

The Impact Of Local Revenue Collection And Service Delivery In Lower Local Government In Nansana Municipality Kampala.

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Abstract

The study examined the impact of local revenue collection on service delivery in lower local governments within Nansana Municipality, Kampala. The research employed a cross-sectional survey design with mixed methods to collect data from 228 respondents comprising local council leaders, revenue collectors, community development officers, service delivery staff, and community members across the five divisions of Nansana Municipality. Primary data were gathered through structured questionnaires and in-depth interviews, while secondary data were obtained from revenue collection records, service delivery reports, and parish development committee minutes covering the period 2020-2023. The study utilized correlation and regression analysis to determine the strength and nature of relationships between local revenue collection dimensions (revenue base expansion, collection efficiency, enforcement mechanisms, and accountability systems) and service delivery outcomes (infrastructure development, social services provision, community mobilization, and public satisfaction). The findings revealed a significant positive relationship between local revenue collection and service delivery quality ($r = 0.716$, $p < 0.01$). Collection efficiency demonstrated the strongest correlation with service delivery ($r = 0.734$, $p < 0.01$), followed by revenue base expansion ($r = 0.689$, $p < 0.01$), accountability systems ($r = 0.667$, $p < 0.01$), and enforcement mechanisms ($r = 0.642$, $p < 0.01$). The regression model indicated that local revenue collection variables explained 51.3% of variance in service delivery outcomes ($R^2 = 0.513$, $F = 58.47$, $p < 0.001$). Lower local governments with higher revenue collection demonstrated 47% better infrastructure development, 39% improved social service provision, 43% enhanced community mobilization, and 52% higher public satisfaction compared to those with weak revenue performance. The study concluded that local revenue collection significantly impacted service delivery quality in lower local governments within Nansana Municipality. Enhanced revenue mobilization through expanded tax bases, efficient collection systems, effective enforcement, and transparent accountability mechanisms enabled better infrastructure development, improved social services, stronger community engagement, and increased citizen satisfaction with local governance. The study recommended that lower local governments in Nansana Municipality should expand revenue bases through comprehensive taxpayer registration, digitalize revenue collection systems, strengthen enforcement mechanisms, enhance transparency in revenue utilization, build capacity of revenue collectors, implement citizen participation in budgeting and monitoring, develop revenue enhancement strategies, and establish performance-based incentives for revenue staff to improve both revenue mobilization and service delivery outcomes.

Keywords: Local Revenue Collection, Service Delivery, Lower Local Government, Decentralization, Community Development, Local Councils, Nansana Municipality, Fiscal Decentralization

1.0 BACKGROUND OF THE STUDY

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Decentralization emerged as a dominant governance reform strategy adopted by numerous countries worldwide to improve public service delivery, enhance democratic participation, and promote locally responsive development (Irumba et al., 2024). The theoretical foundations of fiscal decentralization posited that devolving revenue-raising powers and expenditure responsibilities to lower levels of government could improve service delivery efficiency, accountability, and responsiveness by aligning service provision with local preferences and enabling citizens to hold local leaders directly accountable for performance (F. Christopher, Muhindo, et al., 2022). Uganda's decentralization framework, considered among Africa's most ambitious, transferred substantial service delivery responsibilities to local governments while granting them powers to raise local revenues to supplement central government transfers and finance locally determined priorities (Promise et al., 2024).

Uganda's Local Governments Act and subsequent amendments established a multi-tiered local government structure comprising districts, municipalities, and lower local governments at sub-county, town council, division, parish, and village levels (S. Brian et al., 2024). Lower local governments particularly at parish and village levels represented the most grassroots governance units directly interfacing with communities and responsible for delivering basic services including community access roads, drainage systems, sanitation facilities, local dispute resolution, community mobilization, and coordination of central government programs at the local level (Ntirandekura & Friday, 2022). The administrative and political structures at these levels included elected Local Council committees (LC I at village level, LC II at parish level) with mandates to plan, mobilize resources, implement development projects, and deliver services addressing community needs (Julius et al., 2024).

Financial sustainability of lower local governments depended critically on local revenue mobilization, as central government transfers typically covered only higher local government levels like districts and municipalities with minimal direct funding reaching parishes and villages. Lower local governments were empowered to collect various local revenues including local service tax, trading licenses for small businesses, market dues, property rates on local properties, and other locally determined levies (Amos et al., 2024). These locally generated revenues, though modest in absolute amounts, constituted the primary discretionary resources available to lower local governments for financing community-identified priorities, responding to emergency needs, and supplementing centrally funded programs with local contributions (F. Christopher, Komunda, et al., 2022).

However, local revenue collection at lower local government levels faced persistent challenges globally and particularly in developing countries. Limited tax bases in poor communities, weak administrative capacity, inadequate enforcement mechanisms, low tax compliance, political interference in revenue collection, corruption and leakage of collected funds, and limited accountability for revenue utilization undermined revenue mobilization effectiveness (K. Paul et al., 2023). These challenges resulted in chronically inadequate local revenues that constrained service delivery capacity, forcing lower local governments to remain dependent on uncertain and often inadequate transfers from higher authorities while unable to respond adequately to community needs (Amos et al., 2024).

Nansana Municipality, located in Wakiso District in Uganda's central region, served over 365,000 residents across five divisions subdivided into parishes and villages. Following elevation to municipal status in July 2020, Nansana's lower local governments comprising 18 parishes and 87 villages faced mounting service delivery pressures from rapidly growing populations, urbanization, and infrastructure deficits inherited from previous administrative arrangements (Nafiu, 2013). While the municipality received central government transfers and collected own-source revenues at municipal level, lower local governments depended almost entirely on locally mobilized revenues to finance their activities. Revenue collection at parish and village levels involved mobilizing small amounts from numerous taxpayers for local service tax, trading licenses, and other locally determined fees (Ramadhan et al., 2023a). Preliminary assessments suggested wide variation in revenue collection performance across Nansana's lower local governments, with some parishes collecting 2-3 times more per capita than others despite similar socioeconomic conditions (W. Brian & Jacob, 2023). These revenue collection disparities appeared correlated with observable differences in service delivery quality, with better-funded lower local governments demonstrating superior infrastructure maintenance, more active community mobilization, and higher citizen satisfaction (Ramadhan et al., 2023b). However, no systematic study had empirically examined the relationship between local revenue collection and service delivery outcomes at lower local government levels in Nansana Municipality to guide strategies for enhancing both fiscal capacity and service delivery effectiveness in these critical grassroots governance institutions (T. Paul et al., 2022).

2.0 Problem Statement

Lower local governments in Nansana Municipality faced severe service delivery challenges that undermined their constitutional mandate to provide basic community services and facilitate local development (Ahumuza et al., 2025). Despite legal frameworks granting revenue collection powers and service delivery responsibilities, most parishes and villages demonstrated weak capacity to mobilize adequate resources or deliver quality services that met community needs and expectations (Ntirandekura & Christopher, 2022). Citizens frequently complained about poor condition of community access roads, inadequate drainage leading to flooding during rains, uncollected solid waste, dysfunctional public sanitation facilities, and ineffective community mobilization for development activities. These service delivery failures eroded confidence in decentralized governance and prompted questions about the viability of fiscal decentralization to the lowest administrative levels (Gracious, 2023).

Local revenue collection performance varied dramatically across Nansana's 18 parishes, with annual collections ranging from as low as UGX 2.8 million to as high as UGX 18.6 million despite comparable population sizes and economic activities (Julius, 2024). This variation suggested that revenue outcomes depended not merely on economic potential but significantly on administrative practices, leadership commitment, enforcement effectiveness, and accountability mechanisms employed by different lower local governments. Many parishes collected only 30-40% of assessed local service tax, indicating massive compliance gaps (Ramadhan et al., 2023a). Trading license coverage remained incomplete with numerous small businesses operating without licenses, representing foregone revenue (T.

Christopher et al., 2024). Enforcement mechanisms were weak or non-existent, with few consequences for non-compliance that undermined revenue collection efforts.

Revenue leakage through corruption constituted another critical problem. Community members frequently alleged that collected revenues did not reach official accounts, with revenue collectors and local leaders accused of misappropriating funds (Ntirandekura et al., 2022). Lack of transparent accounting and public reporting on revenue collection and utilization fueled these suspicions and reduced citizens' willingness to pay taxes they believed would be stolen rather than invested in community development (Julius & Nancy, 2025). Without credible accountability systems, building tax compliance and increasing revenue collection proved extremely difficult regardless of enforcement efforts (Julius & Matovu, 2025).

The apparent correlation between revenue collection levels and service delivery quality suggested that inadequate local revenues directly constrained service delivery capacity. Lower local governments with minimal revenues could not finance even basic activities like road maintenance, drainage cleaning, or community meetings, resulting in visible service delivery deficits (T. Paul et al., 2022). However, the causal relationship remained unclear did higher revenues enable better services, or did better services motivate higher tax compliance creating virtuous cycles of improved revenue and service delivery? Understanding this relationship was essential for designing effective interventions (F. Christopher, Komunda, et al., 2022).

This study therefore sought to examine the impact of local revenue collection on service delivery in lower local governments within Nansana Municipality, providing empirical evidence regarding how revenue mobilization affected service delivery outcomes and identifying strategies for strengthening both fiscal capacity and service delivery effectiveness at grassroots governance levels.

3.0 OBJECTIVE OF THE STUDY

To assess the impact of local revenue collection on service delivery in lower local governments of Nansana Municipality.

4.0 METHODOLOGY

4.1 Research Design

This study employed a cross-sectional survey research design that combined quantitative and qualitative approaches to comprehensively examine the impact of local revenue collection on service delivery outcomes (A. Nafiu et al., 2012). The cross-sectional approach was appropriate because it enabled the researcher to collect data from multiple lower local governments at a single point in time, providing comparative insights into how varying revenue collection practices related to different service delivery outcomes. The mixed-methods design facilitated triangulation of findings from surveys, interviews, and objective records, thereby enhancing validity and reliability of conclusions drawn from the study.

4.2 Study Population and Sample Size

The target population comprised all individuals directly involved in or knowledgeable about local revenue collection and service delivery at lower local government levels in Nansana Municipality. This included Local Council I (village) chairpersons and executive committee members, Local Council II (parish) chairpersons and executive members, parish chiefs and administrative staff, community development officers, revenue collectors, and community members who paid local taxes and received services. With 18 parishes and 87 villages in Nansana Municipality, and average LC committee sizes of 9 members per village and 11 members per parish, plus administrative staff and community representatives, the total population was estimated at approximately 1,450 individuals (Abiodun et al., 2022).

Using Yamane's (1967) formula for determining sample size with 95% confidence level and 5% margin of error, a sample of 313 respondents was calculated. However, accounting for potential non-response and resource constraints, the researcher targeted 270 respondents. The sample was stratified across the five municipal divisions (Nansana, Nabweru, Gombe, Busukuma, and Kasanje) ensuring proportional representation based on population distribution. Within each division, parishes were randomly selected, and respondents within selected parishes were chosen through purposive and random sampling ensuring inclusion of LC leaders, administrative staff, revenue collectors, and ordinary community members. Ultimately, 228 usable responses were obtained, representing an 84.4% response rate deemed very good for the study.

4.3 Data Collection Methods

Primary data were collected through self-administered and researcher-administered structured questionnaires due to varying literacy levels among respondents, particularly community members. The questionnaire contained both closed-ended and open-ended questions organized into sections covering: respondent demographics and roles in local governance; revenue base characteristics (taxpayer registration, economic activities, revenue sources); collection efficiency (collection rates, payment methods, administrative processes); enforcement mechanisms (compliance monitoring, sanctions, legal actions); accountability systems (financial reporting, public disclosure, community participation); and service delivery outcomes (infrastructure condition, social services availability, community mobilization effectiveness, citizen satisfaction) (Kazaara & Julius, 2025).

Questions utilized five-point Likert scales ranging from "strongly disagree" to "strongly agree" to measure perceptions and experiences. Semi-structured interviews were conducted with 32 purposively selected key informants including 10 LC II chairpersons from different parishes, 8 parish chiefs, 6 community development officers, 4 municipal officials overseeing lower local governments, and 4 revenue collectors. Interviews provided contextual insights into challenges, success factors, and explanatory mechanisms linking revenue collection to service delivery.

Secondary data were obtained from parish revenue collection records, LC financial reports, service delivery performance reports submitted to municipal authorities, parish development committee minutes, and citizen complaint records maintained by community development offices. These objective data covering the period 2020-2023 provided measurable indicators of revenue collection amounts, collection rates, expenditure patterns, and service delivery outputs that complemented perceptual data from surveys and interviews.

4.4 Data Quality Control

Validity was ensured through expert review of research instruments by two academic supervisors and one practitioner from the Ministry of Local Government, followed by pilot testing with 22 respondents from Kira Municipality's lower local governments (a comparable urban municipality outside the study area) (Julius & Audrey, 2025). Pilot results informed refinement of question wording, translation into local language (Luganda) for community members, and adjustment of response options to enhance comprehension. Reliability was assessed using Cronbach's Alpha coefficient, with all measurement scales achieving values above 0.79, indicating acceptable internal consistency. To enhance data quality given varying literacy levels, enumerators were trained to administer questionnaires to respondents who requested assistance while maintaining neutrality and avoiding leading questions.

4.5 Data Analysis

Quantitative data were analyzed using Statistical Package for Social Sciences (SPSS) version 26 (Nelson et al., 2022). Descriptive statistics including frequencies, percentages, means, and standard deviations were computed to characterize respondent profiles, revenue collection practices, and service delivery outcomes across different lower local governments. Comparative analysis examined differences between high-revenue and low-revenue parishes using independent samples t-tests. Pearson correlation analysis was conducted to determine strength and direction of relationships between revenue collection dimensions and service delivery indicators. Multiple regression analysis was performed to assess the predictive power of revenue collection variables on service delivery outcomes while controlling for confounding factors such as population size, economic base, and administrative capacity (Nelson et al., 2023).

Qualitative data from interviews were transcribed, translated where necessary, coded thematically using NVivo 12 software, and analyzed through content analysis techniques to identify patterns, explanatory mechanisms, and illustrative quotes that enriched quantitative findings. Financial data from parish records were analyzed to calculate revenue collection rates, per capita revenue, revenue composition, and expenditure allocation patterns. Service delivery indicators including kilometers of roads maintained, public facilities functional, and community activities conducted were quantified from parish reports. The significance level for all statistical tests was set at 0.05 (two-tailed).

5.0 RESULTS AND DISCUSSION

5.1 Response Rate and Respondent Characteristics

Out of 270 questionnaires distributed across Nansana Municipality's lower local governments, 228 were returned completed and usable, yielding a response rate of 84.4%. This strong response rate reflected effective community mobilization by parish leaders who encouraged participation, persistent follow-up by the research team, and genuine interest among lower local government stakeholders in understanding factors affecting their revenue and service delivery capacity. The response rate exceeded typical survey research standards and provided adequate statistical power for analysis.

Respondent distribution across stakeholder categories showed that 68 (29.8%) were Local Council leaders at village or parish levels, 42 (18.4%) were parish administrative staff including chiefs and community development officers, 24 (10.5%) were revenue collectors, and 94 (41.2%) were ordinary community members representing service recipients and taxpayers. This distribution ensured perspectives from both service providers and recipients, enabling comprehensive understanding of revenue-service delivery relationships.

Demographic analysis revealed that 56.6% of respondents were male while 43.4% were female, reflecting reasonable though not perfect gender balance. Age distribution showed that 35.1% were between 25-35 years, 38.6% between 36-45 years, 19.7% between 46-55 years, and 6.6% above 55 years, indicating predominantly young to middle-aged stakeholders. Educational levels varied substantially reflecting the diversity of respondents: 28.5% had completed primary education, 37.7% had ordinary level secondary education, 18.9% had advanced level, 12.7% held diplomas or certificates, and only 2.2% possessed university degrees. This educational profile was typical of grassroots communities and highlighted capacity constraints at lower local government levels.

Respondent distribution across Nansana's five divisions was proportional to population: Nansana Division (32.5%), Nabweru (24.1%), Gombe (18.4%), Busukuma (14.5%), and Kasanje (10.5%). Within divisions, respondents came from 14 of the 18 parishes, providing good geographic coverage. Residence duration analysis showed that 42.1% had lived in their communities for less than 5 years, 35.1% for 5-10 years, and 22.8% for over 10 years, reflecting Nansana's character as a rapidly growing urban area with substantial in-migration alongside established residents.

5.2 Local Revenue Base and Expansion Efforts

Table 1: Revenue Base Assessment (N=228)

Revenue Base Indicator	Mean	Std. Dev	Interpretation
The revenue base in our area is growing	3.24	1.16	Moderate
Taxpayer registration is comprehensive and updated	2.78	1.28	Moderate
New revenue sources are identified and exploited	2.86	1.24	Moderate
Economic activities in the area support revenue growth	3.42	1.12	Moderate
Revenue assessment is conducted systematically	2.92	1.26	Moderate
The parish/village has potential for increased revenue	3.68	1.08	High
Revenue diversification strategies are implemented	2.64	1.31	Moderate
Revenue potential is fully exploited	2.41	1.34	Low
Overall Revenue Base Score	2.99	1.22	Moderate

Source: Primary Data, 2024

Table 1 presented assessment results for revenue base characteristics and expansion efforts across Nansana Municipality's lower local governments, revealing moderate overall performance with a mean score of 2.99 (SD=1.22). The highest-rated dimension was recognition of revenue potential for increase (M=3.68, SD=1.08),

indicating that stakeholders across parishes and villages acknowledged untapped revenue opportunities existed in their areas. This awareness was important because it suggested communities understood that current revenue collection fell below potential rather than believing they had maximized available resources. A LC II chairperson explained: "We know many people in our parish who should be paying local service tax but don't. Many small businesses operate without trading licenses. If we could collect from everyone who should pay, our revenue could double or triple."

Economic activity supporting revenue growth scored moderately ($M=3.42$, $SD=1.12$), reflecting that Nansana's urban and peri-urban character provided economic foundations for revenue mobilization including retail trade, small manufacturing, services, and agricultural activities that generated incomes taxable at local levels. Growth in revenue base scored moderately ($M=3.24$, $SD=1.16$), with many respondents acknowledging gradual increases in taxpayer numbers and business activities over recent years, though growth rates varied substantially across different parishes depending on urbanization patterns and economic dynamics.

However, several revenue base dimensions showed concerning weaknesses limiting revenue mobilization. Systematic revenue assessment scored low-moderate ($M=2.92$, $SD=1.26$), indicating that many lower local governments lacked comprehensive, regular processes for identifying taxable individuals and businesses, assessing tax obligations, and maintaining current taxpayer records. Assessment often relied on outdated information or ad hoc exercises rather than systematic annual valuations. Revenue source identification and exploitation scored similarly low-moderate ($M=2.86$, $SD=1.24$), suggesting limited innovation in developing new revenue streams beyond traditional sources like local service tax and trading licenses.

Taxpayer registration comprehensiveness scored low-moderate ($M=2.78$, $SD=1.28$), reflecting incomplete taxpayer databases with many eligible taxpayers unregistered. A parish chief explained: "Our taxpayer register is maybe five years old and doesn't include people who moved here recently or businesses that started in the last few years. We don't have resources to conduct comprehensive surveys updating the register, so we keep missing many potential taxpayers." Revenue diversification scored low-moderate ($M=2.64$, $SD=1.31$), indicating that lower local governments largely depended on narrow revenue bases rather than diversifying into multiple sources that could provide more stable, growing revenues.

Most concerning was the very low score for full exploitation of revenue potential ($M=2.41$, $SD=1.34$), confirming that despite acknowledged potential, lower local governments were capturing only fractions of available revenues. The gap between potential and actual collection stemmed from multiple factors including incomplete taxpayer registration, weak enforcement of compliance, collection inefficiencies, and corruption that diverted revenues. A community development officer stated: "The difference between what we could collect and what we actually collect is huge. Maybe we're only getting 30-40% of what we should. This gap represents lost opportunities to improve our community."

Interview data revealed structural challenges constraining revenue base expansion. A parish chairperson noted: "Many people in our area are poor, doing small businesses or casual work. They struggle to afford local service tax even

though legally they should pay. We face a tension between enforcing revenue collection and being sensitive to poverty. If we push too hard, people say we're oppressing them." A municipal official explained: "Lower local governments lack technical capacity for proper valuation and assessment. They need Geographic Information Systems for property mapping, market surveys for business assessment, and trained valuers. These capacities don't exist at parish level, so assessment remains rudimentary."

5.3 Revenue Collection Efficiency

Table 2: Collection Efficiency Assessment (N=228)

Collection Efficiency Indicator	Mean	Std. Dev	Interpretation
Revenue collection methods are effective	2.87	1.25	Moderate
Collection processes are simple and convenient	3.06	1.21	Moderate
Revenue collectors are adequately trained	2.54	1.32	Low
Collection rates are high (people pay what they owe)	2.38	1.35	Low
Digital payment options are available	2.12	1.29	Low
Revenue collection costs are reasonable	2.94	1.24	Moderate
Collection targets are achieved consistently	2.46	1.33	Low
Collection is timely (revenues are collected when due)	2.68	1.30	Moderate
Overall Collection Efficiency Score	2.63	1.29	Moderate

Source: Primary Data, 2024

Table 2 revealed significant collection efficiency challenges with an overall mean score of only 2.63 (SD=1.29), indicating that even when revenue bases existed and taxpayers were identified, actual collection remained problematic. The highest-rated dimension was procedural simplicity and convenience (M=3.06, SD=1.21), suggesting that basic collection processes were not excessively complicated from taxpayers' perspectives. Collection typically involved taxpayers visiting parish or village offices or revenue collectors visiting homes and businesses to collect payments and issue receipts straightforward processes that did not require complex procedures. However, interviews revealed that convenience was relative, with some taxpayers finding even these simple processes burdensome when collection points were far from their homes or collectors visited at inconvenient times.

Collection method effectiveness scored low-moderate (M=2.87, SD=1.25), with variation reflecting that some parishes employed more effective approaches than others. Better-performing parishes combined multiple collection methods including door-to-door collection, designated collection points with regular operating hours, and collection during community meetings, while weaker parishes relied primarily on passive approaches waiting for taxpayers to self-report and pay. Revenue collection cost reasonableness scored low-moderate (M=2.94, SD=1.24), with collection costs including revenue collector remuneration, transportation, receipts, and record-keeping typically consuming 18-

25% of collections—higher than ideal benchmarks but not unreasonable given the small amounts collected from dispersed taxpayers.

Several collection efficiency dimensions showed severe deficiencies directly undermining revenue mobilization. Timely collection scored low-moderate ($M=2.68$, $SD=1.30$), indicating that collection often occurred long after obligations arose, creating arrears and allowing taxpayers to forget or deliberately avoid obligations. Many lower local governments lacked systematic collection schedules, instead conducting sporadic collection drives when immediate funds were needed. Revenue collector training scored low ($M=2.54$, $SD=1.32$), reflecting that most revenue collectors received minimal or no formal training in tax administration, customer service, record-keeping, or conflict management. They often learned through informal on-the-job experience, resulting in inconsistent practices and limited professionalism.

Consistent achievement of collection targets scored low ($M=2.46$, $SD=1.33$), confirming that most lower local governments chronically under-collected against modest targets. Across the parishes examined, average collection rates ranged from 28% to 62% of assessed obligations, with overall averages below 45%. This meant that over half of assessed taxes went uncollected, representing massive revenue leakage. Actual collection rates were even lower when considering unregistered taxpayers excluded from assessments. Most critically, low collection rates scored lowest ($M=2.38$, $SD=1.35$), directly confirming widespread non-compliance where eligible taxpayers simply did not pay despite obligations. A village chairperson lamented: "Out of 500 households in my village that should pay local service tax, maybe only 150 actually pay. The rest give excuses, say they'll pay later, or simply refuse. We collect very little of what we're supposed to."

Digital payment availability scored very low ($M=2.12$, $SD=1.29$), with virtually no lower local governments offering mobile money, bank transfer, or other electronic payment options despite Uganda's high mobile money penetration. All collection remained cash-based, creating security risks for collectors carrying cash, record-keeping challenges, opportunities for misappropriation, and inconvenience for taxpayers preferring digital transactions. A community member stated: "I pay everything else through mobile money—school fees, electricity, shopping. But for local tax, I must find cash and meet the collector in person. It's inconvenient and makes me suspicious about where the money really goes."

Interview insights revealed systemic efficiency barriers. A revenue collector explained: "I'm supposed to collect from over 800 taxpayers scattered across a large area. I have no transportation, just move on foot or boda boda when I can afford. Even working every day, I can only reach maybe 20-30 people. Covering everyone is impossible with current resources." A parish chief noted: "We don't have proper receipts printed professionally. We use simple receipt books that could easily be forged or manipulated. Without secure receipts and proper accounting systems, leakage is inevitable." An LC chairperson added: "Revenue collectors are paid commissions—typically 10-15% of what they collect. This creates incentives to collect, but also temptation to under-report collections and pocket the difference since everything is cash and record-keeping is weak."

5.4 Enforcement Mechanisms and Compliance

Table 3: Enforcement and Compliance Assessment (N=228)

Enforcement Indicator	Mean	Std. Dev	Interpretation
Non-payment of taxes has consequences	2.42	1.36	Low
Enforcement actions are taken against defaulters	2.28	1.38	Low
Legal mechanisms are used to pursue non-compliant taxpayers	1.98	1.31	Low
Defaulter lists are published to encourage compliance	2.56	1.34	Low
Trading licenses are denied to non-compliant businesses	2.34	1.37	Low
Community pressure encourages tax compliance	2.84	1.29	Moderate
Penalties for late payment are applied	2.18	1.35	Low
Enforcement is fair and consistent	2.76	1.30	Moderate
Overall Enforcement Score	2.42	1.34	Low

Source: Primary Data, 2024

Table 3 demonstrated critically weak enforcement mechanisms with an overall mean score of only 2.42 (SD=1.34), representing the lowest-performing dimension of revenue collection examined. This enforcement deficit directly explained low collection rates documented earlier—without consequences for non-payment, rational taxpayers had minimal incentive to comply voluntarily, especially given limited immediate tangible benefits from local taxes and widespread suspicions about revenue misuse. The highest-rated enforcement dimension was community social pressure (M=2.84, SD=1.29), suggesting that informal social sanctioning of non-compliers represented the primary compliance mechanism rather than formal enforcement. Some parishes reported that Local Council leaders publicly recognized taxpayers during community meetings while expressing disappointment about non-compliers, creating modest social pressure. However, effectiveness of social pressure depended heavily on community cohesion and respect for leaders, varying substantially across different villages.

Fairness and consistency of enforcement scored low-moderate (M=2.76, SD=1.30), with mixed perceptions. Some respondents felt that enforcement, where it occurred, treated taxpayers fairly without discrimination. Others perceived selective enforcement where politically connected individuals or leaders' relatives evaded obligations while ordinary citizens faced pressure to pay. A community member complained: "The LC chairman's shop doesn't have a trading license, but he keeps demanding that other traders must pay. How can you enforce rules you don't follow yourself? This hypocrisy kills compliance."

Multiple enforcement mechanisms showed severe implementation weaknesses. Publishing defaulter lists scored low (M=2.56, SD=1.34), with few parishes systematically identifying and publicly disclosing non-compliers despite this being an inexpensive enforcement tool that could leverage social pressure. Denying trading licenses to non-compliant businesses scored low (M=2.34, SD=1.37), indicating weak linkage between different revenue obligations.

Theoretically, businesses should demonstrate compliance with local service tax before receiving trading licenses, but enforcement of this requirement was inconsistent. Penalty application for late payment scored very low ($M=2.18$, $SD=1.35$), with virtually no lower local governments charging interest or penalties on overdue taxes despite legal provisions allowing such sanctions.

Most critically, active enforcement actions scored very low ($M=2.28$, $SD=1.38$), indicating that lower local governments rarely took concrete steps beyond verbal reminders to pursue non-compliers. Legal enforcement through local courts scored lowest ($M=1.98$, $SD=1.31$), with virtually no cases of lower local governments prosecuting persistent non-compliers or using legal attachment of property. Perceived consequences for non-payment scored very low ($M=2.42$, $SD=1.36$), confirming that most taxpayers correctly understood they faced minimal risk from non-compliance, fundamentally undermining incentives for voluntary payment.

Interview data revealed multiple enforcement barriers. A parish chief explained: "We have no enforcement capacity. We can request people to pay, but if they refuse, we have no power to compel them. We cannot arrest anyone, cannot seize property, cannot even deny them local services because services are supposed to be universal. Without enforcement power, collection becomes purely voluntary, and many people choose not to pay." An LC II chairperson noted political constraints: "When we try to enforce strictly—for example, closing shops without licenses or publishing defaulter names—we face political backlash. People complain to municipal councilors or district leaders who then pressure us to back off. Politicians want votes, so they protect non-compliers and undermine our enforcement efforts." A community development officer highlighted capacity limitations: "Taking legal action requires filing cases in local courts, paying court fees, hiring process servers, and following complex procedures. Lower local governments lack knowledge, resources, and time for legal enforcement. Even when we win court judgments, enforcing them to actually collect money is another challenge. It's easier to just let it go than fight these battles." A municipal official acknowledged systemic design flaws: "The enforcement gap reflects fundamental weaknesses in how lower local government revenue is conceived. Unlike property tax or VAT where non-payment has clear legal consequences, local service tax has always been weakly enforced. Without strong enforcement, it becomes a voluntary contribution rather than an obligation, and compliance naturally collapses."

5.5 Accountability and Transparency in Revenue Utilization

Table 4: Accountability and Transparency Assessment (N=228)

Accountability Indicator	Mean	Std. Dev	Interpretation
Revenue collections are properly accounted for	2.84	1.29	Moderate
Financial reports are prepared and shared publicly	2.68	1.32	Moderate
Citizens know how collected revenues are used	2.46	1.36	Low
Community members participate in budgeting decisions	2.92	1.27	Moderate
There is transparency in how revenues are spent	2.54	1.34	Low

Financial mismanagement is detected and addressed	2.38	1.37	Low
Revenue collectors are held accountable for collections	2.76	1.30	Moderate
Community trusts that revenues benefit everyone	2.34	1.38	Low
Overall Accountability Score	2.62	1.33	Moderate

Source: Primary Data, 2024

Table 4 revealed significant accountability and transparency deficiencies with an overall mean score of 2.62 (SD=1.33), indicating that how revenues were managed and utilized remained problematically opaque to citizens whose compliance depended partly on confidence that contributions would be used appropriately for community benefit. The highest-rated dimension was community participation in budgeting (M=2.92, SD=1.27), reflecting that parish development committees and LC structures provided some formal mechanisms for citizen input into priority-setting and resource allocation. Annual parish planning processes theoretically engaged communities in identifying needs and allocating available resources, though interviews revealed participation often remained limited to elites while ordinary citizens had minimal meaningful input.

Proper accounting for collections scored low-moderate (M=2.84, SD=1.29), with mixed perceptions and experiences. Some parishes maintained basic accounting records documenting collections and expenditures, while others kept minimal or no systematic records. Even where records existed, quality and completeness varied. Revenue collector accountability scored similarly (M=2.76, SD=1.30), suggesting modest systems for tracking what collectors were supposed to remit, though enforcement of accountability remained weak when collectors under-remitted or failed to account for funds.

Financial reporting scored low-moderate (M=2.68, SD=1.32), with most lower local governments preparing some financial reports for submission to higher authorities and LC meetings. However, reports were often delayed, incomplete, and prepared primarily for compliance rather than genuine transparency. Spending transparency scored low (M=2.54, SD=1.34), indicating that how collected revenues were actually spent remained unclear to most community members. A community member stated: "We pay tax but never see accounts showing how much was collected and where it went. Leaders just tell us they used money for this or that, but there's no proof. Without transparency, we suspect money is being stolen."

Citizen knowledge of revenue utilization scored low (M=2.46, SD=1.36), confirming that communication gaps prevented taxpayers from understanding how their contributions benefited communities. This knowledge deficit undermined willingness to pay, as citizens could not connect tax payments to visible service improvements. Detection and remediation of financial mismanagement scored low (M=2.38, SD=1.37), revealing weak internal controls and oversight mechanisms. When misappropriation occurred, it often went undetected or unpunished, reinforcing impunity. Most critically, community trust in equitable benefit distribution scored very low (M=2.34, SD=1.38), with widespread perceptions that revenues disproportionately benefited certain areas or individuals rather than communities collectively. This trust deficit fundamentally undermined revenue mobilization, creating vicious cycles where low

trust caused low compliance, generating inadequate revenues that prevented service improvements that could rebuild trust.

Interview data illustrated accountability challenges and their consequences. A village chairperson explained: "When I ask the revenue collector how much he collected, he gives a number, but I have no way to verify if it's true. Maybe he collected more and kept some. We don't have systems to cross-check. This vulnerability to corruption makes citizens suspicious and unwilling to pay." A parish chief noted: "We prepare financial reports showing income and expenditure, but they're just kept in files. We don't post them publicly or discuss them in community meetings. Ordinary citizens don't know our financial situation, so they develop their own theories, usually assuming we're stealing."

A community member expressed frustration: "Last year they told us they collected money to rehabilitate our community road. But the road was never fixed. When we asked what happened to the money, we were told it was used for other priorities. How is that accountability? They take our money and use it however they want without explaining." An LC II chairperson acknowledged accountability deficits: "We lack financial management skills. None of us studied accounting. We try to keep basic records but know they're not proper. We need training and simplified systems that we can actually use to maintain transparency."

A municipal official explained structural challenges: "Lower local governments have minimal oversight mechanisms. Internal audit doesn't reach parish level. Higher authorities review their reports but capacity for detailed scrutiny is limited. Without effective oversight, accountability depends entirely on local leader integrity, which varies widely. Some are honest, others less so. The system doesn't catch or deter corruption effectively."

5.6 Service Delivery Outcomes

Table 5: Infrastructure Development and Maintenance (N=228)

Infrastructure Indicator	Mean	Std. Dev	Interpretation
Community access roads are in good condition	2.54	1.32	Low
Drainage systems function properly	2.38	1.36	Low
Public toilets and sanitation facilities are adequate	2.18	1.34	Low
Street lighting exists where needed	1.94	1.28	Low
Community markets are well-maintained	2.76	1.29	Moderate
Public spaces are kept clean	2.62	1.31	Moderate
Infrastructure maintenance occurs regularly	2.44	1.35	Low
New infrastructure projects are implemented	2.28	1.36	Low
Overall Infrastructure Score	2.39	1.33	Low

Source: Primary Data, 2024

Table 5 revealed poor infrastructure development and maintenance outcomes with an overall mean score of only 2.39 (SD=1.33), indicating severe service delivery deficits that directly affected community welfare and quality of life. The highest-rated infrastructure dimension was community market maintenance (M=2.76, SD=1.29), though even this remained only moderate, suggesting markets received somewhat more attention than other facilities, likely because market revenues directly contributed to parish finances creating incentives for upkeep. Public space cleanliness scored low-moderate (M=2.62, SD=1.31), with variation reflecting that some parishes organized community cleaning campaigns while others lacked systematic sanitation management.

However, most infrastructure indicators showed severe deficiencies. Community road condition scored low (M=2.54, SD=1.32), with respondents reporting that most access roads remained unpaved and deteriorated to impassable conditions during rainy seasons, severely constraining mobility and economic activity. Lower local governments typically lacked equipment, materials, and funds for proper road maintenance, resulting in progressive degradation. Infrastructure maintenance regularity scored low (M=2.44, SD=1.35), confirming that reactive crisis responses replaced systematic preventive maintenance, allowing infrastructure to fail completely before interventions occurred—an approach more costly than regular upkeep but forced by resource scarcity.

Drainage system functionality scored low (M=2.38, SD=1.36), with inadequate or blocked drainage causing flooding during rains, creating health hazards, damaging roads, and causing substantial community hardship. Many parishes lacked proper drainage infrastructure, while existing systems suffered from poor maintenance and encroachment. New infrastructure project implementation scored low (M=2.28, SD=1.36), indicating minimal development of new facilities beyond maintenance of degraded existing infrastructure. Resource constraints limited lower local governments to struggling to maintain what existed rather than developing new community assets.

Public sanitation facilities scored very low (M=2.18, SD=1.34), with inadequate numbers, poor maintenance, and dysfunctional state of public toilets creating public health risks and indignity for community members. Lower local governments generally could not afford construction and maintenance of adequate sanitation infrastructure despite critical need. Most critically, street lighting availability scored lowest (M=1.94, SD=1.28), with virtually no parishes providing public lighting despite security implications of darkness in urban and peri-urban areas. Street lighting required both capital investment in poles and fixtures plus ongoing electricity costs beyond lower local government financial capacity.

Interviews provided vivid descriptions of infrastructure deficits and their impacts. A village chairperson stated: "During heavy rains, our main access road becomes a river of mud impassable even for motorcycles. Sick people cannot reach health facilities, children cannot go to school, businesses cannot receive supplies. We've requested the parish to grade the road, but they say there's no money for fuel to hire equipment." A community member explained: "The public toilet near our market has been locked for two years because it's completely broken—no water, doors destroyed, pit almost full. People now use bushes, which is unhealthy and undignified. We contributed money to repair it twice, but nothing happened. We suspect leaders pocketed the money."

A parish chief lamented limited capacity: "Our annual budget for infrastructure maintenance is maybe 3-4 million shillings. With that, we can grade a few roads once or twice, clean some drainage, and that's it. We cannot do proper murrum surfacing, concrete drainage construction, or build new facilities. We're constantly choosing which crisis to address while letting others worsen." An LC chairperson connected infrastructure to revenue: "People ask why they should pay taxes when they see no improvements. It's a valid question. But without their taxes, we have even less capacity to fix things. We're trapped—we need revenue to improve services, but need service improvements to motivate revenue payment. Breaking this cycle requires external help."

Table 6: Social Services and Community Development (N=228)

Social Services Indicator	Mean	Std. Dev	Interpretation
Community mobilization activities occur regularly	3.12	1.19	Moderate
Local dispute resolution services function effectively	3.24	1.16	Moderate
Community meetings are held frequently	3.18	1.18	Moderate
Support to vulnerable groups is provided	2.46	1.34	Low
Community development projects are implemented	2.68	1.30	Moderate
Coordination with government programs is effective	2.84	1.27	Moderate
Youth and women's programs exist	2.52	1.33	Low
Community participation in development is high	2.94	1.25	Moderate
Overall Social Services Score	2.87	1.25	Moderate

Source: Primary Data, 2024

Table 6 showed moderate social service provision with an overall mean score of 2.87 (SD=1.25), indicating better performance than infrastructure development, likely because social services required more labor and coordination than capital investment, playing to lower local governments' relative strengths. The highest-rated service was local dispute resolution (M=3.24, SD=1.16), reflecting that LC I and LC II structures effectively mediated conflicts including land disputes, family matters, and neighbor conflicts, providing accessible justice mechanisms that functioned reasonably well despite resource limitations. This traditional dispute resolution role remained a valued lower local government function predating modern local government structures.

Community meeting frequency scored moderately (M=3.18, SD=1.18), suggesting that parishes and villages maintained regular forums for information sharing, planning, and collective decision-making, though attendance and effectiveness varied. Community mobilization regularity also scored moderately (M=3.12, SD=1.19), with lower local governments organizing residents for collective action on priorities like cleaning campaigns, security patrols, or fundraising for community projects. These mobilization activities required minimal financial resources, relying instead on leader persuasion and community solidarity.

Coordination with government programs scored low-moderate ($M=2.84$, $SD=1.27$), indicating that lower local governments played some role in facilitating implementation of central government and municipal programs at grassroots levels, though coordination mechanisms remained informal and inconsistent. Community participation in development scored low-moderate ($M=2.94$, $SD=1.25$), reflecting mixed success in engaging citizens beyond attending meetings to contributing labor, resources, or ongoing involvement in collective initiatives. Implementation of community development projects scored low-moderate ($M=2.68$, $SD=1.30$), with some parishes executing small projects like community gardens, rainwater harvesting, or infrastructure improvements through community contributions, though many planned initiatives stalled due to inadequate resources or weak follow-through.

Support to vulnerable groups scored low ($M=2.46$, $SD=1.34$), indicating minimal targeted assistance to disadvantaged community members including elderly, persons with disabilities, orphans, or chronically ill individuals despite identification of vulnerable households being a lower local government responsibility. Resource scarcity prevented systematic support beyond ad hoc assistance. Youth and women's programs scored similarly low ($M=2.52$, $SD=1.33$), with limited structured initiatives empowering these groups economically or socially despite their importance for community development.

Interview insights revealed that social services, while more developed than infrastructure, remained constrained by resources. A community development officer explained: "We conduct mobilization and coordinate programs, but this requires transport to visit villages, airtime to communicate with people, stationery for record-keeping, refreshments for meetings. These seem like small costs, but they add up. When we have no budget, we cannot move around effectively, limiting our impact." A village chairperson noted: "Dispute resolution works because it doesn't cost money—we just gather parties, listen, and help them find solutions. But other services requiring resources are difficult. We identify vulnerable households needing support but have nothing to give them."

Table 7: Citizen Satisfaction with Local Governance (N=228)

Satisfaction Indicator	Mean	Std. Dev	Interpretation
Satisfied with services received from LC	2.48	1.34	Low
LC leaders are responsive to community needs	2.86	1.28	Moderate
Local government performance is improving	2.72	1.30	Moderate
Value for money from local taxes is good	2.14	1.36	Low
Trust in LC leadership is high	2.58	1.32	Low
Willing to pay more taxes if services improve	3.24	1.18	Moderate
Recommend others to comply with tax obligations	2.36	1.35	Low
Overall satisfaction with local governance	2.42	1.33	Low
Overall Citizen Satisfaction Score	2.60	1.31	Moderate

Source: Primary Data, 2024

Table 7 revealed moderate to low citizen satisfaction with an overall mean score of 2.60 (SD=1.31), indicating substantial dissatisfaction with lower local government performance that had direct implications for revenue mobilization since dissatisfied citizens were less likely to voluntarily comply with tax obligations. The highest-rated satisfaction dimension was willingness to pay more if services improved (M=3.24, SD=1.18), providing important insight that citizens' reluctance to pay did not reflect absolute unwillingness to contribute but rather conditional willingness dependent on visible service delivery improvements. This finding suggested that revenue-service delivery linkages operated bidirectionally—better services would motivate higher revenue compliance, confirming the importance of breaking vicious cycles by demonstrating tangible returns on tax payments.

Leader responsiveness to needs scored low-moderate (M=2.86, SD=1.28), with mixed perceptions. Some citizens felt LC leaders genuinely tried to address community problems within resource constraints, while others perceived leaders as unresponsive, self-interested, or ineffective. Perceptions of improving performance scored low-moderate (M=2.72, SD=1.30), suggesting modest optimism that situations were gradually getting better, though starting from very low baselines. This finding reflected that newly elected leaders in some parishes brought fresh energy and approaches generating hope for improvement.

Trust in LC leadership scored low (M=2.58, SD=1.32), reflecting widespread skepticism about leader integrity and competence rooted in historical experiences of mismanagement, broken promises, and limited visible service improvements despite tax collection. This trust deficit fundamentally undermined governance effectiveness and revenue mobilization since citizens needed to trust leaders to voluntarily comply with obligations. Overall service satisfaction scored low (M=2.48, SD=1.34), confirming that most citizens felt services received fell substantially short of needs and expectations. This dissatisfaction directly influenced compliance decisions.

Recommendation of compliance to others scored low (M=2.36, SD=1.35), suggesting that social norms did not strongly support tax compliance—citizens would not actively encourage neighbors to pay, and might even tacitly support non-compliance. Most critically, perceived value for money scored very low (M=2.14, SD=1.36), indicating widespread belief that benefits received did not justify taxes paid. When citizens saw minimal return on contributions, compliance naturally suffered regardless of formal obligations. Overall governance satisfaction scored low (M=2.42, SD=1.33), confirming substantial dissatisfaction that threatened legitimacy of lower local government institutions.

5.7 Comparative Analysis: High-Revenue vs Low-Revenue Parishes

Table 8: Comparison of Service Delivery Outcomes Between High and Low Revenue Parishes

Service Outcome	High-Revenue Parishes (n=84) Mean	Low-Revenue Parishes (n=76) Mean	t-value	Sig.
Infrastructure Development	3.18	1.87	6.842	.000**

Social Services Provision	3.42	2.38	5.924	.000**
Community Mobilization	3.58	2.54	6.127	.000**
Citizen Satisfaction	3.24	2.02	7.235	.000**
Overall Service Delivery	3.36	2.20	7.483	.000**

Note: ** Significant at $p < 0.01$

Source: Primary Data, 2024

Table 8 presented comparative analysis between parishes classified as high-revenue collectors (top quartile, collecting over UGX 12 million annually) and low-revenue collectors (bottom quartile, collecting under UGX 5 million annually), revealing statistically significant differences in service delivery outcomes that provided strong evidence for revenue collection's impact on service quality. High-revenue parishes demonstrated substantially superior performance across all service delivery dimensions compared to low-revenue parishes, with all differences statistically significant at the 99% confidence level.

Overall service delivery scores differed dramatically, with high-revenue parishes averaging 3.36 compared to only 2.20 for low-revenue parishes ($t=7.483$, $p<0.001$), representing a 53% performance advantage. This massive gap confirmed that revenue availability fundamentally determined service delivery capacity at lower local government levels. Citizen satisfaction showed the largest difference, with high-revenue parishes scoring 3.24 versus 2.02 for low-revenue parishes ($t=7.235$, $p<0.001$)—a 60% advantage. This finding suggested that revenue-enabled service improvements translated into substantially higher citizen satisfaction, which could create virtuous cycles of improved compliance and further revenue growth.

Infrastructure development showed stark contrasts, with high-revenue parishes scoring 3.18 compared to 1.87 for low-revenue parishes ($t=6.842$, $p<0.001$)—a 70% advantage. Interview data confirmed that high-revenue parishes maintained better roads, functional drainage, cleaner public spaces, and more adequate facilities because they could afford maintenance materials, equipment rental, and facility improvements. Community mobilization effectiveness differed substantially, with high-revenue parishes scoring 3.58 versus 2.54 for low-revenue parishes ($t=6.127$, $p<0.001$). Better-funded parishes could facilitate meetings, transport leaders for village visits, communicate with citizens, and organize development activities more effectively than resource-starved counterparts.

Social services provision showed similar patterns with high-revenue parishes scoring 3.42 compared to 2.38 for low-revenue parishes ($t=5.924$, $p<0.001$). Better revenues enabled more frequent community mobilization, implementation of development projects, support to vulnerable groups, and general community development activities that required modest but consistent funding.

These stark differences provided strong empirical evidence that local revenue collection significantly impacted service delivery outcomes, validating the study's central hypothesis. However, interviews revealed causal complexity—higher revenues enabled better services, but better services also motivated higher tax compliance, creating mutually reinforcing dynamics. A high-performing parish chairperson explained: "When we started, collection was very low like everyone else. But we used the little we collected visibly—grading the main road, cleaning drainage. People saw their money working, so more started paying. As revenue grew, we did more improvements, and compliance kept increasing. It's a positive spiral."

5.8 Correlation and Regression Analysis

Table 9: Pearson Correlation Matrix (N=228)

Variables	1	2	3	4	5
1. Revenue Base Expansion	1				
2. Collection Efficiency	0.714**	1			
3. Enforcement Mechanisms	0.658**	0.692**	1		
4. Accountability Systems	0.687**	0.724**	0.651**	1	
5. Service Delivery	0.689**	0.734**	0.642**	0.667**	1

Note: ** Correlation significant at $p < 0.01$ level (2-tailed)

Source: Primary Data, 2024

Table 9 presented the correlation matrix examining relationships between revenue collection dimensions and service delivery outcomes, revealing that all revenue variables demonstrated strong, positive, and statistically significant correlations with service delivery. Collection efficiency showed the strongest correlation with service delivery ($r=0.734$, $p<0.01$), suggesting that how effectively assessed revenues were actually collected most directly influenced service capacity. This finding indicated that even with limited revenue bases, improving collection rates could substantially enhance service delivery by ensuring available revenues were actually mobilized rather than remaining uncollected.

Revenue base expansion demonstrated strong correlation with service delivery ($r=0.689$, $p<0.01$), confirming that expanding taxpayer registers, diversifying revenue sources, and increasing assessment coverage enabled better services. Accountability systems showed strong correlation ($r=0.667$, $p<0.01$), suggesting that transparent, accountable revenue management enhanced service delivery both directly through reducing leakage and indirectly through building trust that motivated compliance. Enforcement mechanisms demonstrated somewhat weaker though still strong correlation ($r=0.642$, $p<0.01$), indicating that compliance mechanisms mattered though perhaps less than collection efficiency and accountability.

Table 10: Multiple Regression Results

Model Summary	
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R	0.716
R Square	0.513
Adjusted R Square	0.504
Std. Error	0.692
F-statistic	58.47**

Coefficients	B	Std. Error	Beta	t	Sig.
(Constant)	0.447	0.312		1.433	.153
Revenue Base Expansion	0.326	0.089	0.294	3.663	.000**
Collection Efficiency	0.398	0.084	0.362	4.738	.000**
Enforcement Mechanisms	0.274	0.092	0.246	2.978	.003**
Accountability Systems	0.312	0.088	0.281	3.545	.001**

Note: Dependent Variable: Service Delivery Quality; ** Significant at $p < 0.01$

Source: Primary Data, 2024

Table 10 presented multiple regression results demonstrating that revenue collection dimensions collectively explained 51.3% of variance in service delivery outcomes ($R^2=0.513$, $F=58.47$, $p<0.001$), representing substantial explanatory power that confirmed revenue collection's critical role in determining service delivery capacity at lower local government levels. Collection efficiency emerged as the strongest predictor ($\beta=0.362$, $t=4.738$, $p<0.001$), validating that improving actual collection rates generated the greatest service delivery improvements. Revenue base expansion was the second strongest predictor ($\beta=0.294$, $t=3.663$, $p<0.001$), confirming that expanding taxpayer coverage and revenue sources significantly enhanced service capacity.

Accountability systems significantly predicted service delivery ($\beta=0.281$, $t=3.545$, $p<0.001$), supporting the hypothesis that transparent, accountable revenue management enabled better services both by reducing leakage and building citizen trust that motivated compliance. Enforcement mechanisms, while significant ($\beta=0.246$, $t=2.978$, $p<0.01$), showed the smallest coefficient, suggesting that while compliance mechanisms mattered, their impact was somewhat smaller than collection efficiency, revenue base, and accountability—possibly because current enforcement remained so weak that improvements would be needed to demonstrate full potential impacts.

6.0 CONCLUSIONS

This study conclusively established that local revenue collection significantly impacted service delivery quality in lower local governments within Nansana Municipality. The empirical evidence demonstrated strong positive correlations between all revenue collection dimensions and multiple service delivery outcomes, with regression analysis revealing that revenue variables collectively explained 51.3% of variance in service delivery performance. This substantial explanatory power confirmed that revenue mobilization capacity fundamentally determined whether

lower local governments could deliver quality services meeting community needs or remained trapped in cycles of inadequate resources and poor service delivery.

Collection efficiency emerged as the most critical factor influencing service delivery outcomes. Lower local governments that collected higher proportions of assessed revenues demonstrated substantially better infrastructure development, social service provision, community mobilization, and citizen satisfaction compared to those with low collection rates. This finding emphasized that improving collection effectiveness through better systems, trained collectors, convenient payment methods, and systematic processes could generate significant service delivery improvements even without expanding revenue bases. The massive gap between assessed and collected revenues (average collection rates below 45%) represented enormous untapped potential that, if captured through efficiency improvements, could transform service delivery capacity.

Revenue base expansion significantly influenced service delivery by increasing absolute revenue availability. Lower local governments that systematically identified taxpayers, maintained updated registers, diversified revenue sources beyond traditional taxes, and comprehensively assessed obligations generated substantially more resources enabling better services. However, base expansion alone proved insufficient without corresponding collection efficiency comprehensive assessment meant little if assessed revenues went uncollected. The findings suggested that balanced approaches addressing both base expansion and collection efficiency would prove most effective.

Accountability and transparency in revenue management emerged as critical determinants of both revenue mobilization and service delivery outcomes. Lower local governments maintaining transparent financial systems, providing public reports on revenues and expenditures, engaging citizens in budgeting, and demonstrating responsive utilization of funds generated higher compliance, mobilized more revenues, and delivered better services. Conversely, opacity, suspected corruption, and lack of visible returns on tax payments undermined compliance, constrained revenues, and perpetuated poor service delivery. These findings validated fiscal social contract theory emphasizing reciprocal relationships between taxation and service delivery mediated by trust and accountability.

7.0 RECOMMENDATIONS

Lower local governments should conduct systematic taxpayer identification exercises documenting all households, businesses, and properties within their jurisdictions. Registration should employ house-to-house enumeration, community mobilization to encourage voluntary registration, and integration with existing data sources including national identity cards, voter registers, and property records. Taxpayer databases should be digitized using simple systems, regularly updated to reflect new residents and businesses, and used systematically for assessment, collection, and enforcement. Nansana Municipality should support these efforts by providing technical assistance, registration materials, and potentially centralized database platforms that parishes can access.

Collection systems should be redesigned for efficiency and taxpayer convenience through multiple payment channels including designated collection points with regular operating hours, mobile collection teams visiting communities on published schedules, integration with mobile money platforms enabling electronic payment, partnership with local businesses to serve as collection agents, and online payment portals where feasible. Collection processes should be simplified, properly receipted using secure pre-numbered receipts, promptly banked to prevent leakage, and accurately recorded. Revenue collectors require proper training in customer service, record-keeping, conflict management, and ethics. Performance-based incentives should reward collection effectiveness while strong controls prevent manipulation.

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