



**FISCAL DECENTRALISATION AND SERVICE DELIVERY IN
UGANDA, A CASE OF RUKUNGIRI MUNICIPALITY, RUKUNGIRI
DISTRICT**

BY

PROSPER TAGOBYA

REG. NO: 12/MMS/PAM/29/32

**A DISSERTATION SUBMITTED TO THE SCHOOL OF
MANAGEMENT SCIENCE IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A MASTERS' DEGREE IN
MANAGEMENT STUDIES (PUBLIC ADMINISTRATION AND
MANAGEMENT) OF**

UGANDA MANAGEMENT INSTITUTE (UMI)

JANUARY, 2015

DECLARATION

I **PROSPER TAGOBYA** declare that this dissertation is my original work and has not been awarded for any other degree to other higher institutions of learning. This dissertation is a result of my own independent research effort and investigations. Where other people's work has been used, it has been acknowledged.

SIGNATURE:

.....

DATE:

.....

APPROVAL

This is to certify that this dissertation on fiscal decentralization and service delivery in Uganda, a case of Rukungiri municipality, Rukungiri district, has been completed and is ready to be submitted to the School of Management Science under the Supervision of:

Signature:

.....

DR. S. KASOZI MULINDWA

DPSA- UMI

Date:

.....

Signature:

.....

MR. PADDY MUGAMBE

UMI CONSULTANT

Date:

.....

DEDICATION

This work is dedicated to my Dear Parents, My Wife, My Children, My Brothers, My ONLY Sister and My Friends, who jointly supported me morally, spiritually and financially towards its accomplishment. Had it not been for their encouragement and support, I would not have succeeded.

ACKNOWLEDGMENT

I take this opportunity to thank all people who have made a contribution in my academic life so far. I would like to express heartfelt gratitude to my supervisors; Dr Kasozi- Mulindwa, and Mr. Paddy Mugambe whose tireless efforts have made this dream a reality.

I am greatly indebted to my mentors the Consultants in the School of Management Science, and the entire staff of Uganda Management Institute (UMI) and to my many colleagues on the same programme for your unending support in this journey.

My heartfelt thanks go to the management of Uganda Management Institute (UMI) which contributed immensely to the success of this dissertation. I take this opportunity to thank my entire family for their love, care and encouragement to me. Lastly, my warm regards and blessings go to all of those who have made a positive contribution in my life.

MAY THE GOOD LORD BLESS YOU ALL

TABLE OF CONTENTS

DECLARATION	i
SIGNATURE:	i
APPROVAL.....	ii
DEDICATION	iii
ACKNOWLEDGMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	x
LIST OF FIGURES.....	xi
LIST OF ACRONYM.....	xi
ABSTRACT	xiii
CHAPTER ONE	1
1.0. INTRODUCTION.....	1
1.1 Introduction	1
1.2 Background to the study.....	1
1.2.1 Historical Background.....	1
1.2.2 Theoretical Background:	3
1.2.3 Conceptual Background:	4
1.2.4 Contextual Background:.....	5
1.3 Problem Statement	6
1.4 General Objective of the study	8
1.5 Specific Objectives.....	8
1.6 Research Questions	8
1.7 Hypotheses of the study	9
1.8 Conceptual framework	9
1.9 Significance of the study	10
1.10 Justification of the study.....	11

1.11	Scope of the study	11
1.11.1	Geographical Scope:.....	11
1.11.2	Content Scope:	12
1.11.3	Time Scope:.....	12
1.12	Operational Definitions	12
CHAPTER TWO.....		14
LITERATURE REVIEW		14
2.0	Introduction.	14
2.1	Theoretical Review.....	14
2.2	Central Government assignment of expenditure responsibilities and service delivery.	17
2.3.	The relationship of Local taxes and service delivery.	19
2.4.	Inter-Governmental transfers and service Delivery.....	20
2.5	Summary	22
CHAPTER THREE.....		23
METHODOLOGY		23
3.0	Introduction	23
3.1	Research Design	23
3.2	Study Population:	23
3.4	Sampling Techniques and procedure:	25
3.5	Data Collection Methods.....	25
3.5.1	Questionnaire Survey:	25
3.5.2	Interviews	26
3.5.3	Documentary Review.	26
3.6	Data Collection Instruments.....	26
3.6.1	Questionnaires.....	26
3.6.2	Interview Guide.....	27
3.6.3	Documentary Review Guide.	27
3.7	Quality control.....	27

3.7.1 Validity.....	27
3.7.2 Reliability.....	28
3.8 Procedure of Data Collection	29
3.9 Data analysis	29
3.9.1 Quantitative data Analysis.....	30
3.9.2 Qualitative data Analysis.....	30
3.10 Measurement of variables	31
CHAPTER FOUR	32
PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS.....	32
4.1 Introduction	32
4.2 Response rate.....	32
4.3 Background of the Respondents.....	34
4.3.1 Gender of the respondents.....	34
4.3.2 Age of the Respondents.....	35
4.3.3 Level of Education of the Respondents.....	36
4.3.4 Position of Respondents in Rukungiri Municipality	37
4.1.5 Time spent working in Rukungiri Municipality	38
4.4. Empirical Findings on fiscal decentralization and service delivery in Rukungiri Municipality ...	39
4.4.1 Findings on service delivery in Rukungiri Municipality.....	39
4.4.2 Findings on Assignment of expenditure responsibilities in Rukungiri Municipality.....	41
4.4.2.1 Correlation results for assignment of expenditure responsibilities and service delivery	43
4.4.2.2 Regression Results for assignment of expenditure responsibilities and service delivery.....	44
4.4.3 Findings on Assignment of Local Revenue Tax Sources in Rukungiri Municipality	45
4.4.3.1 Correlation results for Assignment of Local Revenue Tax Sources and service delivery	47
4.4.3.2 Regression results for Assignment of Local Revenue Tax Sources and service delivery	48
4.4.4 Findings on practicing of Inter-Governmental Transfers/ Grants in Rukungiri Municipality ...	49
4.4.4.1 Correlation results for Inter-Governmental Transfers/ Grants and service delivery	51
4.4.4.2 Regression results for Inter-Governmental Transfers/ Grants and service delivery.....	52

CHAPTER FIVE.....	53
SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS	53
5.1 Introduction	53
5.2 Summary	53
The study established a number of findings, the summary of the findings are outlined here under; ...	53
5.2.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.	53
5.2.2 The effect of local taxes on service delivery in Rukungiri Municipality.	54
5.2.3 The role of inter-government transfers on service delivery in Rukungiri Municipality.....	54
5.3 Discussion of the study findings	54
5.3.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.	54
5.3.2 The effect of local taxes on service delivery in Rukungiri Municipality	55
5.3.3 The role of inter-government transfers on service delivery in Rukungiri Municipality.....	56
5.4 Conclusions	57
5.4.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.	57
5.4.2 The effect of local taxes on service delivery in Rukungiri Municipality	58
5.4.3 The role of inter-government transfers on service delivery in Rukungiri Municipality.....	58
5.5 Recommendations	59
5.5.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.	59
5.5.2 The effect of local taxes on service delivery in Rukungiri Municipality	59
5.5.3 The role of inter-government transfers on service delivery in Rukungiri Municipality.....	60
5.6 Limitations of the study.....	60
5.7 Contributions of the study	61
5.8 Areas recommended for further study	62
REFERENCES	63
APPENDIX 1	1
QUESTIONNAIRE FOR ALL RESPONDENTS	1

APPENDIX: 2.....	3
INTERVIEW GUIDE FOR KEY INFORMANTS	3
APPENDIX: 3.....	6
DOCUMENTARY REVIEW GUIDE.....	6

LIST OF TABLES

Table 1 Sample size selection.....	22
Table 2 Content Validity Indices for the Questionnaire.....	28
Table 3 Reliability indices for the respective sections of the questionnaire.....	29
Table 4.1: showing the response rate	32
Table 4.2: Descriptive Statistics on service delivery in Rukungiri Municipality.....	39
Table 4.3: Descriptive Statistics on Assignment of expenditure responsibilities in Rukungiri Municipality	41
Table 4.4: Correlation results for assignment of expenditure responsibilities and service delivery	43
Table 4.5: Model summary for assignment of expenditure responsibilities and service delivery	44
Table 4.6: Descriptive Statistics on Assignment of Local Revenue Tax Sources in Rukungiri Municipality	45
Table 4.7: Correlation results for Assignment of Local Revenue Tax Sources and service delivery	47
Table 4.8: Model summary for Assignment of Local Revenue Tax Sources and service delivery	48
Table 4.9: Descriptive Statistics on practicing of Inter-Governmental Transfers/ Grants in Rukungiri Municipality	49
Table 4.10: Correlation results for Inter-Governmental Transfers/ Grants and service delivery ..	51
Table 4.11: Model summary for Inter-Governmental Transfers/ Grants and service delivery	52

LIST OF FIGURES

Figure 4.1: Gender of the respondents	34
Figure 4.2: showing age of the respondents	35
Figure 4.3: showing the level of education of the respondents	36
Figure 4.4: showing the positions occupied by respondents	37
Figure 4.5: Showing the Time spent in Rukungiri Municipality.....	38

LIST OF ACRONYM

APRM	-	African Peer Review Mechanism
CBFs	-	Community Based Facilitators
CDO	-	Community Development Officer
CSOs	-	Civil Society Organizations
CVR	-	Coefficient of Validity Ratio
DV	-	Dependent Variables
F/Y	-	Financial Year
H.O.Ds	-	Heads of Departments
IV	-	Independent Variables
LC	-	Local Council
LGs	-	Local Governments
LGA	-	Local Governments Act
LG FAR	-	Local Government Financial and Accounting Regulations
LGMSD	-	Local Government management of service Delivery
LST	-	Local Service Tax
MDG	-	Millennium Development Goals
MMS	-	Master's in Management Studies

NAADS	-	National Agricultural Advisory Services
NDP	-	National Development Plan
NGOs	-	Non Governmental Organization
NRA	-	National Resistance Army
NRM	-	National Resistance Movement
PAC	-	Public Accounts Committee
PAM	-	Public Administration and Management
PEAP	-	Poverty Eradication Action Plan
PGBS	-	Planning General Budget Support
PHC	-	Primary Health Care
PPA	-	Programme Priority Areas
PPP	-	Public Private Partnership.
RC	-	Resistance Council
REP	-	Revenue Enhancement Plan
RUGADA	-	Rukungiri Gender and Development Association
SFG	-	School Facilities Grant
SPSS	-	Statistical Package for Social Scientists
TASO	-	The Aids Support Organization
ULRC	-	Uganda Law Reform Commission
UMI	-	Uganda Management Institute
URA	-	Uganda Revenue Authority

ABSTRACT

This study looked at fiscal decentralization and service delivery in Uganda using a case study of Rukungiri Municipality in Rukungiri District. The study reviewed assignment of expenditure responsibilities, assignment of local tax collection; inter-government transfers and how they affect service delivery. It was hypothesized that, assignment of expenditure responsibilities, assignment of local tax collection, and inter-government transfers positively affect service delivery. Empirical data was collected from the staff, Leadership and beneficiaries of services in Rukungiri Municipality using a questionnaire, interviews, observation, and documentary review. The study had 130 respondents from the targeted population of 159. The sample was selected using simple random, stratified and purposive sampling. Quantitative and qualitative data analysis methods were used to analyze collected data and examine the effect of fiscal decentralization on service delivery in Uganda. The key findings of the study indicated that there are significant positive effects between these variables and service delivery. This implies that all the three fiscal decentralization attributes that is; assignment of expenditure responsibilities, assignment of local tax collection, and inter-government transfers positively affect service delivery in Rukungiri Municipality. Based on the findings of the study, it is recommended that the existing assignment of expenditure responsibilities be revised upwards by giving LGs more autonomy to further improve service delivery; local tax sources' administration should be thoroughly reviewed, strengthened and legal adherence enforced; while inter-government transfers (both conditional and unconditional grants), should be made equitable to meet the goals and obligations of the municipality. Further research is recommended to cover other fiscal decentralization and service delivery attributes and indicators and be conducted in a wider population of municipalities in Uganda.

CHAPTER ONE

1.0. INTRODUCTION

1.1 Introduction

The study assessed fiscal Decentralization and service delivery in Rukungiri Municipality. The study looked at fiscal Decentralization as an independent variable and the linkage it has with service delivery as a dependent variable. This chapter presented the background to the study; ranging from Historical, Theoretical, Conceptual to Contextual perspectives. It covered the statement of the problem, general objective of the study, specific objectives, research questions, hypotheses, and scope of the study, justification of the study, significance of the study and the operational definitions of the terms as used in the study.

1.2 Background to the study

1.2.1 Historical Background

Decentralization is the transfer of responsibility for planning, management, resource raising and allocation from the central Government and its agencies to the lower levels of Government (Nsibambi, 1998). Decentralization may be Political, Administrative and Fiscal with major forms of devolution, delegation, deconcentration and divestment (Nsibambi, 1998). The particular focus of this research was on the fiscal component of Decentralization. The world over, in the recent past, there has been increasing reference to the term "*Fiscal decentralization*" as a way of managing the financial resources of the public sector in both the developed and developing countries (Smoke, 2003).

Fiscal Decentralization has no specific origin in terms of location but its original intent is shared among many countries as a strategy for New Public Management (NPM) Reforms.

In India, fiscal decentralization was used as a policy tool of shifting power and resources from central or regional authorities to local Government to achieve quality of public services (Asfaw, 2004). In Brazil decentralized budgeting has been used to capture the views of the citizens as a means of making Government responsive to Public interests and monitoring quality of services (Shah, 2004).

In Africa, Many countries have also adopted fiscal decentralization. As indicated in Kauzya (2007), South Africa, Ghana, Nigeria and Rwanda are among the top African countries that have decentralized powers and resources to a great degree in search for inclusive and participatory Governance that is able to enhance quality of public services. This partly explains why during the 1990s, fiscal decentralization and local Government reforms were deemed among the most -wide spread trends in development (World Bank, 2000).

In Uganda the current Decentralization framework is rooted way back in the mid-1980s when the NRM was still in the bush fighting the previous regime. The NRM established Resistance Councils (RCs) in some areas, primarily for mobilizing support to fight the war. The RC system was a five – level hierarchical structure of councils; RC1-Village, RC2-Parish, RC3-Sub-county, RC4- County, and RC5-District. In 1987, the NRM transformed RCs into democratic organs of the people to establish representative local authorities. In 1993, the first group of thirteen pilot Districts was decentralized, and in the same year, the local Government statute was passed. In 1995, the new Ugandan Constitution legalized decentralization further, and using article 206, the Local Governments Act was enacted in 1997, establishing structures. (Nsibambi,1998)

In 1998, the Local Government financial and accounting regulations (LGFAR), streamlined the management of funds at all levels of Government in order to ensure effective social service provision. Since 1998, all categories of Local Governments

became corporate bodies with authority to plan, Budget, sue and be sued as autonomous bodies. All this forms the basis of the current global national Decentralization frame work.

1.2.2 Theoretical Background:

Many theories have been advanced to explain the concept of fiscal decentralization. These theories are based on the premise that the transfer of responsibility to lower Government units closer to the population has got several advantages including improved delivery and quality of services through greater citizen input, better accountability to the citizenry and for public service outcomes (Shah, 2007). Among the many theories, the researcher's attention was drawn to the **efficiency theory** as the most relevant to this study.

The *efficiency theory* as raised in Bernnet (1990), states that: efficiency is an economic value seen as the maximization of social welfare. This greatly relates to the area of research which looked at how best social services can be provided in the most efficient and effective manner. Like the efficiency theory denotes, Decentralization if well implemented improves resource allocation as (Wallace, 1999) put it:

“Decentralized levels of Government have their raison d’être in the provision of goods and services whose consumption is limited to their own jurisdictions. By tailoring out puts of such goods and services to the particular preferences and circumstances of their constituencies, Decentralized provision increases economic welfare above that which results from the more uniform levels of such services that are likely under national provision... (Oates 1999, 1121-22)”

In the same vein, Dether (2000) developed supportive ideas to the efficiency theory by contending that fiscal decentralization is seen as a way of bringing authorities in more direct contact with the citizens, and as a way of improving poor quality services to resolve tensions arising from the unequal pace of growth and improvement in standards of living. This explains why the efficiency theory formed the basis of this intended study.

In relation with the principles of efficiency, Banyoya, (2006) asserts that fiscal decentralization is based on the principle of "*subsidiarity*": Providing Public services by the Jurisdiction having control over the minimum geographical area that is able to internalize both the benefits and costs of providing such a service for efficiency and effectiveness (Banyoya, 2006). This research was thus based on the background that in the process of providing social services, efficiency is paramount and as such, the efficiency theory will form the theoretical background.

1.2.3 Conceptual Background:

In general terms, fiscal Decentralization is a concept that denotes the transfer of national responsibility for generating revenue and managing its expenditure. Fiscal decentralization presumes that if more revenue is transferred or locally generated, Local Governments could deliver efficient and effective services as needed by communities.

The Local Governments Act (1997) gives liberty to local communities to provide social services at local level basing on local priorities. With due regard, even conditional grants are directed to areas selected locally and the framework should make life less difficult. (Uganda, 1997).

Fiscal Decentralization as a component of the general Decentralization framework, presupposes that stakeholder involvement in financial mobilization and management would make service delivery more sustainable, demand driven and thus more meaningful to target beneficiaries. This is why scholars believe that Uganda has developed a reasonable level of decentralized system of governance and as a result, there has been a reasonable level of popular participation in the process of planning at all levels. Among African countries, Uganda's decentralization process happened quickly and with a strong political commitment by the central Government. (*APRM Country Review Report NO.7, 2009*)

Decentralization as a concept and more so the Fiscal component, is a system whose original intention cannot be underrated given the vast advantages in the field of delivering services to humanity. This research was conducted to promote the positive ideas of fiscal decentralization, and suggest modes of correcting existing errors in the system.

1.2.4 Contextual Background:

Rukungiri Municipal Council was approved by the Parliament of Uganda on 19th May, 2010. The Municipality was to cover the then Rukungiri Town Council and Kagunga Sub-county plus the parishes of Kigaaga and Kitimba from Nyakagyeme Sub-county. At the time of independence, the present Rukungiri Municipal Council was an administrative centre for Rujumbura County in the former Kigezi District in 1962. In 1974 when Kigezi District was divided into North and South Kigezi Districts under the auspice of taking services nearer to the people, Rukungiri Town became a Town Board for North Kigezi District and in 1974, the Town Board became a Town Council. In 1980, North Kigezi District was changed to Rukungiri District with the headquarters in Rukungiri Town Council. (Council, 2010-2015).

Rukungiri Municipal Council is located in South Western Uganda, Rukungiri District. It is the main town of Rukungiri District located 400 kilometers from Kampala City .The Municipality borders with Buyanja and Buhunga Sub-counties in the East, Nyakagyeme in the West and North and Buyanja Sub-county in the South. The Town is located about 50km from Ntungamo, Kabwohe, and Ishaka towns. The Administrative centre of the town is located in Eastern Division Kyatoko ward. The Municipality lies at an approximate altitude range of about 615m -1864m above sea level.

Rukungiri Municipal Council has a total area of **64.9 sq Kms**, 11% of which comprises forests, woodland with an approximate total area of 26 hectares of planted eucalyptus trees. Rukungiri Municipality is comprised of, 3 Division Councils, 12 wards and 84 villages. The Municipality has a total population of around **14,900 people** whose wellbeing is so vital. (The New Vision Nov. 19th, 2013, Pg 44). Revenue generation (local plus grants) and enhancement is very low and ever decreasing. (Council, Revenue Enhancement Plan, 2013-2014). The Municipality has such a good vision of having a healthy and wealthy urban population in a secure environment and a mission to serve the community through coordinated delivery of services, focusing on National priorities and significant local needs to promote sustainable development. (COUNCIL, 2010-2015). However, these good ideas are not showing signs of being achieved soon. In no part of the municipality can street lights be sighted at night leaving a lot of security questions needing answers. The local Governments Act clearly explains the mandatory responsibilities of all levels of government but hardly has Rukungiri Municipality ever done most of these. This shows the vitality of the conducted study to answer all pending questions.

1.3 Problem Statement

The justification of decentralization was based on the expectation that bringing services closer to the citizens would improve service delivery in both content and quality (Burns, 1994). Decentralization would improve on the efficiency and effectiveness of services which are currently inadequate in Rukungiri Municipality. It is for this reason that Uganda adopted decentralization after the NRA bush war with the aim of empowering local authorities to identify and provide for the local needs. (Nsibambi, 1998). The fiscal Decentralization framework should empower lower level governments to sustain themselves through managing local revenue and grants all with the intention of ensuring efficiency in service delivery, a situation Rukungiri has up to now failed to achieve.

Concerns have been raised about fiscal decentralization indicating that it is low among Uganda districts. One of the issues that has been raised is about insufficient financial resources. For example, in Rukungiri municipality statistics show that the unconditional grant was **328,710,071** in 2011/12, **191,691,305** in 2012/13 and **189,499,480** in 2013/14 (Council Status Report, 2014). Thus, the trend from 2011 to 2014 was in a decline leading to insufficiency in financial resources. In order to empower local governments to fulfill their responsibilities, they are entitled to levy, charge, and collect local taxes and fees, and to receive a number of intergovernmental grants (Steiner, 2006). With regard to taxes and fees, District and urban local governments are allowed to manage property tax, several forms of non-tax revenue (market dues, trading licenses, parking fees, education contributions, among others. According to the law, proceeds from local taxes and fees are retained locally and shared between different levels of local government and administrative units but not with the centre. However, since these proceeds are extremely low service delivery is low too. (Steiner, 2006)

In Rukungiri Municipality, problems facing service delivery have been worsening from time to time. This has created a trend of continuous reduction of socio-economic welfare which is a threat to the sustainability of all municipal projects and activities given the continuous unreliability of central government transfers. (Council, Status Report, 2013). This greatly impacts on service delivery in all sectors ranging from Administration, Health, Education, Works and production through failure to maintain existing facilities and projects, poor hygiene and health conditions, inadequate road network, low agricultural extension services and food insecurity, all impacting on social welfare. (Development Plan, 2010-15).

A continuation of this trend of inadequate, inefficient and ineffective service delivery framework in Rukungiri Municipality is a dangerous social cost to Ugandans in the locality. Therefore, an in-depth investigation was vital. Without this study, the 14,900 humans living in Rukungiri Municipality would continue missing substantial services. (The New Vision, 19th Nov. 2013, Pg. 44).

1.4 General Objective of the study

The General objective of the study was to assess fiscal Decentralization and service delivery in Rukungiri Municipality, with a view of suggesting modes of improving efficiency and effectiveness of social services.

1.5 Specific Objectives

1. To find out how Assignment of expenditure responsibilities affects Service Delivery in Rukungiri Municipality.
2. To analyze the effect of local Taxes on Service Delivery in Rukungiri Municipal Council.
3. To evaluate the role of inter-governmental transfers in service delivery in Rukungiri municipality.

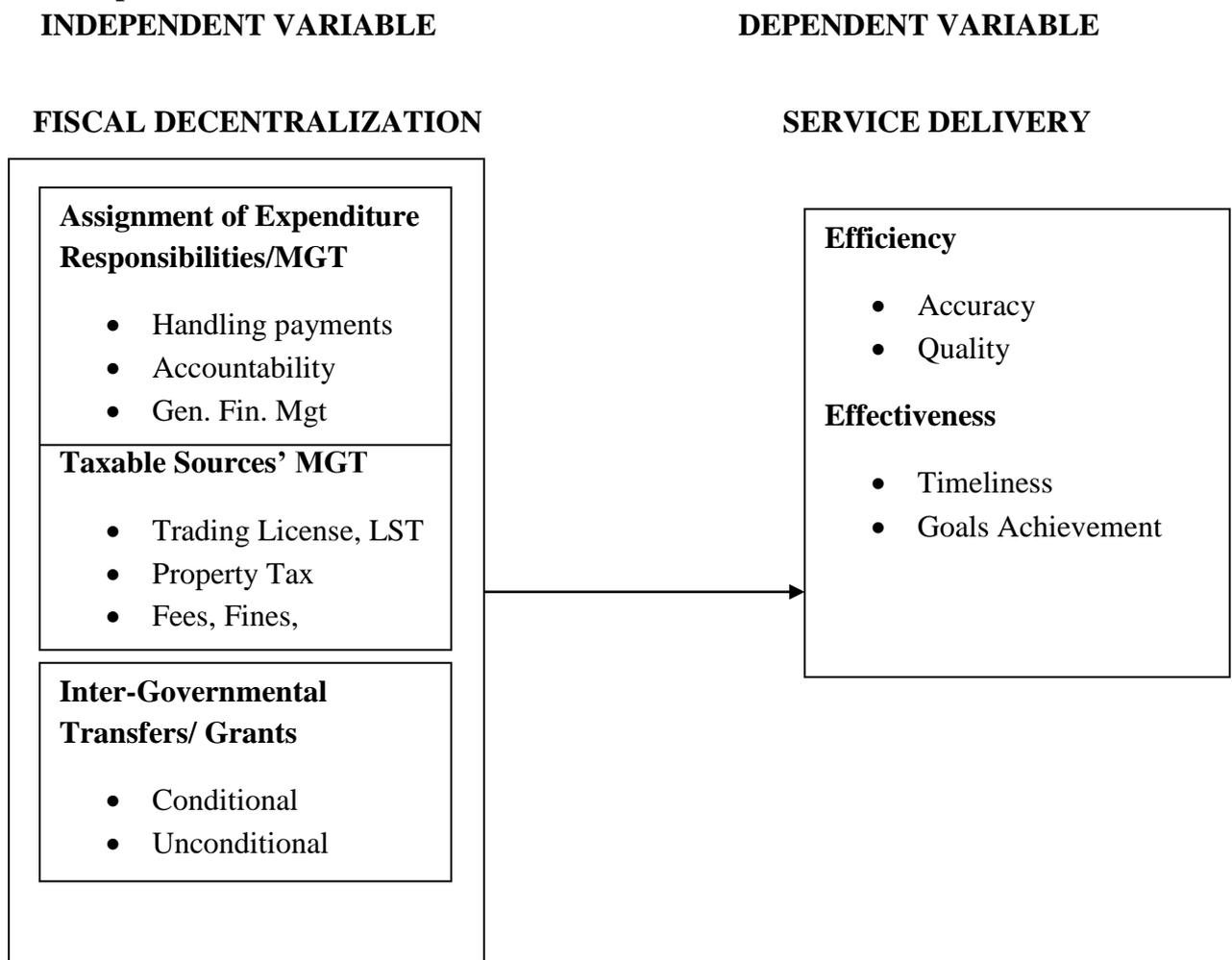
1.6 Research Questions

1. How does Assignment of expenditure responsibilities affect service delivery in Rukungiri Municipality?
1. What is the effect of local Taxes on service delivery in Rukungiri Municipality?
2. What role do inter-Governmental transfers play in service delivery in Rukungiri MC?

1.7 Hypotheses of the study

1. Assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality.
2. Local Taxes significantly affect service delivery in Rukungiri municipality.
3. Service delivery in Rukungiri Municipality is positively influenced by Central Government transfers.

1.8 Conceptual framework



SOURCE: *Adopted and Modified by the Researcher from:*

: (Bahl, 1998) Implementation rules for Fiscal Decentralization

: (Wills Oso, 2008), a General Guide to Writing a Research Proposal and report.

The above conceptual framework illustrates that service delivery in Rukungiri Municipality is influenced by fiscal decentralization in all its dimensions as shown below;

1. Under the decentralization framework funds are either sent by Central Government or collected locally and the responsibility to spend is vested in the hands of local Governments. This is based on the assumption that local communities can best enumerate local needs and the best means of having them solved adequately. Thus funds are spent and accounted for by lower Government levels.
2. The tax component explains the duty to plan, assess, collect and use all taxes within areas of jurisdiction. The process includes mobilization of communities which is continuous and is aimed at building the confidence of tax payers by indicating usage.
3. The third dimension mostly explains grants both conditional and unconditional like LGMSD, NAADS, Support to Decentralized Services, SFG, Road fund, PHC, and Urban Unconditional Grant. In Uganda, there exists an arrangement to release these funds on quarterly basis. Most funds target PEAP areas including Water, Education, Roads and Primary Health Care.

1.9 Significance of the study

The study looked at fiscal Decentralization in relation to service delivery, analyzing the role of local taxes and other Government transfers in the entire municipality. Using the findings of the study, it will be a basis for focused fiscal planning, revenue enhancement and thus improve financial and social service sustainability of Rukungiri Municipal council by tracing the trend of services. As a result, Government should use the recommendations in policy formulation thus aiding the local community in getting better services worth the value of public funds.

The study recommends strategies for efficiency through proper accounting systems staff motivation and value for money audits. The study empowers all stakeholders with a spirit of ownership for all projects under the support of taxes. This eventually leads to project sustainability and thus effectiveness in municipal service delivery efforts.

1.10 Justification of the study

Rukungiri Municipal Council is a decentralized local authority with a clear mandate and defined roles and responsibilities. Ideally, like other urban authorities, it has a service delivery mandate using both local revenue and other Government transfers. On ground however, the required services are not being provided with the adequacy and efficiency deserved. This could be attributed to continued reductions of grant funds and locally generated revenue. Allot is left to be yet found out. No-wonder, during national assessment programmes local revenue performance is a core area and revenue reduction is penalized. The rationale of the study is thus to find out why service delivery is not improving even with fiscal decentralization and suggest modes of enhancing revenue mobilization and management for sustainable service delivery in Rukungiri Municipality. Therefore, without the study, poor social services and related effects including ill health, inaccessible communities, food insecurity and illiteracy among others will persist.

1.11 Scope of the study

1.11.1 Geographical Scope:

The study was carried out in Rukungiri Municipality. The Municipality has three Divisions of Southern, Eastern and Western. The study therefore, was conducted in the entire municipality selecting representative samples from all the three Divisions and the Municipal Center.

1.11.2 Content Scope:

The study assessed fiscal decentralization and service delivery. The study concentrated on the role of assigning expenditure powers to local governments, Local Tax management issues, and the role of grants and other Government transfers in ensuring service delivery.

1.11.3 Time Scope:

The study covered information from all the three years of Rukungiri Municipal existence from July 1st, 2010 to 30th June 2013. These are the only available years of Rukungiri municipal existence. The study thus compared information from three financial Years of 2010/2011, 2011/2012 and 2012/2013. The study ran for around four months.

1.12 Operational Definitions

Jurisdiction:Range of legal authority: in this study, the term meant the area over which legal Municipal authority extends.

Decentralization: in this study, the term referred to reorganizing a political unit so that power is shifted from a central or upper location to another less central place. It is therefore the transfer of authority and responsibility for specified services from Central Government to local Governments at different levels.

Subsidiarity: Assignment of power to small units: the principle that political power should be exercised by the smallest or least central unit of government which is capable of ensuring the required efficiency of the services.

Fiscal decentralization: fiscal Decentralization is in this study, assignment of national responsibility for generating revenue and managing its expenditure from Central Government to Local Governments.

Efficiency: Ability to provide desired services without waste of available resources.

Effectiveness: Actual provision of required services to answer planned objectives.

Authority: Rukungiri Municipal Council.

Council: A group of elected and appointed people running affairs of the Municipality or Divisions.

Boda-Boda: A mode of transport using motorcycles to move humans and luggage for pay.

National Assessment: An annual activity where activities of local Governments are reviewed by officials from central government to determine compliance to performance guidelines.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

This Chapter gives an insight into what different writers have compiled about fiscal decentralization and service delivery in society. The chapter covers related concepts and dimensions of fiscal decentralization and the extent to which it influences service delivery towards ensuring efficiency and effectiveness of services. Under each objective, literature from both primary and secondary sources was analyzed, compared and thus used as basis for suggesting modes of improving service delivery.

2.1 Theoretical Review.

Several theories have been used by different scholars. Key among these theories has been identified by the researcher to be the efficiency theory as raised by Bernnet, (1990). He looked at efficiency as a means of maximizing social welfare. The theory however pre-supposes that services if decentralized are efficient which may not always be the case.

The theory points out that service delivery efficiency is attained when there is a perfect match between inputs and outputs. The theory places due attention on the role of processes in ascertaining efficiency levels in service delivery (Frei & Harker,1996). In other words, service delivery efficiency hinges on the extent to which inputs are appropriately utilized to generate maximum outputs.

While there are a number of competing theories that would have also been useful in guiding this study, the efficiency theory has been found more relevant and appropriate for this study because of its emphasis on the linkages between the input, process and output variables which is key to assessment of service delivery models.

Efficiency values relate to the popular justification for decentralization as a means to maximize greater social welfare. Wolman distinguishes the provision of public goods with the market for private goods in a decentralized government by arguing forcefully that within the private economy, individual preferences are articulated in a free market by the forces of demand and supply through price. To Wolman, the provision of public goods is predicated on the fact that a competitive market will not provide them for the population because they are not profitable. He none the less stresses on differences in individual preferences for public goods and services within communities. In a similar manner, he explains that the tax and service packages for the community should reflect correctly the community aggregate preferences. He noted that average deviation of individual preferences from the tax and service packages adopted by the community will be less in smaller communities of comparatively alike-minded individuals than it will be in larger more heterogeneous areas within the central government. The upshot of the foregoing is that locative efficiency and social welfare will evidently be more enhanced or maximized under a highly decentralized system. This claim is supported by the argument that different preferences for public goods will produce different patterns of demand that will be efficiently met only by responsive decentralized systems. This is a very tenable argument in the decentralization theory as canvassed by Wolman in his efficiency value approach (Faguet, 2006: p. 132 - 133; Smith, 2007: p. 102).

Another theory is the governance values theory emphasizing responsiveness and accountability enhanced within a decentralized government. As Wolman theorized, placing government closer to the people promotes greater reaction of local public authorities to the needs of the people and results in a closer relationship between the needs of the people and public policy. This does not only presuppose that decision-makers within a decentralized government are likely to be well informed about and familiar with

the needs of their area, but also decentralization permits local public officials to be directly accountable for their acts or omissions (Faguet, 2006: p. 135; Smith, 2007: p. 105).

The foundation of decentralization is composed of a combination of the allocation efficiency argument with that concerning the responsiveness and accountability of local government. This is because the provision of public goods and services by the local governments is expected to lead to income redistribution that benefits the poor - local safety nets. This enables local governments to target poverty more effectively because local public goods are non-excludable especially when user fees are not charged. The view that local government can be designed in a way that it accurately perceives the local needs with the motivation to attend to them better than central government represents an influential premise in favor of the decentralization theory (Faguet, 2006: p. 135; Smith, 2007: p. 119).

Accountability in the provision of local public administration and the provision of public goods and services constitutes the essential part of the theory on decentralization of government. Local government autonomy creates real local power that opens local administration to resources and transparency. Institutional safeguards to protect against abuse of power by local leaders are guaranteed through an appropriate legal framework that ensures the rule of law, which makes public officials accountable to local community. Local governments will tend to respond to their population's needs more than their central government. Decentralized governments can be more cost-effective by spending very less in the public administration and the provision of public services with better results (Smith, 2007: p. 17-20). These notwithstanding, the researcher preferred to use the former theory.

2.2 Central Government assignment of expenditure responsibilities and service delivery.

Adequate social service delivery in Uganda is top on the list of priorities. Under the PEAP strategy, funds both locally generated and donated must have a link to human development indicators as a pre-condition for funding (Byaruhanga, 2002). Thus, Ugandans including those in Rukungiri Municipality must be enabled to think positively and productively towards attaining the best for humanity at all cost.

Looking back to when Uganda first received debt relief in late 1990s, the poverty action fund (PAF) was developed as a mechanism for recovery, and poverty eradication action plan (PEAP) became part of the priority programmes to ensure human welfare. This explains why the principles of providing Aid are need based, where Governments express preferences for support under their budgets. This makes many countries, Uganda inclusive, aid dependant for Public expenditure among others. Thus most countries in Africa have their budgets externally influenced by more than 40% as loans in form of grants.

(Etienne, 2005) gives an insight of South Africa where social development had been identified as a key focus for budgeting. In the recent past, the Government had implemented policies aimed at providing better education, health care, housing and other social services. However, despite all these strategies, socio – economic disparities remained rampant mainly because of budgeting policies that were too tight to the extent of failing to improve living conditions of the poor and instead, continuing to expand the economic opportunities for the self sufficient (Etienne, 2005).

On the contrary, according to (Smoke, 2001), decentralized Governments in Kenya provide basic social services with minimal resources. This is attributed to the autonomy of their councils. This denotes that minimal resources with autonomy may transform society

faster than vast resources with central Government restrictions on expenditure responsibilities.

According to the evaluation of planning general budget support synthesis report (May 2006), it was found that the most obvious effects of planning general budget support (PGBS) on service delivery have been through increased expenditure on basic services especially education and Health. Qualitative improvements are thus easier to achieve than quantitative improvements. The expansion of basic services has often been accompanied by deterioration in quality. Other PGBS effects (through policies) are likely to take longer. Where such a change has begun (through improved allocation and operational efficiency), it is not yet embedded. However, such effects of PGBS dialogue and performance targets have considerable potential to address issues of quality and access to social services. (Stephen, and Rebecca, 2006).

In Rukungiri Municipality, like other Local Governments in Uganda, expenditure responsibilities are assigned. Every Financial Year, IPFs are communicated from the centre which are then integrated with local revenue sources to produce budget estimates. (Council minutes Aug. 2011)

In conclusion, considering different scholars and ideas, efficiency and effectiveness of social service delivery is better ensured when expenditure decisions are made at lower levels. Budgets therefore become responsive to local needs due to closeness to beneficiaries.

2.3. The relationship of Local taxes and service delivery.

Taxes constitute a big portion of local revenue in all Local Governments. Taxes assigned to local governments include; Trading license, local service tax, hotel tax, property tax and other operational and occupation permits payable to local authorities. Levying/valuation/assessment and adjustment of rates may be done by particular local governments in their respective areas of jurisdiction as directed by the Minister. (LG Rating Act, 2005)

Most decentralized societies prove their worthiness and capacity through local revenue. This in most cases is dependent on local taxes. It is also argued that resource mobilization capacity makes Local Governments better equipped to collect more taxes. The efficiency of revenue collection may also be greater when stakeholders are involved in decisions taken by Local Governments through a participatory approach. This would be reflected in the willingness to pay taxes with hope to attain social services (Robinson,2003).

Studies on fiscal decentralization have confirmed that there is need to emphasize the actual degree of autonomy that local governments have over their revenues. One way to model the interaction between Local and Central Governments where both have real fiscal authority to tax and spend is as a game played by two levels of governments. As is always the case, the results may depend on the order of the moves and other details that have no clear real world parallels. Thus it is difficult to know how useful those metaphors are.

One problem with overlapping tax bases is that the tax rate set by each level in government creates vertical externalities by reducing the tax base of the other level. This competition may lead to tax rates that are too high. In fact, there is such a vertical externality in US and state taxes rise in response to federal tax increases on cigarettes and gasoline.

As a practical matter, in most poor countries, usually the only sub-national jurisdictions with a significant tax base are the major municipalities. Thus the governance outcomes of decentralization depend on the design of fiscal transfers to regions' or constituencies' grants, conditional or otherwise. Tax administration should ideally be based on fiscal and administrative transparency. Government budgets and expenditure programmes need to be disclosed to the public (tax payers) to know how tax revenues will be spent.

A good sub-national tax system is critical to an effective and sustainable system of inter-Governmental fiscal relations a need that has become increasingly important around the world as more and more public services are being delivered through sub-national Governments. In most developing countries, potentially sound and productive taxes exist and are suitable for regional and local Governments. They include: property taxes, motor vehicle taxes, income taxes, VAT, business tax and others.

These and more pieces of literature guided the researcher into what happens in Rukungiri Municipality as regards local taxes and other forms of autonomy therein.

2.4. Inter-Governmental transfers and service Delivery

Inter-Governmental transfer programmes serve multiple purposes; first, they help to cover sub- national government fiscal imbalances, supplementing inadequate local revenues to ensure ability to meet expected responsibilities. Second, they are used to meet national re-distributional objectives helping to off-set capacity differences among sub-national Governments. They are also used to encourage local expenditures on particular goods and services that exhibit positive externalities considered to be basic needs to be accessed by all. Most transfer systems are intended to meet these objectives and they use a variety of mechanisms (Bahl, and Linn, 1994)

There have been a number of issues in the transfer mechanisms from central Governments and donors and this has been a matter of concern to Local Governments. Many of these mechanisms affect the decentralization framework giving little real power to Local Governments over allocations and decision making thus management and accountability problems emerge. That notwithstanding, in many Local Governments, accountability for conditional and unconditional grants is a problem. It is against this background that the Government of Uganda instituted a fiscal decentralization study to examine how to streamline and harmonize the process and management of fiscal transfers to local Governments. (Uganda National Budget, 2003-2004)

However, even in decentralized systems, the central government continues to exert a degree of control over Local Governments which undermines effective autonomy. There are differences in sub-national managerial and fiscal capacities both across and within countries. These differences combined with lack of reliable data and stringent controls left a lot to desire. (Breuss, and Markus, 2004).

According to Steffensen (2012), transfers can be used to “equalise” the LGs’ conditions for service provision and to bring the LGs closer to a situation where all of them, potentially, have about the same ability to provide basic services to the citizens. Extra resources are transferred to LGs with lower fiscal (tax) capacity and/or higher expenditure needs than the average national level.

Specific/conditional grants can only be spent on specific purposes (categorical) or general purpose/unconditional (non-categorical). The grants may be used to finance a broad range of services (Steffensen, 2012). Most countries use a combination of conditional (categorical) and un-conditional (non-categorical) grants. The reason is a wish to ensure a proper balance (trade off) between on the one hand the wish of the central government to ensure local adherence to certain national minimum service delivery targets in key sector

areas like Education and Health, to ensure that safeguards are put in place, e.g. due to weaknesses in the LG administration (planning, budgeting and financial management capacity) and develop some confidence amongst the funding agencies, that all funds are not diverted e.g. for salary purposes. This is promoted by conditional/earmarked grants. On the other hand, there is the wish to ensure local allocative efficiency, LG discretionary power and autonomy to adjust service delivery to local needs and priorities and to ensure local ownership and participation at the local tiers of governance, some of the main objectives of fiscal decentralisation. These objectives are promoted by unconditional grants with a high degree of local discretion.

2.5 Summary

This chapter reviews academic work on the theories that were adopted to guide this study. The assumptions, relevancy and application including the shortcomings of the theories were highlighted in the review. In addition, literature related to the objectives of this study was reviewed. The literature explains how assignment of expenditure responsibilities, assignment of local tax resources management and intergovernmental transfers can affect service delivery basing on various academicians' views and arguments. In addition, empirical evidence was provided in the literature based on studies conducted earlier on. However, the literature review was not in the context in which this study was conducted. Thus, this study sought to establish the exact effect of the independent variables on the dependent variable in Runkugiri Municipality. The literature therefore, only acted as a guide on what should be looked for in conducting this study in Runkugiri Municipality. It is only when this study was conducted that it was possible to know what was exactly happening in such a setting.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used in the study. This includes the research design, sampling, data collection method and instruments, and the justification of the methods used. It further describes the data processing and analysis that were employed in the study, limitations and contingency measures that were used.

3.1 Research Design

A case study descriptive design was used and it was both qualitative and quantitative in approach. A case study design was adopted because it enabled the researcher to carry out in-depth investigation into the concepts under study. Both qualitative and quantitative approaches were employed to come up with the necessary and relevant research findings. With quantitative approach, the researcher was involved in analyzing primary data from the field using specific statistics while the qualitative approach was applied in discussion of quantitative findings in relation to interviews results and literature of different authors to come to the conclusion about the theme of discussion (Peers, 2006).

3.2 Study Population:

The entire population of Rukungiri Municipality was targeted in this research. However given the big numbers, an access population consisting of **159; 51** civil servants/technical staff, **59** political leaders (councilors) at municipal and Division levels, **10** opinion leaders, **20** taxpayers, **4** service providers and **25** community projects' beneficiaries were researched on. This was on the basis of different stake holders' information relevance in their respective positions.

3.3 Sample size selection: A sample of **130** respondents was selected as shown in table

1.Below.

Using Krejcie & Morgan sample size table, the following sample size of various categories of respondents in Rukungiri Municipality was used as seen below.

Table.1 Sample size selection

NO.	CATEGORY	POPULATION	SAMPLE	SAMPLING TECHNIQUE
1	Municipal H.O.Ds	6	6	purposive
2	Municipal councilors	23	15	Simple Random sampling
3	Division Staff	45	40	Simple Random Sampling.
4	Division Councilors	36	30	Simple random sampling
5	Opinion Leaders	10	10	Purposive
6	Tax payers	20	10	Stratified
7	Service providers	4	4	Purposive
8	project beneficiaries	15	15	Purposive
	Total	159	130	

Source: Human Resource Section- Rukungiri Municipality for population (2012) and guided by Krejcie and Morgan (1970) for sample size.

3.4 Sampling Techniques and procedure:

Random and non -random techniques were used. This was because of the fact that both qualitative and quantitative approaches were applied. Under random sampling techniques, all individuals had equal chances of being selected.

Under non- random sampling techniques, purposive sampling took the lead, the major reason being that the individuals to be studied had special/ important information for the research. This was also meant to save resources including time.

3.5 Data Collection Methods

Both quantitative and qualitative techniques were used for this study. According to Amin (2005), the triangulation of both data collection methods is helpful; because results from one method help to inform the other while at the same time neutralizing any inherent bias. The three commonly used methods for data collection are questionnaires, interviews and observations (Sekaran, 2003, p219), for the purposes of this study questionnaire and interviews are the two methods that were used for data collection, they are often mixed methods for studying investigation according to Lai and Waltman (2008) and because of their efficiency and convenience (Sekaran, 2003; Amin, 2005). Documentation review was also done and general observation.

3.5.1 Questionnaire Survey:

This involved written items requiring the opinions of the respondents in writing. The aim was to collect a range of information in a short period of time. The questionnaire enabled the researcher to reach a large number of respondents in a relatively short time. This was very suitable since majority of the respondents were literate. (Oso, and Onen, 2008).

3.5.2 Interviews

Face to face verbal communications were organized to acquire opinions of individuals. This method was preferred for these categories of respondents. The researcher needed to carry out in-depth investigation for detailed probing about the research matter.

This way, information that can be directly observed was probed with direct guidance and control by the researcher.(Oso,and Onen, 2008).

3.5.3 Documentary Review.

This involved critical examination of both public and private documentary information. This method was known for its convenience as documents can be carried by the researcher conveniently. The study involved the review of both internal and external documents so as to obtain information related to the research area. The documents were studied and reviewed in relation to the set objectives of the study and the documents included journals, articles, internal and external audit reports, budgets and work-plans.

3.6 Data Collection Instruments

A range of instruments were employed to the effect that they were as many as the methods of Data collection themselves.

3.6.1 Questionnaires.

A questionnaire survey is a pre-formulated written set of questions to which respondents record their answers usually with closely defined attitudes. While questionnaires can provide evidence of patterns amongst large population, qualitative interviews often gather more in-depth insights on respondents' attitudes, thoughts and actions (Kendall, 2008). Mugenda and Mugenda (1999) contend that questionnaires enable respondents to answer without bias, are at low cost and can conveniently reach many people in a short period of time. These were documents with questions and statements requiring responses. They

were distributed to individuals and answered in writing. This was convenient on the part of the respondents as answers would be given in free time and collected later.

3.6.2 Interview Guide.

Questions to be asked by the researcher were pre-set and were interpreted or re-phrased by the researcher depending on the ability to acquire information required. These were used on key informants. This tool was preferred for these categories of respondents because the researcher needed to carry out in-depth investigation for detailed probing.

3.6.3 Documentary Review Guide.

This involved a list of items to be sourced from each document. Information was gathered by reviewing the records of the municipal council which included the budgets, development plans, work plan and employee retention plans and this was done with the use of documentary review guide formulated according to the study objectives. This eliminated chances of time wastage in irrelevant sections.

3.7 Quality control

3.7.1 Validity

The validity of the questionnaires was established using the content validity test. Using the ratings, the content validity indices were computed. The Cronbach Alpha method of internal consistency was used to compute the validity of the measures of the variables under study using various questionnaire items administered to respondents (Kothari, 1990).

Table .2 Content Validity Indices for the Questionnaire

Variable	Description	No. of Items	Content validity index
Independent	Assignment of expenditure responsibilities	3	0.788
	Local tax collection	6	0.761
	Inter-government transfers/grants	5	0.79
Dependent	Service delivery	5	0.74

Source: Primary data

According to Content validity Index, the questionnaire was considered valid since all the coefficients in Table 2 were above 0.7 which is the least recommended CVI in survey studies (Amin, 2004; Gay, 1996).

3.7.2Reliability

Gay (1996) defined reliability as the degree of consistency that the instrument demonstrates. After pilot testing in the field, reliability of the instrument, on multi-item variables was tested via the Cronbach Alpha Method provided by Statistical Package for the Social Scientists (Foster, 1998). The researcher used this method because it was expected that some items or questions would have several possible answers. The researcher established reliability of the questionnaires by computing the alpha coefficient of the items (questions) that constituted the dependent variable and that of the items that constituted the independent variable. The results are as on Table 3:

Table 3 Reliability indices for the respective sections of the questionnaire

Variable	Description	No. of Items	Cronbach alpha
Independent	Assignment of expenditure responsibilities	3	.844
	Local tax collection	6	.745
	Inter-government transfers/grants	5	.876
Dependent	Service delivery	5	.988

Source: Primary data

According to Cronbach Alpha Coefficient Test (Cronbach, 1971), the questionnaire was considered reliable since all the coefficients in Table 3 were above 0.7 which was the least recommended CVI in survey studies (Amin, 2004; Gay, 1996).

3.8 Procedure of Data Collection

After modifying the instrument, the researcher secured a letter of introduction to assist in proceeding with the study. Two research assistants were selected to help in distribution and collection of questionnaires to and from respondents.

Quantitative and Qualitative data was collected from various respondents using questionnaires, interviews, documentary review and general observation.

3.9 Data analysis

This involved organizing and interpreting of the data generated. The data was organized, edited to ensure completeness, uniformity and accuracy. The answers to the different questions were also coded and classified into mutually exclusive, exhaustive and representative categories.

3.9.1 Quantitative data Analysis

Quantitative data analysis involved use of both descriptive and inferential statistics in the Statistical Package for Social Scientists (SPSS). Descriptive statistics entailed determination of means and measures of dispersion such as frequencies, percentages and standard deviations. Data was processed by editing, coding, entering, and then presented in comprehensive tables showing the responses of each category of variables. Inferential statistics included correlation analysis using a correlation coefficient and regression analysis using a regression coefficient in order to answer the research questions. According to Sekaran (2003), a correlation study is most appropriate to conduct the study in the natural environment of an organization with minimum interference by the researcher and no manipulation. A correlation coefficient was computed because the study entailed determining correlations or describing the association between two variables (Oso&Onen, 2008).

3.9.2 Qualitative data Analysis

Qualitative data analysis involved both thematic and content analysis, and, was based on how the findings related to the research questions. Content analysis was used to edit qualitative data and reorganize it into meaningful shorter sentences. Thematic analysis was used to organize data into themes and codes as identified (Sekaran, 2003). After data collection, information of same category was assembled together and their similarity with the quantitative data created, after which a report was written. Qualitative data was interpreted by composing explanations or descriptions from the information. Qualitative data was illustrated and substantiated by quotations or descriptions.

3.10 Measurement of variables

The questions were arranged in such a way that allowed the respondents to express the extent to which they agree with the relationships between the dimensions of fiscal decentralization and service delivery. This was arranged on the Likert scale of five to one since the hypotheses are stated in the negative. Strongly agree (5), agree (4), Not sure (3), disagree (2) and strongly disagree (1). The respondents ticked against the scale that expressed their utmost view of a particular statement. Upon running the analysis, classical assumptions were checked for use of certain techniques. Interval scales were used in measuring all the variables. Both univariate and multivariate analysis were applied. This enabled measurement of single and cross tabulation of results across variables.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents findings of the study which was conducted about fiscal decentralization and service delivery in Uganda using a specific reference of Rukungiri Municipality. The findings are presented according to the objectives of the study. In the first section, the social background of the respondents is given. In the second section, the empirical analysis of the study findings are analyzed (that is findings on assignment of expenditure responsibilities; assignment of local revenue/tax sources, inter-governmental transfers/grants and service delivery in Rukungiri municipality) and the last section handles the testing of hypotheses that were set for this study to prove. The response rate in the whole study is explained in table 4.1 bellow.

4.2 Response rate

Table 4.1: showing the response rate

Respondents	Sample size	Frequency	Percentage
Municipal H.O.Ds	6	6	100%
Municipal councilors	15	13	86.6%
Division Staff	40	37	92.5%
Division Councilors	30	28	93.3%
Opinion Leaders	10	10	100%
Tax payers	10	10	100%
Service providers	4	4	100%
Service beneficiaries	15	15	100%
Total	130	123	94.6%

Source: Primary data

Table 4.1 indicates that out of the 130 respondents that were set for the study for investigation, 123 were able to respond to the study. The remaining 7 of the respondents couldn't be reached because some of them were away from the study area by the time the study was undertaken, others couldn't attend to the researcher in the specified time, some of them had moved to other parts of the country and one of them wrongly filled the questionnaire. However, according to Amin (2005), 70% of the respondents are enough to represent the sample size set for the study. This means that 94.6% is good enough for this study.

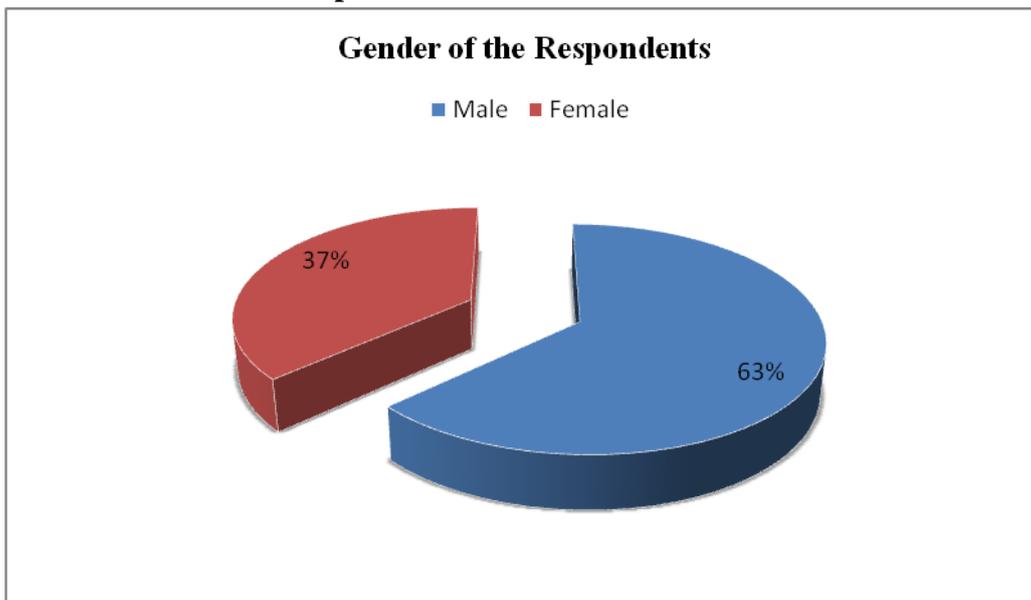
4.3 Background of the Respondents

This theme handles the background information on the respondents that were used in the study. Among these characteristics included, sex, age, level of education, position held by the respondents in the municipality and the period respondents had spent in Rukungiri Municipality.

4.3.1 Gender of the respondents

To understand the gender of the respondents, the researcher recorded their sex, and below are the results that were recorded in figure 4.1.

Figure 4.1: Gender of the respondents



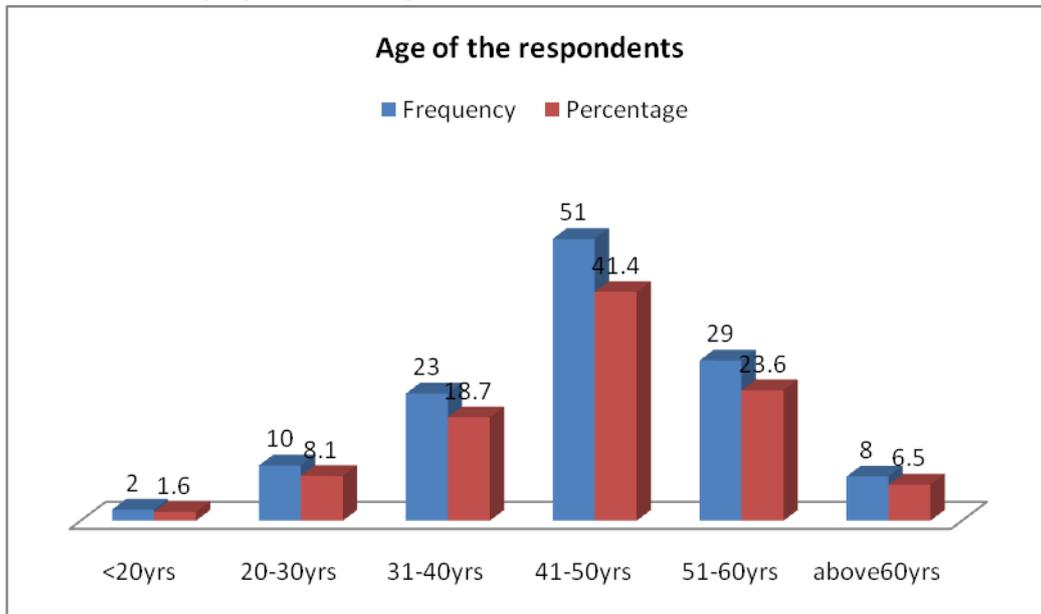
Source: Primary data

From figure 4.1, it is indicated that the study was conducted mainly from the male respondents who constituted 63%. Females on the other hand, were represented by 37% of the respondents. Still, from the interviews conducted, the male respondents took a highest toll, they constituted 61.5% of the respondents and females took the smaller portion of 38.4%. This directly tells us that no matter the percentage of males and females who attended the study, given the fact that males and females attended to the study, the study was gender sensitive.

4.3.2 Age of the Respondents

To establish the age of the respondents, all were asked to state their ages and below are the results that were recorded in figure 4.2.

Figure 4.2: showing age of the respondents



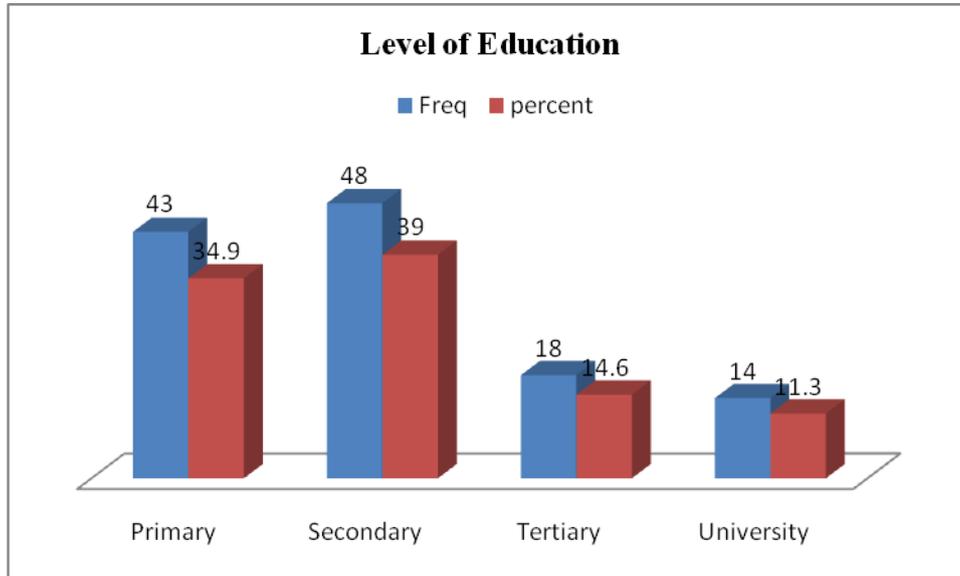
Source: Primary data

From figure 4.2, it was found out that most of the respondents had 41-50years and these took the highest toll of 41.4%. Those who were in the category of 51-60 constituted 23.6%, 31-40 years were represented by 23.6% and the last category of 20-30years was represented 8.1%. Those who were below 20years were represented by 1.6% and those above 60years were reported by 6.5%. On the other hand, from the interviews conducted, most of the respondents were between 41-49years and these took a percentage of 53.8%. Those who were above 50years& above took 46.1%. The above statistics tell us that the study was conducted mostly in the people who were 30years and above. These categories of years are associated and expected to have enough experience of what is exactly happening as far as the study is concerned.

4.3.3 Level of Education of the Respondents

Respondents were also asked to state their level of education and most of them indicated that they had a secondary level of education as shown in figure 4.3 in details below.

Figure 4.3: showing the level of education of the respondents



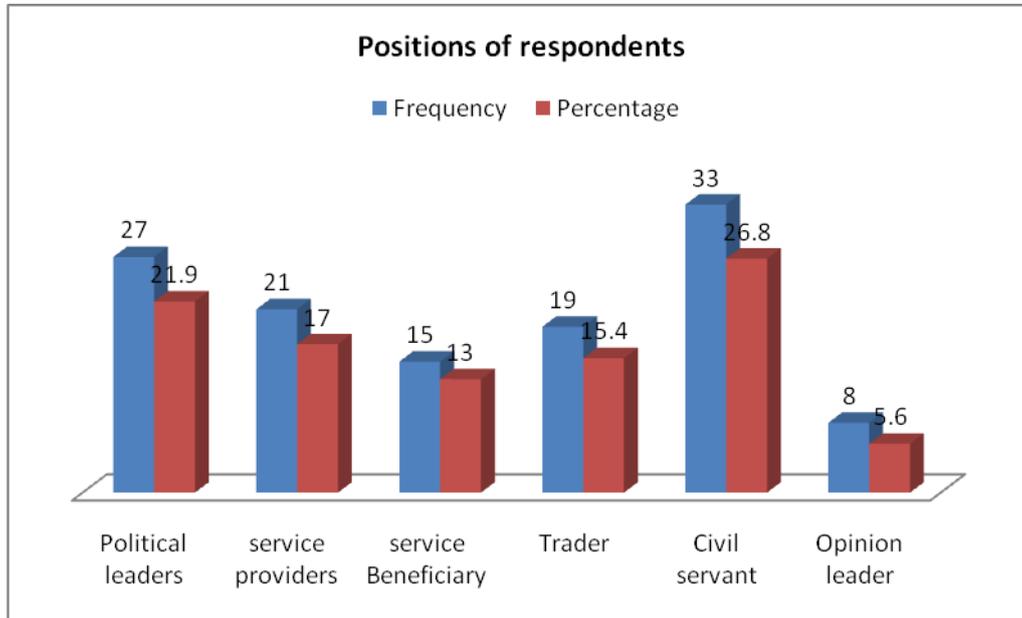
Source: Primary data

Figure 4.3 indicates that most of the respondents had attained a secondary level of education and these constituted 39%. Those who had attained primary education came second with 34.9% of the respondents. 14.6% of the respondents were of university level education and the last category of 11.3% had a tertiary level of education. On the other hand, from the face to face interviews conducted, most of the respondents had a university's degree of education and these constituted 59% of the respondents. The remaining portion had a tertiary level of education. Basing on the above findings, most of the respondents had a secondary level of education and above, this means that the findings of the study were based on the people who had enough cognitive capacity to tell what is required to the study.

4.3.4 Position of Respondents in Rukungiri Municipality

On positions of the respondents in the municipality, most of the respondents indicated that they were service beneficiaries as shown in figure 4.4 below.

Figure 4.4: showing the positions occupied by respondents



Source: Primary data

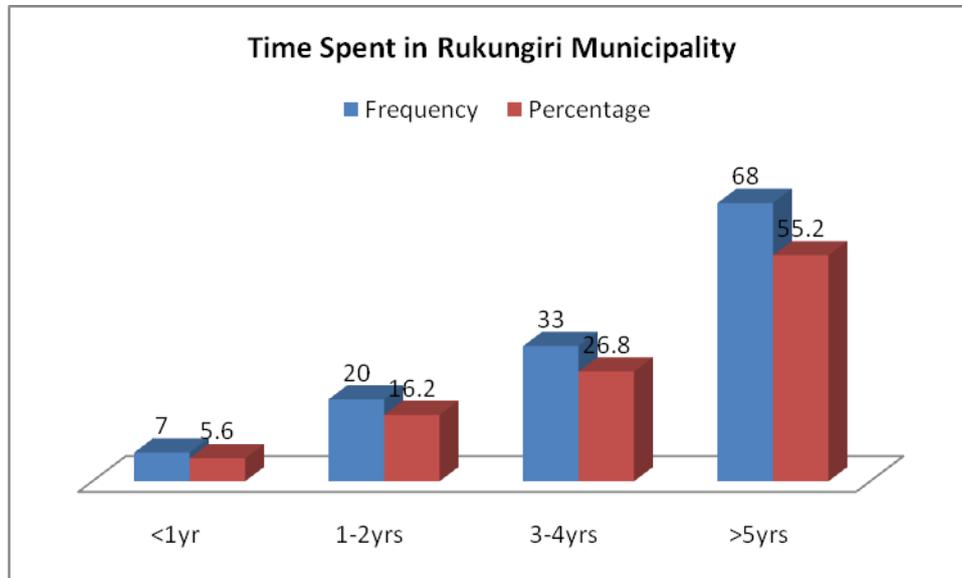
The study findings in figure 4.4 shows that the biggest part of the respondents was civil servants and these took 26.8%. Those who were political leaders or councillors took 21.9% of the respondents. Those who were service beneficiaries were indicated with 13% and service providers had 17%. Therefore, since most of the respondents were civil servants, service providers and service beneficiaries, it is very clear that the responses that were received in the study were fundamentally rooted in the category of respondents who receive services in the area which is very important when it comes to measuring fiscal decentralisation and service delivery in the municipality.

4.1.5 Time spent working in Rukungiri Municipality

Respondents were also asked to state the time they had spent in the Rukungiri

Municipality and their responses are what figure 4.5 indicates below.

Figure 4.5: Showing the Time spent in Rukungiri Municipality



Source: Primary data

Figure 4.5 above indicates that most of the respondents had worked in the service for above 5years and these took 55.2%, 26.8% had spent in service for 3-4years. Those who had spent for 1-2years were represented by 16.2% and the last category which had spent in service for less than 1year was represented by 5.6%. On the other hand, among the interviewees, it was reported that most of the respondents constituting 53.8% had been in service for 3-4years, those who had spent above 5years constituted 23% each. This therefore, means that the study was based on the people who had enough experience as far as fiscal decentralisation and service delivery is concerned since most of them had spent beyond 3years in the municipal service.

4.4. Empirical Findings on fiscal decentralization and service delivery in Rukungiri Municipality

In this section, the research findings are presented as per the dependent and independent variables used by the study. These findings were thus obtained on assignment of expenditure responsibilities; assignment of local revenue tax sources, inter-governmental transfers/ grants and service delivery in Rukungiri municipality. In this case therefore, to understand whether there is a relationship between fiscal decentralisation and service delivery in Rukungiri Municipality, respondents were introduced to different pre-conceived statements for each variable to listen to their views and below are the findings that were found on each dimension.

4.4.1 Findings on service delivery in Rukungiri Municipality

To understand whether service delivery was being realised in Rukungiri Municipality, the respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 5-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the prevalence of service delivery in Rukungiri Municipality which were categorized according to their percentages and means:

Table 4.2: Descriptive Statistics on service delivery in Rukungiri Municipality

Items	1	2	3	4	5	Mean
Health workers at Health Centers are effective	0%	3.9%	9.2%	61.8%	25%	2.09
Safe water provision to communities is sufficient	1.3%	1.3%	3.9%	61.8%	31.5%	2.25
Education services are effective	3.9%	2.6%	6.5%	53.9%	34.2%	3.11
Agricultural extension services are efficient	5.2%	5.2%	11.8%	42%	35.5%	3.68
Maintenance and rehabilitation of Roads is efficient	2.6%	3.9%	7.8%	59%	26.3%	3.71

Source: Primary data

From table 4.2, the results from the study revealed that the means for two items were above 3.5 and three items were below 3.5. Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean below 3.5 indicates non-existence of the variables under study. This thus, statistically means that service delivery in Rukungiri municipality was still lacking. Among the items that had means below 3.5 included; Health workers at Health Centers are effective (2.09); Safe water provision to communities is sufficient (2.25); Maintenance and rehabilitation of Roads is efficient (3.21).

However, the two items indicated the existence of service delivery in the municipality and these included; Agricultural extension services to communities is efficient (3.68); Education services are effective (3.71).

These tallied exactly with the views of the interviewees who consistently confirmed to the researcher that service delivery was being done in Rukungiri municipality. For instance, one of the district administrators was quoted saying;

“Most of our revenues are spent in road improvement plans, health service delivery, installation of safe water in the villages and you have a chance to go and look into our strategic plans and documented municipality budgets...we are not like other municipalities because we have always been transparent.”

The above position was continually supported by the documents reviewed in Rukungiri municipality. For instance, according to Rukungiri Annual Budget (2012/2013), most of its budget execution plans were meant to improve municipality roads, clean the municipality and sensitize the community for health enhancement. This was additionally supported by the municipality investment plan and Rukungiri development plan (2011).

Therefore, it can be reached that, since all responses were agreeing on by most of the respondents and key informants also supported such a claim and the documents reviewed in the municipality, it is thus crystal clear that service delivery in Rukungiri municipality was being done.

4.4.2 Findings on Assignment of expenditure responsibilities in Rukungiri Municipality

To understand whether Rukungiri Municipality was assigned responsibilities for expenditures, the respondents were introduced to different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 3-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the prevalence and practicing of assignment of expenditure responsibilities in Rukungiri Municipality which were categorized according to their percentages and means as follows:

Table 4.3: Descriptive Statistics on Assignment of expenditure responsibilities in Rukungiri Municipality

Items	1	2	3	4	5	Mean
Local Governments need more powers on expenditure	17.1%	9.2%	26.3%	34.2%	21%	3.58
Being responsible for local needs' expenditure helps to improve service delivery	25%	23.6%	22.3%	26.3%	6.5%	3.60
There is Political influence in allocation of expenditure service delivery	11.8%	13%	5.2%	47.3%	22.3%	3.64

Source: Primary data

From table 4.3, the results from the study revealed that the means for all items were above 3.5. It was found out that all 3-items introduced to respondents were accepted by respondents. Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.5 indicates existence of the variables understudy. This thus, statistically means

that assignment of expenditure responsibilities in Rukungiri Municipality was prevalent. The items that had means above 3.5 included; There is Political influence in allocation of expenditure service delivery (3.64); Being responsible for local needs' expenditure helps to improve service delivery (3.60) and Local Governments need more powers on expenditure (3.58). All these items were asked to respondents with a predetermined mind of examining the prevalence of expenditure responsibility assignment in the municipality.

This position was further supported by what the key informants indicated in the interview. For instance, most of the interviewees indicated that the municipality has a well structured way for spending its money and this duty is assigned to financial planners and procurement officials. These are supposed to bring reports to the council to approve and keep updating to them for accountability. One of the councilors in the municipality was quoted saying,

“We are a formal organization and we work under formal rules and regulations...that is why all duties and responsibilities are assigned to a particular department and the department goes ahead to assign such responsibilities to their personnel....”

He added,

“...may be that is the reason why we have been performing very well despite limited budgets. We have managed to improve health, and roads in the municipality....”

Further, the documents reviewed in the municipality kept on supporting the above claims because according to Rukungiri Municipality Budget 2013/14, budget plans were attached to particular departments and personnel for execution, implementation, monitoring and evaluation. In addition, according to Rukungiri Municipality development plan, revenue collection was assigned to the finance department which is answerable to the

administration and the presence of responsibility centers are all mentioned in the municipality strategic plan (2010).

Therefore, it can be concluded that since all responses were above 3.5 and this position was supported by both key informants and documents reviewed, it can be said that assignment of expenditure responsibilities is clearly demonstrated in Rukungiri municipality.

4.4.2.1 Correlation results for assignment of expenditure responsibilities and service delivery

To test if assignment of expenditure responsibilities affects service delivery in Rukungiri Municipality, a Pearson's correlation coefficient was run by the study and the results are shown in Table 4.4. To verify this hypothesis, a null hypothesis was derived that Assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality

Table 4.4: Correlation results for assignment of expenditure responsibilities and service delivery

		assignment of expenditure responsibilities	service delivery
assignment of expenditure responsibilities	Pearson Correlation	1	.530**
	Sig. (2-tailed)		.000
	N	51	51
service delivery	Pearson Correlation	.530**	1
	Sig. (2-tailed)	.000	
	N	51	51

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

Table 8 above shows that a Pearson Correlation Coefficient value is ($r=.530$), according to Critical Values of the Pearson Product-Moment Correlation Coefficient, when using the critical value table. The absolute value of .530 indicates a positive relationship, strong relationship and a significant relationship ($.000<.05$). Therefore, it can be established that the null hypothesis was accepted and the alternative hypothesis was rejected. This thus means that assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality.

4.4.2.2 Regression Results for assignment of expenditure responsibilities and service delivery

The dimensions of the instrument were assessed using linear regression analysis to ascertain the extent to which assignment of expenditure responsibilities would lead to improvement in service delivery in Rukungiri Municipality. The results are presented in Table 4.5 below.

Table 4.5: Model summary for assignment of expenditure responsibilities and service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530 ^a	.281	.266	.38276
a. Predictors: (Constant), assignment of expenditure responsibilities b. Dependent variable, service delivery				

Source: Primary data

Table 4.5 above comprises of the R ($=.530$), R Square ($=.281$), Adjusted R square ($=.266$) and STD error of estimate ($=.38276$).The adjusted R value of .266 reveals 26.6% ($.266 \times 100$) variation in assignment of expenditure responsibilities had on service delivery. The remaining percentage of 73.4% was attributed to other factors.

The Pearson correlation results obtained revealed a positive relationship between assignment of expenditure responsibilities and service delivery. The alternative hypothesis was therefore rejected.

4.4.3 Findings on Assignment of Local Revenue Tax Sources in Rukungiri Municipality

To understand whether Rukungiri Municipality was assigned local revenue tax sources, the respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 7-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the prevalence of assignment of local revenue tax sources in Rukungiri Municipality which were categorized according to their percentages and means as follows

Table 4.6: Descriptive Statistics on Assignment of Local Revenue Tax Sources in Rukungiri Municipality

Items	1	2	3	4	5	Mean
Local governments do not generate adequate revenue.	10.5%	14.4%	30.2%	26.3%	18.4%	3.28
Local taxes increase demands for services	7.8%	17.1%	28.9%	27.6%	18.4%	3.33
Local revenue is highly misappropriated and diverted	10.5%	13%	22.3%	31.5%	22.3%	3.42
Assignment of taxes brings services closer to the people	13%	15.7%	3.9%	39.4%	19.7%	3.54
Many tax payers feel great with contributing to development	9.2%	10.5%	11.8%	43.4%	25%	3.57
Tax collection reduces in election seasons	21%	38%	6.5%	21%	13%	3.70
Local Governments are assigned taxes that are hard to manage	6.5%	6.5%	7.8%	50%	28.9%	4.01

Source: Primary data

From table 4.6, the results from the study revealed that the means for most of the items were above 3.5. It was found out that on 7-items introduced to respondents, 4-items were accepted by most of respondents and had a higher mean of 3.5 and above. 3-items were indicated with a lower mean below 3.5. Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of above 3.5 indicates existence of the variables under study. This thus, statistically means that local revenue tax sources were being assigned in Rukungiri Municipality. Among the items that had means above 3.5 included; Local Governments are assigned taxes that are hard to manage (4.01); Tax collection reduces in election seasons (3.70); many tax payers feel great with contributing to development (3.57) and Assignment of taxes brings services closer to the people (3.54). These indicate that local tax sources were available and assigned.

On the other hand, among the 3-items that were reported with lower means below 3.5 included; Local revenue is highly misappropriated and diverted (3.42); Local taxes increase demands for services (3.33) and Local governments do not generate adequate revenue (3.28).

From the views of key informants, it is clear that they supported the views of those who agreed with the assertion that local revenue tax collection was being done and the municipality had all the autonomy to collect it without being interrupted. For instance, one of the key informants had this to say,

“In Rukungiri Municipality, no one is above the law and we work for the good of the people, our taxes are sourced from all avenues put forward by the revenue collection authority, property taxes are collected without discrimination.”

Another interviewee discarded the claim saying,

“Politics somehow and somewhere affects tax collection in the municipality since some of the officials want to preserve their positions, so they decide to relax...”

From documents reviewed, it is directly understood that assignment of local tax collection is done in Rukungiri Municipality because this is what the revenue collection reports in the municipality are indicating (Revenue collection report, 2012). Therefore, it can be reached that, since most of responses were agreed on, and key informants also supported such a claim, it is thus crystal clear that assignment of local tax collection was vital in influencing service delivery in Rukungiri municipality.

4.4.3.1 Correlation results for Assignment of Local Revenue Tax Sources and service delivery

To test if Local Taxes significantly affect service delivery in Rukungiri municipality, a Pearson’s correlation coefficient was done by the study and the results are shown in Table 4.7. To verify this hypothesis, a null hypothesis was derived that Local Taxes significantly affect service delivery in Rukungiri municipality

Table 4.7: Correlation results for Assignment of Local Revenue Tax Sources and service delivery

		Assignment of Local Revenue Tax Sources	service delivery
Assignment of Local Revenue Tax Sources	Pearson Correlation	1	.219
	Sig. (2-tailed)		.122
	N	51	51
service delivery	Pearson Correlation	.219	1
	Sig. (2-tailed)	.122	
	N	51	51

Source: Primary data

Table 4.7 above shows that a Pearson Correlation Coefficient value is ($r=.219$), according to Critical Values of the Pearson Product-Moment Correlation Coefficient, the absolute value of .219 indicates a positive relationship. This relationship is however insignificant since the critical value is greater than 0.5 ($.122 > .05$), therefore it is concluded that assignment of Local Taxes has no significant relationship with service delivery in Rukungiri Municipality

4.4.3 .2 Regression results for Assignment of Local Revenue Tax Sources and service delivery

A linear regression analysis was run to ascertain the extent to which local taxes explains improvement in service delivery. The results are presented in table 4.8 below.

Table 4.8: Model summary for Assignment of Local Revenue Tax Sources and service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.219 ^a	.048	.029	.44046
a. Predictors: (Constant), assignment of local revenue				
b. Dependent variable, service delivery				

Source: Primary data

The table above comprises of the $R(=.219)$, R Square ($=.048$), Adjusted R square ($=.029$) and Std error of estimate ($=.44046$). The adjusted R value of .029 reveals 2.9% ($.029 \times 100$) variation local taxes had on service delivery. The remaining percentage of 97.1% was attributed to other factors.

Pearson correlation results obtained revealed a positive relationship between local taxes and service delivery. The Alternative hypothesis was therefore rejected.

4.4.4 Findings on practicing of Inter-Governmental Transfers/ Grants in Rukungiri Municipality

To understand whether prevalence of inter-government transfers or grants and whether they are received by Rukungiri Municipality, the respondents were introduced different items to have their say. Their responses were computed by making an aggregate of responses given by respondents to the 4-items and 5point Likert scale (1=Strongly Disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly Agree), which sought to measure the practicing of inter-government transfers or grants in Rukungiri Municipality which were categorized according to their percentages and means as follows;

Table 4.9: Descriptive Statistics of Inter-Governmental Transfers/ Grants in Rukungiri Municipality

Items	1	2	3	4	5	Mean
Conditional Grants are received in time	11.8%	25%	0%	48.6%	15.7%	3.26
Government transfers are aimed at improving service delivery	1.3%	21%	35.5%	21%	21%	3.39
Inter-governmental transfers are predictable	3.9%	31.5%	26.3%	26.3%	27.6%	3.44
Grants do not match assigned responsibilities	0%	0%	7.8%	69.7%	22.3%	4.20

Source: Primary data

From table 4.9, the results from the study revealed that the means for most of the items were below 3.5. It was found out that out of 4-items introduced to respondents, 3-items were below 3.5 and only 1-item had a data mean above 3.5. Based on the scale of 1-strongly disagree to 5-strongly agree, any data mean of below 3.5 indicates non-existence of the variables understudy. This thus, statistically means that inter-government transfers/grants were not received in time or non-prevalent. Among the items that had

means below 3.5 included; Inter-governmental transfers are predictable (3.44); Government transfers are aimed at improving service delivery (3.39) and Conditional Grants are received in time (3.26). However, “Grants do not match assigned responsibilities” was indicated with a higher mean (4.20), this was also in confirmation for lack of coherent intergovernmental transfer in Rukungiri municipality.

The views of key informants seemed to be unbalanced as most of them supported the claim and others were not in support. For those who supported that service delivery was supported by central government indicated that most of the grants that are received by the municipality pass through bank of Uganda and the government has a big share of funds which it annually passes to Rukungiri Municipality. Therefore, they believed that the government has a strong role to play in service delivery quality in the municipality. On the other hand, some of interviewees could believe that the government has so much to do. This was based on the belief that the municipality collects its revenues through taxes and this revenue is enough if it is used properly. One of them was quoted saying,

“We need the central government but the first responsibility lies with us to do the right things. The money we get from central government is not enough that is why we resort to soliciting of money from international frontiers and keep collecting taxes from property and traders in the area...”

This view was supported by the document reviewed. For instance, according to Rukungiri Municipality Budget (2012/2013), the biggest share of the budget is rooted from the central government. This directly means that service delivery in the municipality relies so much on central government.

Therefore, it can be said that despite fact that most of the responses above had a data mean below 3.5, and the interviews kept on defending the same assertion as well as the documents reviewed, it is very clear that inter-governmental transfer is available and it has significantly influenced service delivery in Rukungiri Municipality.

4.4.4.1 Correlation results for Inter-Governmental Transfers/ Grants and service delivery

To test if Inter-Governmental Transfers/ Grants significantly affect service delivery in Rukungiri municipality, a Pearson's correlation coefficient was done by the study and the results are shown in Table 4.10. To verify this hypothesis, a null hypothesis was derived that Service delivery in Rukungiri Municipality is positively influenced by Central Government transfers

Table 4.10: Correlation results for Inter-Governmental Transfers/ Grants and service delivery

		Inter-Governmental Transfers/ Grants	Service delivery
Inter-Governmental Transfers/ Grants	Pearson Correlation	1	.459**
	Sig. (2-tailed)		.001
	N	51	51
Service delivery	Pearson Correlation	.459**	1
	Sig. (2-tailed)	.001	
	N	51	51

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

Source: Primary data

From the table 8 above, a Pearson Correlation Coefficient value is ($r=.459$), according to Critical Values of the Pearson Product-Moment Correlation Coefficient, when using the critical value table. The absolute value of .459 indicates a positive relationship, strong relationship and a significant relationship ($.001 < .05$). As a result, the null hypothesis was therefore accepted and the alternative hypothesis rejected. This thus means that service delivery is significantly affected by central government grants in Rukungiri municipality.

4.4.4.2 Regression results for Inter-Governmental Transfers/ Grants and service delivery

The dimensions of the instrument were assessed using linear regression analysis to ascertain the extent to which Inter-Governmental Transfers/ Grants leads to improvement in service delivery in Rukungiri Municipality. The results are presented in table 4.11 below.

Table 4.11: Model summary for Inter-Governmental Transfers/ Grants and service delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.459 ^a	.210	.194	.40112
a. Predictors: (Constant), inter-government transfers				
b. Dependent variable, service delivery				

Source: Primary data

The table above comprises of the R (=0.459), R Square (=0.210), Adjusted R square (=0.194) and STD error of estimate (=0.40112). The adjusted R value of .194 reveals 19.4 % (...194x100) variation inter-government grants had on service delivery. The remaining percentage of 80.6% was attributed to other factors, like politics of the area, increase in the number of local governments and planning issues among others.

The correlation results obtained revealed a positive relationship and a significant effect of central government on service delivery in Rukungiri Municipality. The Null hypothesis was then rejected.

Therefore, all the tests demonstrated a positive relationship between fiscal decentralization dimensions and service delivery in Rukungiri Municipality.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summaries of the findings, discussions of objectives set for the study, conclusions derived from the findings, and the recommendations that will help in improving service delivery in Rukungiri Municipality based on the findings of the study. Limitations, contributions of the study and areas of further study are also suggested.

5.2 Summary

The study established a number of findings, the summary of the findings are outlined here under;

5.2.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.

The hypothesis that Assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality was tested and accepted. This was because of the favorable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.530, in respect to the hypothesis and statistically significant at .000 which is less than 0.05 (level of significance). This implied that, there is a statistically significant relationship among the means.

5.2.2 The effect of local taxes on service delivery in Rukungiri Municipality.

The hypothesis that Local Taxes significantly affect service delivery in Rukungiri municipality was tested and rejected. This was because of the unfavorable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.219, in respect to the hypothesis and statistically not significant at 0.122 which is greater than 0.05 (level of significance). This implied that, there is no significant relationship among the means.

5.2.3 The role of inter-government transfers on service delivery in Rukungiri Municipality.

Lastly, the hypothesis that Service delivery in Rukungiri Municipality is positively influenced by Central Government transfers was also tested and the null hypothesis was rejected. This was too based on favorable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.459, in respect to the hypothesis and statistically significant at .001 which is less than 0.05 (level of significance).

5.3 Discussion of the study findings

The discussion of the study findings has been made as per the study objectives below;

5.3.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.

On the first objective, it was established that assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality. This was because of the favorable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.530, irrespective of the hypothesis and statistically insignificant at

.000 which is less than 0.05 (level of significance). This position was clearly supported by key informants who indicated that assignment of expenditure responsibilities was being practiced in the municipality and this had contributed to improvement in service delivery. This was also in line with what documents like the Rukungiri Municipality Budget 2013/2014 indicated. This concurs with earlier literature review which had confirmed that service delivery is affected by assignment of expenditure responsibilities. According to Etienne (2005) in his study in South Africa, he found out that fiscal decentralization in terms of responsibility demarcation is identified as a key focus for budgeting and had much implication on service delivery improvement. However, on the other hand, May (2006) did not agree because she indicated that many governments recently implemented policies aimed at providing better education, health care, housing and other social services. However, despite all these strategies, socio – economic disparities remained rampant mainly because of budgeting policies that were too tight to the extent of failing to improve living conditions of the poor and instead, continuing to expand the economic opportunities for the self sufficient (Etienne, 2005).

5.3.2 The effect of local taxes on service delivery in Rukungiri Municipality

On the second objective, it was established that local taxes' collection had no significant effect on service delivery in Rukungiri municipality. This was because of the results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.219, irrespective of the hypothesis and statistically insignificant at .122 which is greater than 0.05 (level of significance). This position was clearly supported by key informants who indicated that local taxes were hardly collected in the municipality and this had affected service delivery. This was also confirmed by the documents reviewed like the Rukungiri Municipality development plan (2010) and strategic plan 2010.

This was in congruence with what earlier literature review which had indicated that service delivery is affected by local taxes. According to Robinson (2003) most decentralized societies prove their worthiness and capacity through local revenue. This in most cases is dependent on local taxes. It is also argued that resource mobilization capacity makes Local Governments better equipped to collect more taxes. The efficiency of revenue collection may also be greater when stakeholders are involved in decisions taken by Local Governments through a participatory approach. This would be reflected in the willingness to pay taxes with hope to attain social services (Robinson, 2003). However, some studies on fiscal decentralization have confirmed that there is need to emphasize the actual degree of autonomy that local governments have over their revenues (Russell, 2008). One way to model the interaction between Local and Central Governments, where both have real fiscal authority to tax and spending, is as a game played by two levels of governments. As is always the case, the results may depend on the order of the moves and other details that have no clear real world parallels. Thus it is difficult to know how useful those metaphors are. According to May (2006), one problem with overlapping tax bases is that the tax rate set by each level in government creates vertical externalities by reducing the tax base of the other level which affects service delivery.

5.3.3 The role of inter-government transfers on service delivery in Rukungiri Municipality

On the last objective, it was established that inter-government transfers positively affects service delivery in Rukungiri Municipality. This was because of the favorable results from Pearson correlations which indicated that the Pearson Correlation Coefficient value is 0.459, irrespective of the hypothesis and statistically significant at .001 which is less than 0.05 (level of significance).

This position was clearly supported by key informants who indicated that central government's role is too important in service delivery in the municipality because the government offers the biggest share of the funds required to undertake the services in the area. This was incongruent with what earlier literature review had indicated earlier. For instance, Bahl, and Linn (1994), found out that there have been a number of issues in the transfer mechanisms from central Governments and donors and this has been a matter of concern to Local Governments. Many of these mechanisms affect the decentralization framework giving little real power to Local Governments over allocations and decision making thus management and accountability problems emerge. That notwithstanding, in many Local Governments, accountability for conditional and unconditional grants is a problem. It is against this background that the Government of Uganda instituted a fiscal decentralization study to examine how to stream line and harmonize the process and management of fiscal transfers to local Governments. (Development, 2003-2004)

5.4 Conclusions

From the summary findings above, it can be concluded that, fiscal decentralization positively affect service delivery in Rukungiri Municipality since all dimensions put forward to respondents were accepted on all frontiers. Below are the conclusions on each.

5.4.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.

It was found out that Assignment of expenditure responsibilities positively affects service delivery in Rukungiri Municipality. This thus means that Assignment of expenditure responsibilities has positively affected service delivery in Rukungiri Municipality.

Therefore, this implies that there is a need for Rukungiri Municipality to sustain expenditure responsibilities' assignment because they have been indicated to improve service delivery in Rukungiri Municipality while continually riding out bureaucracy in provision of services.

5.4.2 The effect of local taxes on service delivery in Rukungiri Municipality

It was found out that local taxes insignificantly affect service delivery in Rukungiri Municipality. This thus means that local taxes collection has affected service delivery in Rukungiri Municipality. Therefore, this implies that there is a need for Rukungiri Municipality to review the ways of collecting taxes from the citizens since poor methods of tax collection affects service delivery.

5.4.3 The role of inter-government transfers on service delivery in Rukungiri Municipality

It was found out that inter-government transfers positively affect service delivery in Rukungiri Municipality. This thus means that inter-government transfer has positively affected service delivery in Rukungiri Municipality. Therefore, this implies that there is a need for Rukungiri Municipality to consistently watch out the conditions associated with grants received as they are very important in improving service delivery in a particular segment of the municipality.

5.5 Recommendations

In light of the above conclusions, below are the suggested recommendations as each study objective;

5.5.1 The effect of Assignment of expenditure responsibilities on service delivery in Rukungiri Municipality.

- There is a need for the Rukungiri Municipality to continuously assign expenditure responsibilities through working closely with professional and experienced staffs to undertake financial management, procurement management and monitoring of municipal responsibilities the way it is assigned by the central Government for improved service delivery.
- There is a need for government of Uganda to critically assess the importance of assignment of expenditure responsibilities done in Rukungiri municipality and see whether it is done under a formal and professional manner because it has been discovered that it has a positive influence on service delivery. This will enhance service delivery in other government departments.

Policy makers can also utilize the above findings in their move to come up with fundamental policies for municipal councils in Uganda to have a mechanism they rely on to assign expenditure responsibilities.

5.5.2 The effect of local taxes on service delivery in Rukungiri Municipality

- There is a need for Rukungiri Municipality to develop a formal criterion that is agreed upon by all stakeholders in collection of taxes because local taxes have been proved by this study to have no significant effect on service delivery.

- This can be done by involving the citizens, the government, civil societies and municipality leaders in coming up with taxes, how much and how they can be collected.
- There is a need for the Government of Uganda to review how taxes are collected in municipalities because it looks like they depend on political motives of the leaders in the area. This can be done by coming up with tax authorities in the municipality that are independent in decision making.

5.5.3 The role of inter-government transfers on service delivery in Rukungiri Municipality

- There is a need for Rukungiri Municipality to clearly understand conditions associated with the grants provided by the central government and other civil societies so as they can meet these conditions. This is because most of the conditions put on most of these funds are meant to improve service delivery and avoid corruption.
- There is a need for policy makers to look into government grants and donations offered to municipalities in Uganda because this can help in coming up with policies on how these conditional grants can be used and monitored for them to be successful and realize service delivery.

5.6 Limitations of the study

The study registered a number of limitations and these majorly included;

- i) Some respondents deliberately failed to answer the questionnaire. This gave the researcher hard time but he had to resource and replaced such people with the same people in the target population.

- ii) Secondly, some respondents wrongly filled the questionnaires. This came as a result of time constraints as some of them rushed to answer the question and attend to their work. But the researcher managed to recover most of the questionnaires well filled. Those which were wrongly filled were ignored.
- iii) Time was one of the study's major constraints as the researcher couldn't meet some people as expected since they had travelled abroad. Since the study had a specified time, the researcher replaced such people with their personal assistants.
- iv) In spite of all these challenges however, the researcher did everything he could to undertake it successfully

5.7 Contributions of the study

The study has a number of contributions but most of its contributions go to the Rukungiri Municipality, the government of Uganda, policy makers and researchers as highlighted below;

- i) The study findings will work as part of the model to enhance service delivery in Rukungiri Municipality. This is because the study findings has laid clearly where the Rukungiri Municipality has been performing strongly as per assignment of expenditure responsibilities, local tax collection and role of central government towards service delivery
- ii) The study will be of much importance to the Government of Uganda in assessing whether implementation of fiscal decentralization has been successful compared to its Budgetary goals in Uganda.
- iii) The study will also work as a guide to policy makers in Uganda in reviewing and amending responsibilities of municipalities in fiscal decentralization and how best it can be used to improve service delivery fiscal in public service organizations.

- iv) The study will also serve as a reference material that will spark different academic frontiers and researchers in expanding on what has been reached on by this study.

5.8 Areas recommended for further study

Wholesomely the study tried to meet and achieve the set objectives as shown in the write-up, however, in the process the researcher has observed certain areas that require further research. These include:

- The study was limited to two variables; fiscal decentralization and service delivery. There is therefore a need for further study to take into consideration other variables that may be affecting service delivery in Rukungiri Municipality because it may not only be fiscal decentralization but also others.
- The study was also limited to few dimensions and indicators of fiscal decentralization and service delivery. There is a need for future research to replicate the study topic while considering other dimensions of fiscal decentralization and other indicators of service delivery because it is likely that staff members in Rukungiri municipality fair differently against such dimensions.
- This study was limited to Rukungiri Municipality. This makes the study findings limited to Rukungiri Municipality and not necessarily relevant to other municipalities in Uganda. Therefore, there is a need for a further study to be replicated in other government municipalities, departments and ministries to ascertain the similarity and differences in the findings.

REFERENCES

- Amin, M. E. (2005). *Social Science Research*. KAMPALA: Makerere University Printary.
- Asfaw.A., F. J. (2004). Development Policy. *Centre for Development Research*.
- Bahl, R and Linn. (1994). Fiscal Decentralisation and Inter-Governmental Transfers in less Developed Countries. *The Journal of Federalism*.
- Bahl, R. (1998). Implementation Rules for fiscal Decentralisation. *Land Policy and Econmic Development*. Taiwan: Land Reform Institute.
- Bank, W. (2000). *Development Out Reach: putting Knowlege to Work for Development*. Washington DC: Wolrld Bank.
- Banyoya, L. (2006). *Financing Decentralization in Uganda: Fiscal Decentralisation and local revenue generation inbasic principles of Decentralisation*. Kampala, Uganda: UMI.
- Bernnet. (1990). *Decentralization: Local Governments and Markets*. London: Clarendon press.
- Breuss, F and Markus, E. (2004). Fiscal Decentralisation and Economic Growth. *The Journal of International Comparisons*, 3-9.
- Burns, e. a. (1994). *The politics of Decentralisation: Revitalising local Democracy . Policy and Politics*. London: MacMillan Press.
- Byaruhanga, C. (2002). *Poverty reduction and public sector reform in Uganda. The roles of institutions in past experiences and challenges for the way forward*. London: Adam Smith Institute.

- Council, R. M. (2010-2015). *Five Year Development Plan*. Rukungiri. Rukungiri Municipal Council.
- Council, R. M. (2013/14). *Status Report*.
- Council, R. M. (2013-2014). *Revenue Enhancement Plan*.
- Dether, J. (2000). Some remarks on Fiscal Decentralisation and Governance. *Decentralisation Cequencing*. Jakarta, Indonesia.
- Etienne, Y. (2005). Understanding Fiscal Decentralition in South Africa.
- Faguet, J. (2006). Decentralization and local government Performance: Improving Public Service Provision in Bulivia. *Social Science Research Net Work*, Vol. 3, No 1, 2000; p. 127 – 176.
- Government of Uganda. (1997). *The Local Governments Act*. Kampala: Uganda Publishing Press.
- Government of Uganda. (2005). *The local Government Rating Act*. Kampala: Ministry of Finance.
- Kathauri,N. J. & Pals, A. D. (1993). *Introduction to Educational Research*. Egerton: Egerton University.
- Kauzya, J. (2007). political Decentralization in Africa: Experiences of Uganda , Rwanda and South Africa. New York: United States.
- Ministry of Finance Planning and Economic Development. (2003-2004). Background to the Budget. In G. o. Uganda, *National Budget*. Kampala.
- Mugenda, M.O & Mugenda G.A. (1999). *Research Methods; Quantitative and Qualitative approach*. Nairobi: Africa center for Technologystudies.

- Nsibambi, A. (1998). *Decentralisation and Civil Society, the quest for good governance*.
Kampala: Fountain Publishers.
- Oso, W.Y and Onen, D. (2008). *A General Guide to Writing Research Proposal and Report*. Kampala: Makerere University Printary.
- Robinson, M. (2003). *Participation Local Governance and Decentralised Service Delivery. New Approaches to Decentralised Sevice Delivery*. Santiago: Chile.
- Shah, s. (2007). *Decentralization and service Delivery*. Washington DC: World Bank.
- Shah.A. (2004). *Fiscal Decntralization in Developing and Transition Economies; progress, problems and the promise*. Washigton DC: The World Bank.
- Smith B. C. (2007). *Good Governance and Development*. Publisher Palgrave Macmillan.
- Smoke, P. (2001). *Fiscal Decentrlistation in Developing Countries. A Revue of current concepts and practices*.
- Smoke.P. (2003). *Decentralization in Africa: Goals and Dimensions, Miths and Challenges in Public Adimnistration, 23*.
- Steffensen, J. (2012). *FISCAL Decentralisation And Sector Funding Principles And Practices: Grant allocation principles an international comparison of allocation criteria and modalities*. Denmark: Danida.
- Steiner, S. (2006). *Decentralisation in Uganda: Exploring the Constraints for Poverty Reduction*. GIGA Research Programme: Transformation in the Process of Globalisation, N° 31November 2006.
- Stephen, L and Rebecca, C. (2006). *Evaluation of General Budget Support*. Edgston: University of Birmingham.

Vision, T. N. (2013, Nov Tuesday, 9th). Retrieved from WWW.New Vision.

Wallace, O. (1999). An Essay on Fiscal Federalism. *Journal Of Economic Literature*.

Wills Yoko Oso, a. D. (2008). *A General Guide to writing a Research Proposal and Report*. Kampala, Uganda: Makerere University Printary.

APPENDIX 1

QUESTIONNAIRE FOR ALL RESPONDENTS

Dear respondent, I am a Student at Uganda Management Institute. I am carrying out research on Fiscal Decentralization and Service Delivery in Rukungiri Municipality.

The purpose of this study is to examine the role of Fiscal Decentralization in Service delivery. You are kindly requested to answer the following questions according to your own perception in relation to service delivery and fiscal decentralization in Rukungiri Municipality.

The information you will provide will be treated with utmost confidentiality.

I thank you.

(A)-BACKGROUND INFORMATION

Please tick the most appropriate option

1. Sex Male Female

2. Age Below 20 Yrs 20 – 30 Yrs

31 – 40Yrs

40 – 50Yrs

51-60Yrs

Above 60Yrs

4. Level of education

- Never went to School Primary Secondary Tertiary
- University Other

5. Position

- Political Leader Civil Servant Opinion leader
- Trader Service provider Service beneficiary

6. Duration of service

- Less than 1 Yr -2 Yrs.
- 3-4 Yrs. More than 5 Yrs.

B. ALLOCATION OF EXPENDITURE RESPONSIBILITIES.

Please tick the best option for you in relation to your level of Agreement with statements below in explaining the above statement.

- Strongly disagree (**SD**) Disagree (**DA**) Not sure (**NS**)
- Agree (**A**) Strongly agree (**SA**)

No.	QUESTION	SD	DA	NS	A	SA
7.	Being responsible for local needs' expenditure helps to improve service delivery					
8.	Local Governments need more powers on expenditure					
9.	There is Political influence in allocation of expenditure service delivery					

C. ASSIGNMENT OF LOCAL TAXES

No.	QUESTION	SD	DA	NS	A	SA
10.	Local taxes increase demands for services					
11.	Local governments do not generate adequate revenue.					
12.	Local revenue is highly misappropriated and diverted					
13.	Local Governments are assigned taxes that are hard to manage					
14.	Many tax payers feel great with contributing to development					
15.	Tax collection reduces in election seasons					
16.	Assignment of taxes brings services closer to the people					

D. INTER-GOVERNMENTAL TRANSFERS

No.	QUESTION	SD	DA	NS	A	SA
17.	Conditional Grants are received in time					
18.	Government transfers are aimed at improving service delivery					
19.	Inter-governmental transfers are predictable					
20.	Grants do not match assigned responsibilities					

E. EFFICIENCY AND EFFECTIVENESS IN SERVICE DELIVERY.

Strongly disagree (SD) Disagree (DA) Not sure (NS) Agree (A) Strongly agree (SA)	SD	DA	NS	A	SA
21. Health workers at Health Centers are effective					
22. Safe water provision to communities sufficient					
23. Agricultural extension services to communities is efficient					
24. Maintenance and rehabilitation of Roads is efficient					
25. Education services are effective					

Thank you.

APPENDIX: 2

INTERVIEW GUIDE FOR KEY INFORMANTS

Dear respondent, I am a Student at Uganda Management Institute. I am carrying out research on Fiscal Decentralization and Service Delivery in Rukungiri Municipality.

The purpose of this study is to examine the role of Fiscal Decentralization in Service delivery. You are kindly requested to answer the following questions according to your own perception in relation to service delivery and fiscal decentralization in Rukungiri Municipality.

Kindly reserve part of your time to answer questions in this document.

The information you will provide will be treated with utmost confidentiality.

I thank you.

Basing on your position, where does Rukungiri Municipal Council spend the biggest portion of its revenue? , and why is it so?

.....
.....
.....
.....
.....
.....

Does Rukungiri Municipal Council collect all assessed local revenues?.....

Suggest possible reasons for this situation.

.....
.....
.....
.....
.....

How Taxes help Rukungiri Municipal Council in service delivery?

.....
.....
.....
.....
.....

What is the trend of Central Government Transfers/ Grants to Rukungiri Municipal Council?.....

.....
.....

How is Planning and Budgeting for services done in Rukungiri Municipality?

.....
.....
.....
.....

Which specific social services are provided by Rukungiri Municipal Council using Grants?.....

.....

.....
.....

What is your general view on the current social service delivery frame work in Rukungiri Municipality?.....

.....
.....
.....
.....

Suggest recommendations for improving Service Delivery in Rukungiri

Municipality.....

.....
.....
.....

APPENDIX: 3

DOCUMENTARY REVIEW GUIDE

List of Documents:

- Investment Inventory Book
- Five Year Development plan
- Council Minutes
- Revenue Enhancement plan
- Reports

Issues to review:

- List of investments
- Planned priorities
- Comments on service delivery
- Revenue Performance
- Responsibility centers
 - Outstanding challenges and recommendations