Local Government Act, and the 1998 Local Government Financial and Accounting Regulations. It is these legal documents that currently regulate the implementation of fiscal decentralization in Uganda. The constitution and the Local Government Act empower the Local Government Finance Commission to determine grants allocated by the central government to local governments. The schedule of the constitution contains the base formula used to determine these grants. There are three forms of grants allocated to local governments. They are conditional grants, unconditional grants, and equalization grants. The conditional grants serve as a means to

meet the country's national development objectives through implementation at the local level.

The conditional grants target key sectors in the fight against poverty, which include health, education, agriculture, water, and construction and maintenance of rural roads. The unconditional grants are primarily used to pay the wages, salaries, gratuities and pension for the District's civil servants and political leaders. The equalization grants are allocated to the poorest Districts in order to reduce the horizontal fiscal imbalance, and the regional disparities that can exist among the Districts.

In addition to these transfers, the Local Government Act also empowers local governments to raise revenue locally. Typically, activities taxed locally include taxes payable by individuals on income, profit gains taxes on property (land fees), use of goods and services provided by local government, non-tax revenues (rents, royalties), other property incomes (sale of government properties, produce), market levies, administration fees and licenses (advertisement, registration), local service tax, hotel tax, property tax, tendering of taxi parks. It is important to note here that many of these tax sources are either not active, or contribute little to the District local revenue. Rural Districts for example (which are the majority in Uganda) are not able to draw much benefit from the hotel tax or the property tax. Consequently, central government transfers constitute 95-98% of local government budgets which are at the same restricted to specific programme designed from the headquarter. This has affected local governments greatly in term of poor service delivery after the suspension of G/tax and yet the said other taxes like hotel tax or the property tax that where considered to benefit the rest of the local governments

are not in all local governments especially the rural local governments like Amuru Sub-County.

2.2 Conceptual framework

The conceptual framework below was derived from service delivery model and case studies which relates to the study (*Martin Onyach-Olaa (2003) and service delivery model (World Bank, 2003)*). The researcher conceived the independent variable as the suspension of graduated tax and service delivery as the independent variable. This frame work specifically focuses on revenue shortfall, insufficient revenue base, delays in payment of council allowances and government decentralization policy. This relationship is illustrated in the figure below.

2.2 Conceptual Framework

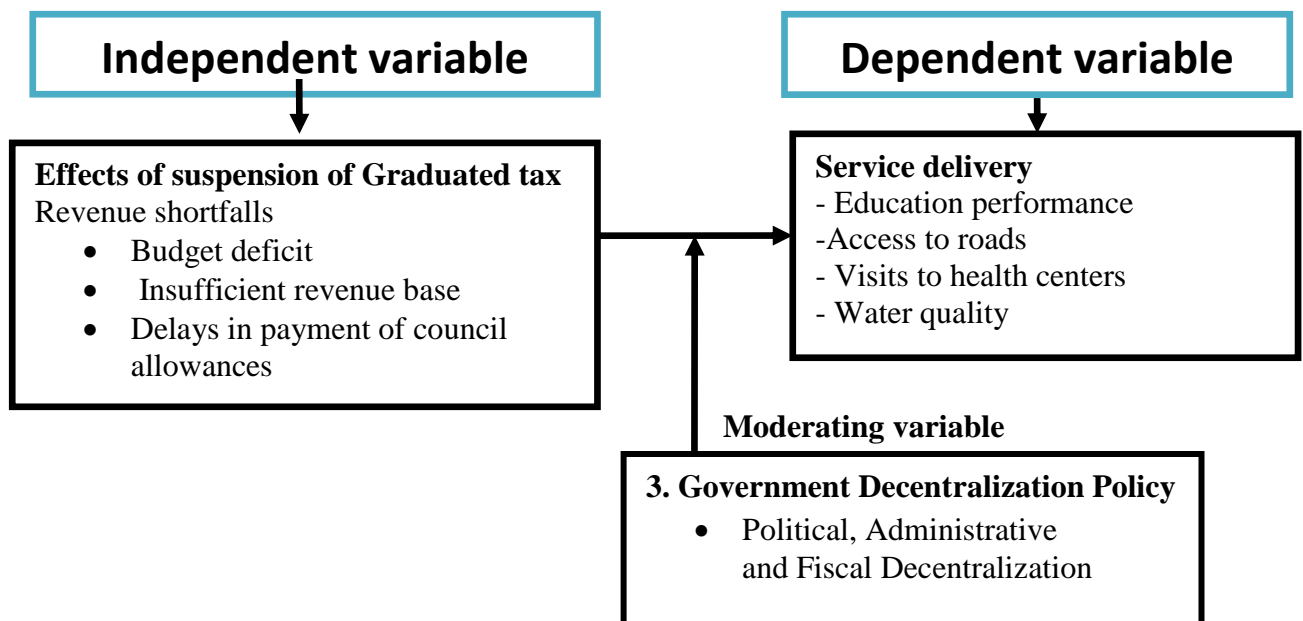


Figure 2.2 Source: Developed by the researcher from the case studies of Martin Onyach-Olaa (2003) and service delivery model (World Bank, 2003).

The conceptual framework above was derived from service delivery model and case studies which relates to the study. The researcher conceived the independent variable as the suspension of graduated tax and service delivery as the independent variable. This

frame work specifically focuses on revenue shortfall, insufficient revenue base, delays in payment of council allowances and government decentralization policy. Fig 2.2 shows that the suspension of graduated tax affects key service delivery in the area of education, roads, health and water. The frame work further shows that as community members confront negative effects of the suspension of graduated tax such as revenue shortfalls, insufficient revenue base, delays in payment of council allowance and government decentralization policy in the sub-County, they express their annoyance for poor service delivery in terms of unhappiness with sub-county officials, with education performance, visits to health centers, access to roads and water quality in Amuru district.

2.3 Revenue shortfalls and service delivery

A revenue shortfall occurs when the current results of operations (actual revenues and expenditures exclusive of appropriation deficits i.e. legal overdrafts) result in a shortfall when compared to the approved budget (budgeted revenues and appropriations) for the fiscal year. The abolition of the graduated tax had vastly constrained operations of local Government, and that service delivery had become increasingly difficult because of revenue shortfall. The MPs indicated that many residents in the Sub-Counties had become lazy and unproductive as they are no longer under pressure to work and pay the tax. This situation created revenue shortfall for Local Governments. Some of the MPs and district Chairman called for the reinstatement of the graduated tax to increase service delivery in the Local Governments. They claimed that revenue shortfall had made many people to distance themselves from the Local Government since they were not making direct contributions towards its running. Therefore, they considered service delivery in Local Government as favours from the Government.

In Uganda, effort to reduce revenue shortfall and increase locally generated revenue for effective service delivery in Local Government has been made by the Government. For example; in the Local Government amendment bill (2007) passed by parliament in 2008, a number of local taxes such as Hotel and lodge tax and Local Government service tax were introduced to increase revenue in the local Government. These taxes including Value Added Tax, Pay as You Earn, and trading license were paid by gainfully employed people, self-employed professionals, business people and commercial farmers. These however have not solved the problem of revenue shortfall in Local Governments. Service delivery remained poor at the sub-county levels.

The chairperson parliamentary committee on finance (2011), however observes that reinstatement of graduated tax to increase revenue in Local Government would be double taxation to Ugandans since they pay valued added tax on most of the final goods consumed locally, and that their business were informal which do not allow them to claim value added tax. The MPs contends that reintroducing graduated tax would become a burden to the poor who have no source of income. They proposed that the Government should come up with alternative source of revenue like engagement in agricultural activities to overcome revenue shortfall in Local Government and increase service delivery.

Service deliveries were community services that include many different kinds of activities. Some involve collective goods produced by local government such as water provisions, wastewater disposal and creating and maintaining streets and parks. Other services involve individual benefits, for example education and social welfare. A third group involves infrastructure development and includes mapping and land surveying, constructing public buildings, environment and health protection. Finally, there are those

services that involve protecting the citizen's legal security and the exercise of public authority and police power.

2.4 Government Decentralization Policy and service delivery

The significance of G/tax to government decentralization policy and service delivery has been revealed by Bahiingwa, et al. (2003), Davy (1974), LGFC (2005), Mahler (2004), MoLG (2006) and ULGA (2006). In particular, Davy (1974) notes that during colonial days, G/tax provided funds to run the British Protectorate, while introducing the native Africans to a cash economy. This resulted in increased cotton and coffee crop production in most areas of Uganda. Therefore, G/tax levy contributed to the growth of local economies for a reliable taxable base until its suspension.

A study by Katono, (2007) reveals that G/tax complemented unconditional grant to meet recurrent cost such as political and technical staff allowances, salaries, and emoluments. Bahiigwa, et al. (2004) indicates that G/tax revenue met expenditures of LG departments that did not benefit from conditional grants as well as disaster management. It enhanced government decentralization policy and service delivery to the community (Ahmed et al. 2005; Shah and Thompson 2004) as reliable sources of revenue (GoU, 1993; MISR, 2000).

Most literature suggest that G/tax was the major source of local tax revenue in Uganda accounting for 80% and 50% of rural and urban councils' revenue respectively(Olumu &Katusiimeh, 2004;ULGA,2005). According to LGFC (2005), G/tax net yield by 2005 stood at Shs 53.7 billion. In effect this has been the net loss in revenue after its suspension of G/tax in 1st July 2005. However, government decentralization policy has not always been effective in improving service delivery by local governments after the

suspension of G/tax, mainly because of lack of commensurate revenue, inadequate access to financial markets, and lack of necessary administrative capacity on the part of local authorities (Fosu & Ryan 2004). According to De Mello (2000a), close linkage between expenditure assignments and revenue sources enhances accountability and transparency in policymaking and services delivery (De Mello 2000a). Thus, the researcher used these arguments to examine the effects of government decentralization policy on service delivery in study area given that there is a huge gap in service delivery provision in the sub-county.

2.5 Summary of literature review

The purpose of this study was to examine the effects of the suspension of Graduated tax on service delivery in Local Governments in Uganda with a focus on Amuru Sub-county, Amuru district. Service delivery advocates for specific, clear and available sources of revenue. However, in Amuru Sub-county, Amuru district, like elsewhere, this is still hampered by revenue shortfall, budget deficit, insufficient revenue base and delays of payment of council allowances. These have been the key suspects in failing service delivery in Amuru Sub-county, Amuru district and other Uganda districts.

The above lessons and gaps captured from the reviewed literature guided the study in its efforts to examine the effect of suspension of G/tax on service delivery in Amuru Sub-county, Amuru district. Overall, the study drew the conclusion that improvement of service delivery, without the enabling fiscal decentralization environment that ensures full realization of revenue collection, budget implementation, adequate revenue base and prompt payment of council allowances - will have limited or no impact on service delivery. This is demonstrated by the fact that there is low revenue realization, low revenue base, insufficient revenue and perpetual delays in payment of allowances to

councilors. Equally, it is important to connect this to the wider understanding of the suspension of G/tax to the prevailing situation in Amuru Sub-county.

In their study, Ahmad, Brosio & Gonzalez, (2006), epitomize that the experience of providing service delivery has been mixed in Uganda. For example, Okidi and Guloba, (2008), report that for the delivery of health services to be successful in Uganda, an increase in access to health centers are over time due to current lack of funding. Further, Azfar, Livingston & Meagher (2007) highlight the lack of funds in service provisions, which has led to overcharging of health-unit fees though in the water sector the situation is a bit optimistic. Okidi and Guloba, (2008) found the outcomes in the provision of safe water have been relatively better than those in health. They report that rural water coverage jumped from 55 per cent to 60 per cent between 2003 and 2004 alone. It is therefore; clear that suspension of G/tax has effects on achieving decentralization targets on service delivery. Yet public service delivery has to resonate with the needs of the poor and the accountability of government to local communities has to improve (Saxena, Sohini & Ramavat, 2010).

Professor James Manor, in his article, *“Perspectives of Decentralization”* (Manor, 2011), covers so many diverse topics such as accountability, transparency, traditional rulers, civil society, economic growth, participation and such like that it defies tidy summation. Manor (2011, p.20) then voices *“Let us therefore merely note that all of the topics here would benefit from further research”*. In this faith, Kiyaga-Nsubuga and Olum, (2009) recommends further interlocking interventions are needed to deepen local governance and local democracy so that citizens can access better services and lead better lives. In this regard, the study was to find out about the state of budget deficit, insufficient revenue base and delays in payment of council allowances in Amuru Sub-county.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research design, study population, sampling strategies, data collection methods, data collection instruments, data quality control, data collection procedure and data analysis techniques to be used in this study.

3.1 Research Design

This study adopted a cross sectional, correlation case study research design (Neuman, 2011). The cross-sectional design was adopted because it gathers information from a sample of population (Bordens & Abbot, 2008) at a particular period. Correlational design was used because the study variables were hypothesized to have cause – effect relationship best assessed using correlational techniques. The case study design was used in order to have an in-depth understanding of the study variables in the complex nature of local governments’ service delivery. The units of analysis for the study were parish chiefs, councilors, support staffs, teachers, head teachers, health workers, CDO/ACDO, and Sub-county chief all in Amuru Sub-county

The researcher employed triangulation approach with quantitative and qualitative techniques, since it encourages looking at the topic from multiple points of view to improve accuracy (Neuman, 2011). The quantitative technique was preferred because study variables were hypothesized to have cause-effect relationship. qualitative technique enabled the researcher gain insights into attitudes, beliefs, motives and behaviors’ of the sampled population (of their responses) and an overall better understanding of the underlying processes. Thus the use of interviews and face-to-face analysis of interactions

enabled the researcher to get a detailed and deeper understanding of the subject matter. The researcher reported the findings without manipulating the variables; the study was thus non-experimental (Amin, 2005 & McMillan J. H., 2000).

Clearly indicate the quantitative data in you analysis in the next chapter; and also extensively supplement this with qualitative arguments (quotations) got from interviews of the purposively selected respondents

3.2 Sample Size and Selection.

The study was conducted in Amuru sub-county with a total of 76 respondents. Using Krejeie and Morgan's (1970) Table of determining samples size, the researcher sampled the population of 69 respondents who were interviewed, given questionnaires and observed. Emphasis was on these categories of respondents because they are the categories in direct contact with service delivery in the Sub-county. From this table of determining samples size, 6 parish chiefs, 13 out of 15 councilors, 8 out of 10 support staff, 19 teachers out of 20, 14 head teachers out of 17 from 17 schools, and 5 health workers were chosen for the study. Therefore a total of 68 respondents were sampled for the study. The population comprised the following categories of respondents indicated in the table below;

Table 3.1: Population and Sampling size of the Respondents

Categories	Population	Sample Size	Sampling Techniques	Instruments / Tools
Parish chiefs	06	06	Census	Questionnaires
Councilors	15	14	Purposive sampling	Questionnaires
Support staff	10	8	Purposive sampling	Questionnaires
Teachers	20	19	Census	Questionnaires
Head teachers	17	14	Purposive sampling	Interview
Health workers	05	05	Census	Questionnaires
CDO / ACDO	2	2	Census	Interview
S/CC	1	1	Census	Interview
Total	76	69		

Source: Field data and Krejcie and Morgan, 1970 as cited in Amin, (2005, p. 454).

The researcher used the table developed by Krejcie and Morgan in 1970 (Amin, 2005) indicated in Appendix I. Each category of the respondents was determined using this table. This gives a sample size of 69. Sampling satisfies the basic law of probability and assures the researcher of an utmost representation of the total population within an accepted margin of error.

In this study, the above sampling techniques were employed to determine the category of respondents selected. All these research techniques used where easy to used time and cuts down costs on the study. Focus observation was used to backup information from the respondents.

3.3 Data collection methods

The researcher utilized a multi-faceted approach by using both the qualitative and quantitative methodologies in the study. This is because during the field research, both primary and secondary data was collected. Two methods were used to collect primary data. First, the survey method in which printed questions was dispatched to the respondents to answer (Marshall & Rossman, 2006). This method is less costly, free from bias of interviewers, and can be used to cover a large audience. Secondly, the interview method where there was presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Babbie, 2007). It was flexible and appropriate with respondents who were illiterate, those with language barriers and with limited intelligence. It also helped the researcher to capture many explanations or incidental comments, facial expressions, tone of voice, feelings and attitudes (Amin, 2005).

Secondary data was collected by the means of documentary review of documents contents which were carried out from library sources, internet sources and government official documents. It enabled the researcher to obtain data suitable for the study. Nevertheless, the researcher used triangulation (Barifaijo, Basheka & Oonyu, 2010) of qualitative and quantitative methods in the study. This is because “results from one method, for example, interviews, helped develop or inform other methods or one method rested with another method to provide insight into different levels of analysis” (Amin, 2005, p.63).

3.4 Data collection instruments.

3.4.1 Questionnaires

The researcher used self-administered questionnaires (SAQ) which consisted of both open-ended and closed ended questions designed to obtain data on the respondent's background, effects of suspension of graduated tax and service delivery in Amuru Sub-county in Amuru district. Questionnaires were preferred because of the big numbers of respondents; it's also cost effective and good for quantifying responses from a large number of respondents. Questionnaires were distributed to respondents two weeks in advance to give the respondents enough time and with detailed instructions to enable them fill independently without supervision of the researcher.

3.4.2 Interview

The researcher also used interview which facilitated face-to-face communication between the interviewer and the interviewee to ensure the usefulness, accuracy and comparability of data. This was enabling the researcher to clarify unclear questions to the respondents and observed many things directly which might have hindered the respondents to give accurate information to the researcher.

3.4.3 Procedures of data collection

The researcher was given an introductory letter from the Department of Higher Degrees. Thereafter; the researcher contacted the administrators in Amuru Sub-county, schools, and health centers, to seek permission to carry out the study. After permission was granted, the researcher ensured that the respondents are informed and that the research was purely for academic purpose. The lead respondents helped the researcher in supplying questionnaires to their staffs but where there was need for interviews in order

to ensure the usefulness, accuracy and comparability of data, the researcher contacted the respondent himself. Time was given upon which each selected respondent's filled in the questionnaire. Thereafter, unfilled and wrongly filled questionnaires and other properly filled ones were taken for data analysis. After data analysis and measurement, the researcher compiled a report of the study and makes appropriate recommendations.

3.5 Data quality control (Validity and Reliability)

The researcher established the validity and reliability of the instruments to ensure that what were being investigated are actually the ones being measured or tested. This section presents the validity as well as the reliability of the research instruments which were found to be valid and reliable.

3.5.1 Validity

The content validity index (CVI) was thus computed using logical validity measures based on the representativeness of the measure by computing the CVI, counting the number of experts who rated the item as (R) or (NR) and dividing that number by the total number of experts. This gives the proportion of experts who deemed the item as content valid. Experts who rated items as (R) were 4 and one expert declined saying he was busy. Therefore; $CVI \frac{4}{5} = 0.8$, Davis (1992) recommends a CVI of .78 or higher for three or more experts could be considered evidence of good content validity.

3.5.2 Reliability.

The researcher pre-tested the instrument to determine its reliability using Cronbach Alpha Coefficient. When the reliability Coefficient Alpha is greater than 0.5 ($Alpha > 0.5$), it implies high level of reliability of the instruments (Amin, 2005). It

should be noted that alpha measures the extent to which item responses obtained at the same time correlate highly with each other (DeVellis, Robert, 2003). The instruments were proved to be reliable after pre-test as they yielded Alpha shown in the table below:

Table 3.2: Reliability analysis on questionnaire pre-test

Variables	Alpha	Number of item
Revenue shortfalls	.562	9
Insufficient revenue base	.684	6
Service delivery	.703	20
Government decentralization policy	.741	8
All the 4 Variables above	.720	43

From the table above, a pre-test on Revenue shortfalls was established at 0.562, which indicates that the research instruments were reliable since the result is above 0.5, followed by insufficient revenue base with alpha .684 of 6 items, Service delivery obtained alpha .703 with 20 items, and Government policy got alpha .741 with 8 items.

In pre-testing all the four variables together, the researcher obtained alpha .720 with 43 items as indicated above. These proved to the researcher that the questionnaires designed for the study was reliable, and were taken on and administered to respondents. Alpha tables for this analysis can be seen in appendix IV.

After the final data analysis, the reliability alpha reads as follows:

Table 3.3: Reliability analysis on questionnaires after data collection

Variables	Alpha	Number of item
Revenue shortfalls	.562	9
Insufficient revenue base	.607	6
Service delivery	.645	20
Government decentralization policy	.530	8
All the 4 Variables above	.653	43

From this table, after data collection, Revenue shortfalls still yielded alpha .562 with 9 items, Insufficient revenue base with alpha .607 of 6 items, teachers' Service delivery obtained alpha .645 with 20 items and Government policy with alpha .530 with 8 items. Testing all the four variables together after data collection, alpha yielded .653 with 43 items confirming to the researcher that the instrument used in the study were significant, reliable and therefore results obtained are accurate. It should be noted that, the more consistent within-subject responses are, the greater the variability between subjects in the sample, the higher Cronbach's alpha will be. The specific alpha tables for this analysis can be viewed in appendix V.

3.6 Data Analysis (Measurement) and Presentation

The researcher collected the filled questionnaires, edit the collected data by removing all incomplete and inconsistently filled questionnaires and then categorized the data, enter it into the computer and then analyzed using descriptive statistics of frequencies and percentages to show the distribution of respondents on each independent and dependent variables. Bivariate correlation, regression and t-test were used to measure the effects of

independent variable on dependant variable (subsection 1.5. & 1.6, respectively). Because both the dependent (service delivery) and independent (suspension of graduated tax) variables are grouped into five categories from the respondent with the worst opinion (strongly disagree) to the one with the best option (strongly agree or undecided). It is therefore possible to derive the observed frequencies against the expected frequencies.

Finally, giving the summary of the entire process, the analysis was automated and SPSS computer program was used and statistical tools like correlation, regression and t-test were used since they offers visual way to look at the data for interpretation.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter presents the findings of the study according to the objectives of the study, which were; to examine the effects of revenue shortfalls on service delivery, establish the effects of insufficient revenue base on service delivery, and determine the moderating effects of Government decentralization policy on service delivery in Amuru Sub-county, Amuru district.

The presentation begins with response rate an analysis of demographic characteristics of respondents summarized in tables. To facilitate ease in understanding presentation, analysis and interpretation with empirical evidence, the results of the descriptive statistics of frequencies and percentages distribution on each item were presented in tables according to the research objectives. Further, in conducting inferential statistics with more empirical findings, the results of the bivariate-correlations and linear regression analysis (T-test) were also presented in tables according to the objectives of the survey.

4.1 Response Rate

Response rates show participants that were involved in the study. These included respondents who were given questionnaires and interviewed as explained and shown in the table on the next page. According to Phelps et al., (2001) poor response rates reduce sample size and consequently precision. Phelps further stressed that although there is no 'standard' for an acceptable response rate, but published opinion indicates that response

rate below 60% is 'barely acceptable'. Therefore, response rate presents the validity of the study.

Table 4.1: Response Rate

Category	Method	Population	Sample	Response	percentage of
Parish chiefs	questionnaire	06	06	06	100
Councilors	questionnaire	15	14	13	100
Support staff	questionnaire	10	8	8	100
Teachers	questionnaire	20	19	16	84
Health workers	questionnaire	05	05	05	100
Total		56	52	48	92.3
CDO/ACDO	Interviews	2	2	2	100
Head teachers	Interviews	17	14	10	71
S/CC	Interviews	1	1	1	100
Total		20	18	13	72.2
Total		76	69	61	82.25

Source: Field Data, November, 2011.

From Table 4.1 above, out of the 69 respondents that were sampled, 61 (82.25 per cent) responded to both questionnaire and interviews instrument. Four respondents (7.69 per cent) did not return the questionnaires dispatched to them as they claimed to have misplaced the questionnaire. Also the five potential informants (27.77 per cent) not interviewed as they claimed to have been busy to attend to the researcher. But the combined response rate means the study findings are valid and acceptable, since its above 60% recommended by Amin (2005).

4.2 Demographic characteristics of Respondents

The quantified demographic characteristics of respondents included: Age, Gender, marital status, and Education attainments (qualifications) were measured in term of "majority".

4.2.1: Age of the Respondents

This was the age bracket of respondents and the study aimed at finding out whether

respondents know the effects of the suspension of G/tax on service delivery and can be able to respond on the effects of the suspension of G/tax in Amuru Sub-county. Further, this was to know whether respondents were suitable for the study. So respondents were asked to indicate their age in the questionnaires administered to them and the findings were summarized in the table below:

Table 4.2.1: Respondents by age distribution

Years	Number	Percent
18-28	15	24.6
29-39	15	24.6
40-49	17	27.9
50-59	13	21.3
60 +	1	1.6
Total	61	100.0

Source: Primary data

From Table 4.2.1 above, it was established that 15 respondents (24.6 per cent) indicated age brackets of 18-28 years. 15 respondents (24.6 per cent) indicated age bracket of 29-39years. 17 respondents (27.9 per cent) indicated age bracket of 40-49years. 13 respondents (21.3 percent) indicated age bracket of 50-59years, 1 respondent (1.6 percent) over 60 years. Therefore, respondents 17(27.9 per cent) of age 40-49 years indicates that they were old enough to understand what was being asked of them and the results obtained from them were therefore dependable. This implies that, the majority of the respondents were of the age group of those who have paid G/tax for more than five times and can explain the effects of the suspension of G/tax on service delivery well.

4.2.2 Gender of Respondents

This was the sex of respondents and the researcher was interested to establish whether this would affect the study on the effects of the suspension of G/tax and also know the majority genders who were involve in the survey. The respondents were asked to indicate their gender in the questionnaires given to them during field work and results were summarized in the table below:

Table 4.2.2: Respondents by Gender distribution

Gender	Number	Percent
Male	28	45.9
Female	33	54.1
Total	61	100.0

Source: Primary data

From Table 4.2.2 above, 28 respondents (45.9 per cent) were male and 33 respondents (54.1 per cent) were female. The used of both genders was for the purpose of obtaining a balanced opinion on the abolition of G/Tax impact on service delivery

4.2.3 Education attainment of respondents

Here the researcher was interested in knowing the education level of the respondents and whether it corresponded with the answer they gave. The result of the finding is summarized in the table below.

Table 4.2.3 Education level of respondents

Educational level	Number	Percent
Post Graduate	3	4.9
Degree	19	31.1
Diploma	11	18.0
Secondary	15	24.6
Primary	11	18.0
Not attended school	2	3.3
Total	61	100.0

Source: Primary data

Table: 4.2.3 above reveals that 3 respondents (4.9 per cent) were with qualification of Post Graduate, 19 respondents (31.1per cent) were Degree holders, 11 respondents (18.0 percent) were Diploma holders, 15 respondents (24.6 per cent) attended Secondary Education, 11 respondents (18.0 per cent) attended Primary Education and 2 respondents (3.3 per cent) not attended School. This indicates that the respondents were knowledgeable of the questions asked of them.

4.2.4. Marital Status

Here the researcher was interested in knowing the marital status of the respondents if it has effects on service delivery due to the suspension of G/tax.

Table 4.2.4: Marital Status of respondents

Marital status	Number	Percent
Married	38	62.3
Widowed	8	13.1
Single	12	19.7
Divorced	3	4.9
Total	61	100.0

Source: Primary Data.

Table 4.2.4 above, shows 38 respondents (62.3 percent) were married. 8 respondents (13.1 per cent) were widowed. 12 respondents (19.7 percent) were single, 3 respondents (4.9 percent) were Divorced. This indicates the greatest number of respondents in the survey were married people who seem to had much responsibility besides their formal work than the other categories of respondents and this imply that the number of married people involved in gainful economic activities per household who can pay G/tax is high and this results to increase in revenue base.

4.3 Empirical Findings.

The study examined the effects of the suspension of graduated tax on service delivery in Amuru Sub-county, Amuru district. Two hypotheses of the study were set and these included: - Revenue shortfalls affects service delivery in Amuru Sub-county and Insufficient revenue base affects service delivery in Amuru Sub-county. The researcher further considered the moderating effects of Government decentralization policy on service delivery in Amuru Sub-county. To test these hypotheses, the researcher therefore presented empirical evidence using descriptive analysis and percentages distribution, bivariate correlations and linear regression analysis (T-test) according to the study objectives. These gives the evident nature of relationship between variables and the extent to which each item affects or contributes to the other. The survey questionnaires were shown in Tables below. Items were measured using a 5-likert item scale ranging from the best opinion “strongly agree” (1) to the worst opinion “strongly disagree or undecided” (5).

4.3.1 Research question1: What are the effects of revenue shortfalls on service delivery?

In this research question, the researcher intended to establish effects of revenue shortfalls on service delivery after the suspension of G/tax on local government of Amuru Sub-county in Amuru district. The findings were presented in the table below.

Table 4.3.1 Descriptive analysis on the effects of revenue shortfalls on service delivery

Items	SA	A	A	D	SD	D	UD
The Sub-County budget covers all the sectors of education, health, in Amuru	16.4	65.6	41.0	4.9	4.9	4.9	8.2
Amuru Sub-County staff are always in their office to provide service delivery	50.8	42.6	46.7	1.6	0.0	0.8	4.9
Revenue shortfalls have effects on service delivery.	47.5	50.8	49.2	0.0	0.0	0.0	1.6
There are cases of financial mismanagement.	52.5	45.9	49.2	0.0	0.0	0.0	1.6
Graduated tax should be brought back to increase revenue base in the Sub-County	41.0	29.5	35.3	19.7	1.6	10.7	8.2
Suspension of Graduated tax has reduced revenue base.	42.6	57.4	50.0	0.0	0.0	0.0	0.0
Amuru Sub-County has serious financial constraints for its operations	45.9	41.0	43.9	9.8	0	4.9	3.3
Amuru Sub-County councilors have delays allowances.	34.4	37.7	36.1	18.0	4.9	11.5	4.9
Honorable Councilors' are committed in revenue mobilization in the Sub-County	44.3	49.2	46.8	4.9	0	2.5	1.6

Key: SD=Strongly Disagree; D= Disagree; UD=Undecided; A=Agree and SA=Strongly Agree

Source: Primary data

Budget deficit

From the table 4.3.1 above, respondents were asked whether there is budget deficit in all the sectors like education and health. A total of 41 (per cent) of respondents agreed that the budget covers all sectors of Education and health, meanwhile 4.9 (per cent) disagreed though 8.2(per cent) of the respondents were undecided. Although 41(per cent) agreed that budget covers all sectors, 59% shows that there is revenue shortfall to fund all the sectors. This was confirmed during interview when the researcher asked whether revenue shortfall affects the performance of service delivery in Amuru Sub-county. The majority of the respondents said that Amuru Sub-county has limited financial resources and poor revenue collection strategies.

Insufficient revenue base

Table 4.3.1 Revenue Trends of Amuru Sub-county.

<i>Budget Outturn</i>															
FY 2006/07				FY 2007/08				FY 2008/09				FY 2009/10			
Source	Budget	Actual Release	%age	Source	Budget	Actual Release	%age	Source	Budget	Actual Release	%age	Source	Budget	Actual Release	%age
		July 2006 - June 2007				July 2007 - June 2008				July 2008 - June 2009				July 2009 - June 2010	
Local revenue	12,560,400	5,260,300	42%	Local revenue	10,849,150	9,163,618	84%	Local revenue	14,530,450	3,206,923	22%	Local revenue	15,275,150	7,567,600	50%
G/Tax	35,340,000	6,986,000	10%	G/Tax compensation	32,254,210	6,783,900	21%	G/Tax compensation	30,364,200	7,807,500	26%	G/Tax compensation	28,750,350	8,970,420	31%
Total	47,900,400	12,246,300	52%		43,103,360	15,947,518	105%		44,894,650	11,014,423	48%		44,025,700	16,538,020	81%

Source: Amuru Sub-County Development Plan, 2010/2011

From the Table 4.3.1 above, show revenue trend in Amuru Sub-County after the suspension of G/tax. These indicates that there is insufficient revenue base in Amuru Sub-county from what the Sub-county realised over the past years.

Delayed Allowances

From the Table 4.3.1 above, respondents were asked whether Amuru Sub-County councilors have delays allowances. A total of 36.1 (per cent) of respondents agreed that Amuru Sub-County councilors have delayed allowances. But 11.5(per cent) of the respondent disagreed and 4.9(per cent) of the respondents were undecided. This means that the majority of the respondents agreed that Amuru Sub-County councilors have delayed allowances. This finding was confirmed during the interview when the respondents were asked to give their opinions whether the Sub-County councilors have delays allowances. The majority agreed that Amuru Sub-County councilors have delayed allowances due to insufficient revenue base.

4.3.1.1 Correlation analysis on the effects of revenue shortfalls on service delivery

This was set to measures the relationship between revenue shortfalls and service delivery, and the researcher was interested to know whether revenue shortfall is related to service delivery.

Table 4.3.1.1 Correlation analysis on the effects of revenue shortfalls on service delivery

		Revenue shortfalls	Service delivery
Revenue shortfalls	Pearson Correlation	1	.322(*)
	Sig. (2-tailed)	.	.011

	N	61	61
Service delivery	Pearson Correlation	.322(*)	1
	Sig. (2-tailed)	.011	.
	N	61	61

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

The results in the above table indicate that revenue shortfall is significantly related to service delivery with the correlation of .322(*) at $p < 0.05$. From the above table, reject the H_0 , which that revenue shortfall are not significantly related to service delivery and use H_1 which states that there is statistically significant relationship between revenue shortfall and service delivery in Amuru Sub-county based on Sig (0.05) which is below +1. The type of relationship is weakly positive in a linear sense, based on Pearson correlation of .322(*) which is also less than the absolute value of +1 (strongly positive). This finding was proved with the interview results with those interviewed whose majority stated that revenue shortfall affects service delivery in Amuru Sub-county, in Amuru District.

4.3.1.2 Regression analysis on the effects of revenue shortfalls on service delivery

Linear regression was used to further ascertain the results. In this regard, it should be noted that regression analysis indicates the direction of a relationship between two variables. In this analysis, a linear regression analysis was done and the findings are presented in the tables below.

Table 4.3.1.2 Regression analysis on the effects of revenue shortfalls on service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322(a)	.104	.088	.34816

a Predictors: (Constant), Revenue Shortfall

In testing this objective, revenue shortfall influence service delivery in Amuru Sub-county Amuru District since a value given for the coefficient of determination, also known as R^2 in this study amounted to .104. The coefficient of determination represents the amount (proportion) of the variation of the data presented by the dependent variable that is explained by the independent variable. This implies that 10.4% of the variation in service delivery was accounted for by revenue shortfall in the study. In this regard the percentage explanation of the magnitude of relationship is low. The results were further explains using t-test below;

T-test analysis

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.652	.206		8.037	.000
	Revenue shortfall	.293	.112	.322	2.611	.011

a Dependent Variable: Service delivery.

With a t-test on revenue shortfall of 8.037 significant at p-value .000, the t-test explains the effects on the dependent variable, taking note that the t statistics can help determine the relative importance of each variable in the model, putting much concern on t values 8.037 which is well above p-value, implying that revenue shortfall affects service delivery in Amuru Sub-county, in Amuru District. To this observation therefore on

analysis of the P-value (.000) the null hypothesis that there is no relationship between the two variables is rejected. This is further confirmed by the coefficients of .104 which imply that if revenue shortfall increases service delivery decreases.

4.4.0 Research question2: What are the effects of insufficient revenue base on service delivery?

This objective was set to measure the effects of insufficient revenue base on service delivery in Amuru Sub-county, Amuru District and was measured using three sub-dimensions as follows; Limited control of funds at sub-county, poor access to public information and upward accountability. This information was obtained through questionnaires given to respondents and face to face interview with respondents. The results of the study were presented in a table below.

4.4.1. Correlation analysis on the effects of insufficient revenue base on service delivery

Similarly, this objective was tested using correlation, and later regression analysis to find out the relationship and the direction of its effects on the dependant variable. The results were obtained in the tables below

Table 4.4.1 Correlation analysis on the effects of insufficient revenue base on service delivery

		Insufficient revenue base	Service delivery
Insufficient revenue base	Pearson Correlation	1	-.260(*)
	Sig. (2-tailed)	.	.043

	N	61	61
Service delivery	Pearson Correlation	-.260(*)	1
	Sig. (2-tailed)	.043	.
	N	61	61

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

Table above reveals that there is no significant moderating effect on the relationship between inadequate accountability and service delivery. This is evidenced by correlation coefficients of .043 on insufficient revenue base and correlation of -.260(*) on service delivery at significant level 0.05. The implication is that insufficient revenue base has no moderating effects on service delivery.

4.4.2: Regression analysis on the effects of insufficient revenue base on service delivery

The study was further subjected to linear regression analysis as presented in the tables below;

Tables 4.4.2: Regression analysis on the effects of insufficient revenue base on service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.260(a)	.068	.052	.35508

a Predictors: (Constant),

In testing this research question, insufficient revenue base does not influence service delivery since a value given for the coefficient of determination, also known as R^2 in this study amounted to .068. The coefficient of determination represents the amount (proportion) of the variation of the data presented by the dependent variable that is explained by the independent variable. This implies that 6.8% of the variation in service

delivery was accounted for by insufficient revenue base in the study. In this regard the percentage explanation of the magnitude of relationship is low.

The results were further explains using t-test below;

T-test analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.588	.205		12.639	.000
	Insufficient revenue base	-.263	.127	-.260	-2.069	.043

a Dependent Variable: Service delivery

With a t-test on insufficient revenue base of 12.639 significant at p-value (.000), the t-test explains the effects on the dependent variable, taking note that the t statistics can help determine the relative importance of each variable in the model, putting much concern on t values 12.639 which is well above p-value, implying that insufficient revenue base does not influence service delivery in the Sub-county. To this observation therefore on analysis of the P-value (.000) the null hypothesis that there is no relationship between the two variables is accepted. This is further confirmed by the coefficients of -.260 which imply that as insufficient revenue base increases, service delivery decreases.

4.4.3. Research Question 3: What are the moderator effects of Government decentralization policy on service delivery?

This research question was set to know whether government decentralization policy has a moderator effects on service delivery. It was measured using three sub-dimensions which

were political, fiscal, and administration. This information was obtained through questionnaires given to respondents and face to face interview with the respondents. The results of the study were presented in a table below.

Table 4.4.3: Descriptive analysis of the moderating effects of Government decentralization policy on service delivery

Items	SA	A	A	D	SD	D	UD
Government sends enough money for service delivery in Amuru Sub-County	11.5	55.7	33.6	13.1	9.8	11.5	9.8
Sub-County leaders are always monitored by the Government to provide service delivery to the people.	24.6	67.2	45.9	4.9	1.6	3.3	1.6
The decentralization policy has effects on service delivery in Amuru Sub-County	50.8	49.2	50	0	0.0	0.0	0.0
Government transfers fund timely to the Sub-County for service delivery	54.1	45.9	50	0	0.0	0.0	0.0
Government should bring back graduated tax for better service delivery in Amuru Sub-County.	44.3	36.1	40.2	11.5	0.0	5.8	8.2
Government carryout timely assessment of service delivery the Sub-County	27.9	31.1	29.5	32.8	1.6	17.2	6.6
Political influence has effect on service delivery in Amuru Sub-County	31.1	47.5	39.3	14.8	1.6	8.2	4.9
The Government transfers conditional grants for service delivery to the Sub-County	52.5	41.0	46.8	3.3	3.3	3.3	0.0

From the table above, respondents were asked whether government decentralization policy has effects on service delivery. On average a total of 42.3(per cent) respondents agreed that government policy has effects on service delivery of the eight items asked, 6.2 (per cent) disagree of the eight items, and 3.9 (per cent) respondents were undecided.

This was also confirmed by interview results. Government decentralization policy has effects on service delivery as the lower Local governments are to operate while following the ministerial guidelines, decentralization policy and taxation policy which are all not flexible.

4.5.1. Correlation analysis on the moderating effects of Government decentralization policy on service delivery

To test this objective, bivariate correlation was used and later linear regression analysis as summarized in the tables below.

Table 4.5.1 Correlation analysis of the moderating effects of Government decentralization policy on service delivery

		Service delivery	Government decentralization Policy	Revenue Shortfall	Insufficient revenue base
Service delivery	Pearson Correlation	1	.181	.322(*)	-.260(*)
	Sig. (2-tailed)	.	.163	.011	.043
	N	61	61	61	61
Government decentralization Policy	Pearson Correlation	.181	1	.164	-.337(**)
	Sig. (2-tailed)	.163	.	.205	.008
	N	61	61	61	61
Revenue Shortfall	Pearson Correlation	.322(*)	.164	1	-.045
	Sig. (2-tailed)	.011	.205	.	.732
	N	61	61	61	61
Insufficient revenue base	Pearson Correlation	-.260(*)	-.337(**)	-.045	1
	Sig. (2-tailed)	.043	.008	.732	.
	N	61	61	61	61

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

** Correlation is significant at the 0.01 level (2-tailed)

From the analysis above (table 4.5.1) it was revealed that there is a significant moderating effect on the relationship between Government decentralization policy and service delivery as evidenced by the obtained correlation coefficients of .181 on

Government policy and correlation of $-.337^{**}$ on service delivery at significant level the 0.05. Therefore Government decentralization policy has significance moderating influences on service delivery.

4.5.2 Regression analysis of the moderating effects of Government decentralization policy on service delivery

The evidence was further subjected to the linear regression analysis to determine the direction of relationship and findings were presented in a table below.

Table 4.5.2 Regression analysis of the moderating effects of Government decentralization policy on service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.181(a)	.033	.016	.36165

a Predictors: (Constant), Government decentralization Policy

In this analysis, only 3.3% of the data is explained in the model as indicated by the R-square .033 meaning that the rest of the data is not explained by Government decentralization policy but does not subject the hypothesis to being rejected. It is therefore evidenced that Government decentralization policy has positive significance moderating effects on service delivery. This was further tested using t-test and standardized coefficients below;

T-test analysis

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.892	.206		9.197	.000
	Government decentralization Policy	.146	.104	.181	1.413	.163

a Dependent Variable: Service Delivery

From these findings, it was revealed that Government decentralization policy has significance moderating effects on service delivery as evidenced from the t-values of 9.197 which is well above p-value.033. The obtained standardized coefficients of .104 implied that whenever Government decentralization policy is applied in the Sub-county, service delivery increases.

4.6.0 Results from the interview

Using the interview guide during the survey, the researcher interviewed head teachers, ACDO/CDO, and Sub-county chief whether suspension of Graduated tax affected service delivery and the findings were discussed below.

On whether there is delay payment of Hon. Councilors, the majority said that there is delayed payment of Hon. Councilor's allowances, and this affects service delivery as they are unable to carry out monitoring activities to confirm if services are being delivered. Therefore they are not happy with the late pay they get". To the researcher's observation

however, these are Councillors who depend on the allowances to do their work like for transport and in the delay of this, it affects service delivery.

Respondents mentioned that when government monitored lower government it improved service delivery. However, one of the respondent observed; “I encourage government agents to carry out monitoring frequently to improve on service delivery”. The researcher later discovered that Instructions which are monitored perform well in term of service delivery.

Further, on the problem of lack of enough drugs in health centers respondents accepted that problems were always there for examples; lack of transport. However staff at the health Centers was regular and committed to their work, but due to the above challenge staffs fail to deliver services.

Finally, the respondents stated that poor access to public information affects service delivery as leaders are not held accountable for what they do as observed by the researcher hence leading to poor service delivery.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, the summary, discussions, conclusions and recommendations of the study were presented according to the findings, and where appropriate, existing literatures were included in the discussions. Limitations, contributions and implications for future research were also integrated in this section.

5.1 Summary of the Study Findings.

From the study findings it was revealed that there is a relationship between the effects of the suspension of G/tax and service delivery. This was confirmed from the data collected using self-administered questionnaires and face to face interviews with the respondents. The descriptive, correlation, and regression analysis of these data reported more empirical evidences on the existence of this relationship. The major findings of the survey are summarized below;

The researcher intended to establish the effects of revenue shortfalls on service delivery after the suspension of G/tax and it was confirmed that the Sub-county budget covers all sectors; staffs are always in their offices to provide service delivery; revenue shortfalls have effects on service delivery; financial mismanagement; graduated tax should not be brought back; there is reduced revenue base due to suspension of Graduated Tax; there is a serious financial constraint in the Sub-county; Sub-County councillors do not get their allowances promptly; and Honourable Councillors' are committed in revenue mobilization in the Sub-County.

The moderator effects of Government decentralization policy on service delivery was confirmed to significant effects on service delivery

5.2 Discussion

The findings indicate that the availability of revenue promotes efficient and effective service delivery in Amuru Sub-county. It aids meeting the target that had been planned before. It also helps in effective monitoring and evaluation. Whenever there is constant provision of information to citizens on how both central government and local government revenues are being used, tax payers are will be interested to pay taxes, (Seatini, 2010). This will increase the revenue base of a local Government which aids in improving delivery of services. Essentially, the availability of revenue improves the well being of the people through effective delivery of basic services such as health, education, water and sanitation (Commins, 2007).

On the budget deficit, the study revealed that a total of 41 (per cent) of respondents agreed that the budget covers all sectors of Education and health, meanwhile 4.9 (per cent) disagreed though 8.2(per cent) of the respondents were undecided. Although 41(per cent) agreed that budget covers all sectors but the greater percentage of 59% shows that there is revenue shortfall to fund all the sectors. This was confirmed during the interview when the researcher asked whether revenue shortfall affects the performance of service delivery in Amuru Sub-county. The majority of the respondents said that Amuru Sub-county has limited financial resources and poor revenue collection strategies. According to Shotton (2004), these problems can be overcome through innovative ways of availing information through public notice boards and announcements in churches or local radios. This in turn improves transparency and accountability of the use of resources

On the delays of payment of allowances to councillors, the study revealed that a total of 36.1 (per cent) of respondents agreed that Amuru Sub-County councillors have delayed allowances. But 11.5(per cent) of the respondent disagreed and 4.9(per cent) of the respondents were undecided. This means that the majority of the respondents agreed that Amuru Sub-County councillors have delayed allowances. This finding was confirmed during the interview when the respondents were asked to give their opinions whether the Sub-County councillors have delays allowances. The majority agreed that Amuru Sub-County councillors have delayed allowances due to insufficient revenue base.

In this analysis, the evidence indicated that as far as there is evidence it seems that politicians can't gain much from emphasizing service delivery improvement. Research show that most politicians that profiled themselves on a service delivery subject were not re-elected. The number of aldermen in local government that claims to hold a service delivery responsibility is small but growing over the years. Also the existence of a responsible alderman for e-Government or service delivery does not significantly contribute to the performance of the local government in the field of service delivery (Hoogwout 2005). In this respect Zouridis wonders how come that citizen is content about service delivery while they at the same time distrust politicians (Zouridis 2003). The current impression based on this evidence is that promoting service delivery improvement does not gain votes in periodical elections. This is consistent with previous findings of Tops (Tops 1995). In the field of policy effective service delivery efforts (Hoogwout, 2005), should have a special monitoring practices. According to Prichard (2009), this was found to have a potential to create cooperation in the Extractive Industries Transparency Initiative.

The Sub-county chief has control over revenue in Amuru Sub-county. This was confirmed by a total 50 (per cent) respondents who agreed that Sub-county Chief has limited control over revenue in the Sub-county and there was none that disagreed. This was also confirmed by the interview results where the majority of the respondents confirmed that the Sub-county Chief has limited control over revenue in the Sub-county but this shows that only fifty percent which does not agree and this can affect service delivery.

There is poor access to the public information in Amuru Sub-county. This is illustrated by a total of 48(per cent) respondents who agreed there poor access to public information. Much as none of the respondents disagreed, only 1.6 (per cent) of them were undecided. This shows that there is still lack of adequate information in the Sub-county. This was also confirmed by the interview results where the interviewees confirmed that there is poor access to public information in the Sub-county as information is not put on public notice board. In this way transparency might be compromised and the whole essence of decentralization would have been put to question (Local Government Finance Commission, 2000). Many studies show that NGOs and private sector can deliver some programs and services at a lower cost than a government and at the same time, maintain or improve the quality of the service being delivered (Joint UNDP-Government of Germany Evaluation of the UNDP Role in Decentralization and Local Governance, 1999).

As anticipated generally decentralization resulted in greater participation and control over service delivery and governance by local communities, local governments are still grappling with a range of challenges, namely, inadequate local financial resources and

over-reliance on conditional central government grants; inability to attract and retain sufficient trained and experienced staff; corruption, nepotism, and elite capture. With regard to the specific services, while universal primary education (UPE) policy under the decentralization framework is credited with a dramatic increase in primary school enrolment, public primary education services are still dogged by concerns over financing, equity, quality, and the need for curriculum reform. Studies show that there has been no improvement in health services with many health status indicators either stagnating or worsening. In general, decentralization of education and health services has not resulted in greater participation of the ordinary people and accountability of service providers to the community (Akin, 2005). In this moderator, the results indicated that policies are a powerful concept for the management of distributed heterogeneous systems, networks and applications (Wies, 1994).

5.2.4 Conclusion

In conclusion, the findings revealed that the availability of revenue promotes efficient and effective service delivery in Amuru Sub-county. It aids meeting the target that had been planned before. It also helps in effective monitoring and evaluation and found that there is the practice of upward accountability at the Sub-county whereby the accounting officer at the Sub-county account to the accounting officer at the district as his/her only supervisor.

5.2.4: Recommendations.

This proceeding recommends the following approaches through which the mechanisms for effective and efficient service delivery can be realized by accountable governance.

The study recommends that Government should consider reinstatement of G/tax after reviewing the tax design and administration to solve the problem of revenue shortfalls.

Government should also regularly review other existing Local Government taxes to be in line with the current socio-economic structural changes along with URA tax administration practices.

The Amuru sub-county officials should learn from this literature to increase service delivery.

The parliament of Uganda should revise laws on corruption and promotion of accountability.

It recommends that different stakeholders especially the local community should institute social accountability mechanisms at local government level in order to improve transparency and effectiveness of service delivery.

5.5: Limitations to the study.

1. The limitation in the study was that the studies cover only one Sub-county in Amuru District which may not show the exact situation in the whole District.
2. Lack of parish headquarters for the parish chiefs presented a problem to the researcher as he had to look for them from their homes.

5.6: Contributions of the study.

The study contributed knowledge on revenue gaps that exist in Amuru Sub-county. This will call for change in the trend of revenue mobilization for effective and efficient revenue collection and administration. This would help the government of Uganda, local governments and the various stakeholders in improving service delivery.

More so, the study identified and recommended appropriate measures to improve on revenue shortfalls, accountability and Government policy on service delivery to be adopted for effective and efficient service delivery. These would still be applied by policy makers, different stakeholders, and the governments to improve on taxation collection system to increase revenue, hence improved service delivery. The study also identified other areas which need further researches in order for feasibility and sustainability. These could be adopted by other researchers so as to achieve high level of service delivery.

5.7: Areas for future Research

The researcher suggests that study should be conducted on this same topic to prove if it can still yield the same findings. The area of coverage on this study should cover the whole District in future on this same topic to give the real happening in the District. The researcher suggests that study be conducted in future on factors that led to suspension of G/tax.

REFERENCES

- Akin, and Strumpf, K. (2005), Decentralization and government provision of public goods: The Public Health Sector in Uganda. *Journal of Development Studies* 41 (8): 1417–1443.
- Amin, M. E. (2005), *Social science research: Conception, methodology and analysis*. Kampala: Makerere University
- Barifaijo, K.M., Basheka, B., and Oonyu, J. (2010), *How to write a good dissertation/thesis: A Guide to Graduate Students*, Kampala: The New Vision Printing and Publishing company Ltd.
- Commins, S. (2007), *Community Participation in Service Delivery and Accountability*, Washington DC: United Nation.
- Davey, K.J. (1974), *Taxing a peasant society*, The example of Graduated taxes in East Africa.
- DeVellis, R. F. (2003). *Scale Development: Theory and Applications*, 2nd ed. Thousand Oaks: Sage Publications.
- Francis, P., and James R. (2003), Balancing Rural Poverty Reduction and Citizen Participation: The contradiction of Uganda’s decentralization Program, *World Development*, 31(2):.325-337.
- Gauthier B. (2007), *Methodological Approaches to the Study of Institutions and Service Delivery: A Review of PETS, QSDS and CRCS*: HEC Montréal.
- Government of Uganda, (1995), *Constitution of the Republic of Uganda*,
- Hoogwout M. (2005), *Towards A General Theory On Customer Oriented Government*, Tilburg University, Tilburg Institute on Law, Technology and Society (TILT).

- limi, A. (2005), Decentralization and economic growth revisited: an empirical note, *Journal of Urban Economics*, 57: 449–461.
- Kunicov´a, J., and Rose-Ackerman, S. (2005), Electoral Rules and Constitutional Structures as Constraints on Corruption, *British Journal of Political Science*, 35, 4.
- Muyomba, L. et.al. (2010), *Local Government Councils Performance and the Quality of Service Delivery in Uganda: Amuru District Council Score Card 2008/09*, ACODE Policy Research Series, 37, 2010, Kampala.
- Neuman, W. L. (2011), *Social research methods: Qualitative and quantitative approaches*, 6th Ed., Boston: Pearson Education, Inc.
- Onyach-Olaa, M. (2003), The challenges of implementing Decentralization: Recent Experience in Uganda, *Public Administration and Development*, 3:105-113.
- Ouedraogo, M.G. H. (2003), *Decentralization and Local Governance: Experiences from Francophone West Africa*, *Public Administration and Development*, 3:97-103.
- Prichard, W., and Bentum, I. (2009), *Taxation and Development in Ghana: Finance, Equity and Accountability*, Institute of Development Studies, University of Sussex.
- Romeo, G. L. (2003), The Role of External Assistance in Supporting Decentralization, *Public Administration and Development*, 3:7-16.
- Shotton, R. (2004), *Local Government Initiative: Pro-Poor Infrastructure and Service Delivery in Rural Asia A synthesis of case studies*, New York: United Nations Capital Development Fund.

- Ssewanyana, S. N., and Okidi, J. A. (2008), *A micro simulation of the Uganda tax system (UGATAX) and the poor from 1999 to 2003*, Economic Policy Research Centre Research Series No. 55.
- Wies, R. (1994) *Policy Definition and, Classification: Aspects, Criteria, and Examples*, A paper presented at the Proceeding of the IFIP/IEEE International Workshop on Distributed Systems.
- UNDP. (1999), *Decentralization: A Sampling of Definitions*, a working paper prepared in connection with the Joint UNDP-Government of Germany evaluation of the UNDP role in decentralization and local governance.
- Price Water House Coopers. (2000), *Local Government Finance Commission – Revenue Enhancement Study*, Kampala.
- Seatini. (2010), *Towards Taxation for Development: Challenges and Opportunities; The Case Of Uganda*.
- Shotton, R. (April 2004), *Local Government Initiative: Pro-Poor Infrastructure and Service Delivery in Rural Asia A synthesis of case studies*, Second.
- The (1997), Local Government Act*.
- Top,O.W. (1995). *Gemeenten en gezag: het verschuivende Politieke moment in het locale bestuur*. Amsterdam/ Antwerpen, Uitgeverij Atlas.
- Tanzi, V. & Zee, H. (2001) *Tax Policy for Developing Countries, International Monetary Fund*
- Zouridis, S. (2003). *Satisfied Customers and distrusting Citizen in the Netherland*, EGPA, Potsdam 2003, Potsdam Germany.
- World Bank. (2003), *Project Performance Assessment Report: Ghana Mining Sector Rehabilitation Project*. Washington, D.C.: World Bank.

APPENDICES

1: Krejcie and Morgan's (1970) table for determining sample sizes

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2,800	338
15	14	110	86	290	165	850	265	3,000	341
20	19	120	92	300	169	900	269	3,500	346
25	24	130	97	320	175	950	274	4,000	351
30	28	140	103	340	181	1,000	278	4,500	354
35	32	150	108	360	186	1,100	285	5,000	357
40	36	160	113	380	191	1,200	291	6,000	361
45	40	170	118	400	196	1,300	297	7,000	364
50	44	180	123	420	201	1,400	302	8,000	367
55	48	190	127	440	205	1,500	306	9,000	368
60	52	200	132	460	210	1,600	310	10,000	370
65	56	210	136	480	214	1,700	313	15,000	375
70	59	220	140	500	217	1,800	317	20,000	377
75	63	230	144	550	226	1,900	320	30,000	379
80	66	240	148	600	234	2,000	322	40,000	380
85	70	250	152	650	242	2,200	327	50,000	381
90	73	260	155	700	248	2,400	331	75,000	382
95	76	270	159	750	254	2,600	335	100,000	384

Source: Quoted in Barifaijo, Basheka and Oonyu, 2010:7

2. Reliability Analysis on Pre-test

Reliability pretest on revenue shortfall

Cronbach's Alpha	N of Items
.562	9

Reliability pretest on insufficient revenue base

Cronbach's Alpha	N of Items
.684	6

Reliability pretest on service delivery

Cronbach's Alpha	N of Items
.703	20

Reliability pretest on Government decentralization policy

Cronbach's Alpha	N of Items
.741	8

Reliability pretest analysis on all the four variables

Cronbach's Alpha	N of Items
.720	43

3. Reliability Analysis After Data Collection

Reliability on service delivery

Cronbach's Alpha	N of Items
.645	20

Reliability on insufficient revenue base

Cronbach's Alpha	N of Items
.607	6

Reliability on Government decentralization policy

Cronbach's Alpha	N of Items
.530	8

Reliability on revenue shortfalls

Cronbach's Alpha	N of Items
.562	9

Reliability on all the four variables

Cronbach's Alpha	N of Items
.653	43

4. Questionnaires for Parish Chiefs, Councilors, Primary Teachers, Support staffs, and In charge H/Cs.

Dear Sir/ Madam,

The questionnaire is intended for study purposes by the researcher who is a student of Uganda Management Institute (UMI). This is a study to explore the Effects of the suspension of Graduated tax on service delivery in Local Governments: A case study of Amuru Sub-county, Amuru District. You have been identified as a key respondent in the Sub-county of Amuru. It is my opinion that your knowledge of Graduated tax will be useful and important information. The information you give will be treated with utmost confidentiality and only for academic purposes.

Please you are free not to write your name on the scrip

SECTION A: GENERAL INFORMATION

You are requested to kindly fill in the space or tick in the boxes which are provided after every question.

1. In which age group do you belong?

18 – 28 years	<input type="checkbox"/>	29 – 39 years	<input type="checkbox"/>
40 – 49 years	<input type="checkbox"/>	50 – 59 years	<input type="checkbox"/>
60 years +	<input type="checkbox"/>		

2. Gender.

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
------	--------------------------	--------	--------------------------

3. Marital status

Married	<input type="checkbox"/>	Widowed	<input type="checkbox"/>
Single	<input type="checkbox"/>	Divorced	<input type="checkbox"/>

4. Highest level of education?

Post Graduate

Degree

Diploma

Secondary

Primary

Not attended School

SECTION B: service delivery

Please evaluate the items using the most suitable agreed alternatives as indicated in the following table. I humbly request you to try as much as possible to honestly give the suitable response according to you to the following statement below,

1	2	3	4	5
Strongly agree	Agree	Undecided	Disagree	Strongly disagree

	(a) Service delivery	Answer (options)				
		1	2	3	4	5
5	I am very happy with the educational performance in Amuru Sub-county					
6	Amuru Sub-county provide sponsorship to best performing PLE pupils					
7	Amuru Sub-county enforces sending of pupils to schools.					
8	More pupils are enrolled in primary schools in Amuru Sub-county.					
9	The Sub-county maintains roads regularly.					
10	Amuru Sub-county constructs new community roads yearly.					
11	Amuru Sub-county community roads are first priority in the development needs of the Sub-county.					

12	Amuru Sub-county has up graded many community roads to District roads.					
13	Whenever I visit health centers I get drugs.					
14	The health centre staffs are motivated.					
15	There is available Ambulance service.					
16	Amuru Sub-county health Centers have enough staffs in health Centers.					
17	There are many protected spring water sources.					
18	Amuru Sub-county has enough clean water sources.					
19	Amuru Sub-county has adequate budget allocation for water and sanitation sector.					
20	The communities of Amuru Sub-county are involved in water point allocation.					
21	The Sub-county normally give farmers improved agricultural seeds					
22	The Sub-county normally give tools to farmers					
23	There are good sanitation facilities in Amuru Sub-county					
24	All the market places in Amuru Sub-county have been fenced					

1	2	3	4	5
Strongly agree	Agree	Undecided	Disagree	Strongly disagree

A. Effects of suspension of Graduated Tax.

		Answer (options)				
		1	2	3	4	5
	(1) Insufficient Revenue Base					
25	The Sub-county chief has control over locally generated money in the Sub-county					
26	We have access to public information in Amuru Sub-county					
27	The Sub-county Chief provides information on audit report on Amuru Sub-county.					
28	What are the revenue bases for Amuru Sub-county?					
29	What the other revenue sources of Amuru Sub-County?					
30	Amuru Sub-county give accountability on service delivered to the people.					

1	2	3	4	5
Strongly agree	Agree	Undecided	Disagree	Strongly disagree

		Answer (options)				
		1	2	3	4	5
	(2) Revenue Short Falls.					
31	The Sub-county budget covered all the sectors, Education, Health, Agriculture, Water and Sanitation.					
32	Amuru Sub-county has high Administrative costs.					

33	Insufficient revenue base has effects on service delivery in Amuru Sub-county.					
34	There are cases of financial mismanagement in Amuru Sub-county.					
35	The government should bring back graduated tax in Local Government to increase on our revenue in the Sub-county.					
36	Suspension of graduated tax has affected the collection of taxes in Amuru Sub-county.					
37	Amuru Sub-county has wide revenue base.					
38	Amuru Sub-county Councilors get their allowances promptly.					
39	Hon: Councilors of Amuru Sub-county are committed in revenue mobilisation					

1	2	3	4	5
Strongly agree	Agree	Undecided	Disagree	Strongly disagree

	(3) Government Policy	Answer (options)				
		1	2	3	4	5
40	The government sends enough money for service delivery in Amuru Sub-county.					
41	The Sub-county is always monitored by government to provide service delivery in the Sub-county.					
42	Our revenue has been reduced by the suspension of graduated tax by Government.					
43	Suspension of Graduated tax has effects on service delivery in Amuru					

	Sub-county.					
44	The ministerial guideline to Amuru Sub-county has reduced service delivery in Amuru Sub-county.					
45	The Sub-county development plan is funded well by the Government.					
46	Timely assessment of service delivery by government in Amuru Sub-county.					
47	Political influence has effects on service delivery in Amuru Sub-county.					

Thank you for honestly giving the most sincere views in the statement, I wish to once again thank you for sparing your valuable time to share with me in this topic. I shall get back to you whenever possible.

Atwom Denis Opio

GOD BLESSES YOU!

5. Interview guide

Dear Sir/ Madam,

The Interview guide is intended for study purposes by the researcher who is a student of Uganda Management Institute (UMI). This is a study to explore the Effects of the suspension of Graduated tax on service delivery in Local Governments: A case study of Amuru Sub-county, Amuru District. You have been identified as a key respondent in the Sub-county of Amuru. It is my opinion that your knowledge of Graduated tax will be useful and important information. The information you give will be treated with utmost confidentiality and only for academic purposes.

Please you are free not to write your name on the scrip. I kindly request you to reserve few minutes so as to answer these questions below;

1. Is revenue realized in your Sub-county?

.....
.....

2. Do you think revenue shortfall in Amuru Sub-county affect the performance of your school

.....
.....

3. Does the Sub-county provide enough funds for games and sports?

.....
.....

4. What are some of the problems your school faces as a result of the suspension of G/tax?

.....
.....
5. Do you think the government should bring back G/tax to use on the locally generated fund?

.....
.....

6. What capacity do you see the Sub-county administration has to manage funds?

.....
.....

7. Basing on your administrative experience in Amuru Sub-county, what do you think the government should do to provide service delivery for all sectors effectively to the community?

.....
.....

8. In your view, does Amuru Sub-county have enough locally generated revenue?

.....
.....

9. How the Sub-county administration does involve stakeholders in budget meeting?

.....
.....

10. Do the Sub-county administrators provide accountability for service delivery to the community?

.....
.....

11. Does the community have access of information on accountability in Amuru Sub-county? If yes or no please kindly explain.

.....
.....

12. In your view, do you think there is mismanagement of locally generated revenue in Amuru Sub-county? If yes or no please kindly explain.

.....
.....

13. Does government policy of decentralization affect service delivery in Amuru Sub-county?

.....
.....

14. Does monitoring by the government affect service delivery in Amuru Sub-county? If yes or no please kindly explain.

.....
.....

15. Are you happy with performance of schools in Amuru Sub-county?

.....
.....

16. In your opinion, does the Sub-county have the capacity to monitor community roads well?

.....
.....

17. Do you think there are enough drugs in health centres of Amuru Sub-county?

.....
.....

18. Do you think Amuru Sub-county is giving quality improved seeds to the community?

.....
.....

Thank you very much for your time and giving me an audience.