

Revenue Enhancement Planning And Service Delivery In Uganda: A Case Of Butiaba Sub County In Buliisa District

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Abstract

The study investigated the effect of revenue enhancement planning on service delivery in Uganda, a case of Butiaba sub county in Buliisa district. The study adopted a cross sectional and correlation survey design complemented with a qualitative and quantitative approach. The study population was 176 and 124 formed the sample size selected using the purposive and simple random sampling. Information was elicited using questionnaire, interview and documentary review checklist. A response rate of 63% was obtained as recommended by Amin (2005). Key findings suggested a positive significant relationship between revenue enhancement planning and service delivery (0.530**). The study concluded that untimely revenue enhancement planning and fewer local revenue sources negatively affects revenue management however, fair tax assessment and timely deployment of tax enforcement team improve revenue collection. It was recommended that more of the job trainings should be conducted.

Keywords: Revenue, Enhancement, Planning, Service Delivery.

Introduction

The study focused on local revenue management as the independent variable and service delivery as the dependent variable in Butiaba Sub County (BSC), Uganda. Revenue in local government is the heart that determines its functionality just like a person's body. Its effective and efficient collection and utilization is central to ensuring the success of any local government in service delivery (Christopher, Moses, et al., 2022). In Uganda, many city councils are believed to have many sources of revenue such as business license, market fees, local service tax, produce loading fees, market fees, fines and fees, among others, with little or no positive impact on provision of services. In this study, income enhancement planning is the independent variable (IV) and service delivery is the dependent variable (DV) (Christopher, Komunda, et al., 2022). Revenue enhancement planning can be divided into the categories of revenue source identification, assessment, and enforcement. These indicators have been explained in accordance with the provision of services, for example Article 191 paragraph 2 of the Constitution of the Republic of Uganda clearly

states that the fees and taxes to be levied, charged, levied and appropriated include rents, rates, royalties, customs stamps, charges for registration and licenses and any other fees and taxes that Parliament may prescribe, while (Tasha et al., 2023) argues that local governments derive revenue from fines and penalties among others. The scientist adds that taxes are the most important source of local government revenue; it is remarkable that the tax revenue can hardly fund much of the LG district to ensure the provision of services to the people. (Ramadhan et al., 2023) argue that income enhancement planning includes identification of income sources, income assessment and income collection, debt and credit management (Kazaara & Christopher, 2023). Conversely, USAID (2007) emphasizes that a large proportion of municipal customers are indigent and therefore cannot afford to pay for services, which must be taken into account in financial planning and strategy development. Furthermore, in ACODE Report (2009), local governments receive revenue from market fees, court fines, parking fees, local service tax, hotel service tax, business license and

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donations from central government and external countries (Tasha et al., 2023). In addition, Byrnes (2006) acknowledges that to curb and reverse declining local revenues, many LGs are coming up with revenue enhancement plans that include, among other things, the identification of revenue sources to increase the revenue base. The scientist adds that the actual collections could be lower than the budget. This indicates negative results in revenue collection and is not desirable if the local government is to provide quality and sufficient services to its people (Musaibah et al., 2023). The problem with the above scholarly works is that LGs are again and again influenced by the prevailing sources of local income which are less and therefore negatively affect their target

income which is the focus area of the study. According to (Ntirandekura et al., 2022) referring to a study in Tanzania, they found that local governments must meet certain minimum conditions to access development funds. The scholar goes on to argue that such conditions are intended to enhance good governance, such as an approved annual plan and budget; timely submission of final audits; no adverse opinion audit certificate issued on the council's latest accounts; and submitting quarterly financial reports. Such requirements are considered minimum safeguards for the management of funds and aim to enshrine accountability on the part of staff and governing boards (Christopher, Moses, et al., 2022).

Statement of the problem

Service delivery in Buliisa District remains a challenge due to low levels of revenue collection characterized by budget cuts by the central government. As if this were not enough, the Populace district is also still trapped in subsistence agriculture (Annet et al., 2023). This was further compounded by the depletion of the lake through the use of illegal fishing gear, further impoverishing the Community (Buliisa District Annual Report 2021). All over the world, the mandate of local governments and their sub-units to collect their own local revenue is to support the efficient delivery of services to various sectors; Education, health, water and sanitation among others (Akankwasa et al., 2022). For this reason, Uganda adopted fiscal decentralization to strengthen the financial base that would improve service delivery (Uganda Constitution, 1995 and Local Government Act 1997). Despite such fiscal reforms to regain public confidence in the public sector's performance in delivering services in line with citizens' preferences, Buliisa District lags behind in terms of service delivery (Christopher, Komunda, et al., 2022). This is evidenced by the high maternal mortality rate 536, high poverty rate which reaches 68%, poor hygiene and sanitation which reaches 37% and poor sewage system (World Vision Buliisa ADP Report, 2021). This is due to poor road network, poor feeding and collapsible soils which prevent the construction of sanitation facilities including latrines. These can be addressed by an improved road network that will enable effective referral of expectant mothers, community sensitization and training on proper nutrition, adoption of affordable technologies for better construction of sanitation facilities, and not forgetting the provision of safe water. World Vision Buliisa Cluster has attempted to address the situation under its Education, Water and Sanitation, Child Rights Protection and Child Sponsorship flagship projects with little success and gaps in service delivery. (World Vision Bullisa Cluster Annual Report 2021). The Lake Albert Women and Children Development Organization (LACWADO) is also implementing a number of projects in Buliisa District to address service delivery issues that include education (Aisha et al., 2023), land rights and flood relief services, however, they still provide services. LACWADO's 2022 Annual Report remains insufficient. Despite all these interventions, service delivery in Buliisa District remains a challenge. If this scenario is not addressed, it may undermine the autonomy of local governments within the decentralization process, as they will rely solely on central government donations and transfers or leave the provision of services to market forces that low-income people may not be able to afford. This prompted the researcher to find out how revenue raising planning affects service delivery in local governments especially in Butiaba Sub County so that the study can help bridge the gap.

Objective of the study

To investigate relationship between revenue enhancement planning and service delivery.

Hypothesis

Revenue enhancement planning significantly affects service delivery

Methodology

This study used the cross sectional and correlation survey design to gather information from a sample of beneficiaries for the purposes of constructing quantitative descriptors of the attributes of the larger population of which the entities are members' (Groves et al., 2004). In addition, the mixed method triangulation involving both qualitative and quantitative approaches was used where the qualitative approach was used to elicit non numeric information about key events in the research settings and the quantitative approach helped the researcher to obtain numeric facts about the study hence helping the researcher to numerically provide conclusive study findings. The population was 176 respondents and comprised of (1) sub county chief

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(1), community development officer (1), fisheries officer, (1) sub accountant and (1) parish chiefs (2) and (170) local community members. Data was analyzed inform of tables, frequencies and percentages using SPSS and STATA (Nelson et al., 2022). A sample size is a subset of a population. The sample size for the study was calculated using Krejcie & Morgan (1970) and a population of 176 a sample size of 124 respondents.

Table 1: Accessible population, sample size and sampling technique

Category of respondents	Accessible Population	Sample size	Sampling Technique
Sub County Chief	1	1	Purposive
Community Development Officer	1	1	Purposive
Fisheries Officer	1	1	Purposive
Sub Accountant	1	1	Purposive
Parish Chiefs	2	2	Purposive
Local Community Members	170	118	Simple random
Total	176	124	

Source: Butiaba Sub County Records (2021) and determined using Krejcie & Morgan (1970)

Results

Revenue enhancement planning and service delivery in BSC

Revenue enhancement planning formed dimension one of revenue management. This dimension was categorized into three indicators namely identification of revenue sources, assessment and enforcement that were used to design questions that were asked on revenue enhancement planning. For interpretation purposes scores, mean score above three (> 3.00) reveals agree and the score below three (< 3.00) reveals disagree. The standard deviation score of less than one (< 1.00) reveals commonalities and above one (> 1.00) reveals divergences in opinions. The respective responses are provided in the Table 2 below.

Table 2: Statements about revenue enhancement planning

Statements about revenue enhancement planning	SD 1	D 2	UD 3	A 4	SA 5	Mean	Std Dev
Revenue enhancement planning is a key component used to ensure timely revenue management	17% (12)	1% (1)	6% (4)	32% (23)	44% (32)	3.08	1.110

Identifying revenue sources helps BSC to realize more local revenue	14% (10)	1% (1)	29% (21)	47% (34)	8% (6)	3.35	1.128
The revenue planning process entails assessment of how much tax that the local community should pay	18% (13)	6% (4)	4% (3)	24% (17)	49% (35)	3.90	1.090
Tax assessment is fairly done to enable the local community commit itself to paying the tax	25% (18)	8% (6)	42% (30)	22% (16)	2.8% (2)	2.85	1.158
There is enforcement deployed by BSC to ensure timely revenue collection	19% (14)	5% (7)	49% (35)	19% (14)	6% (4)	3.85	1.122

Source: Field data (2023)

Statistical findings presented in the Table 2 above that revenue enhancement planning is a key component used to ensure timely revenue management with 76% agreement score, mean = 3.08, 6% were undecided and 17% disagreed which suggest that timely planning in terms of revenue objectives, setting revenue goals and courses of actions on how such revenue would be collected among others would increase BSC's revenue base to support the delivery of public services within the Sub County (Paul et al., 2023). To affirm the findings, one interviewee revealed that: *"There is no way a local council can realize local revenue without frequently engaging in its planning that is revenue enhancement planning is a critical activity under budgeting"*

Relative to the above scores, 55% agreed that identifying revenue sources helped BSC to realize more local revenue. This can further be supported by a mean score of 3.35 and standard deviation score of 1.128 that were computed however up to a tune of 29% were undecided and 15% disagreed. The findings highlight local sources for instance parking and construction fees, license fees among others as BSC's sources of revenue which to a great extent contribute to local its revenue base that supports the delivery of local services (Gracious, 2023). *"As a local council, we are obliged to collect local taxes that we use as local taxes to support service delivery however such collection is based on the number of identified local sources"*

Statistics representing 73% (mean=3.90) suggest that revenue planning process entails assessment of how much tax that the local community should pay while 6% respondents were unaware of assessment and 24% respondents disagreed respectively. In addition, 64% respondents agreed that tax assessment was fairly done to enable the local community commit itself to paying the tax however, 25% disagreed and 8% were undecided which suggests that BSC local agents elicit information on local businesses, gauge or do assessments on how much local tax that business operators are due (Ramadhan et al., 2023). This increases local revenue collection which is used to facilitate service delivery. To complement on the above findings was a TC official who voiced out that:

"The issue of assessment as a component of revenue enhancement planning, helps the TC ensure that it properly identifies local revenue sources, provide timely assessment of revenue and its collection and ensure debt and credit managements. These when well handled result in improved local revenue bases"

Lastly, under revenue planning mean score = 3.85 and 68% respondents agreed that enforcement is deployed by BSC to ensure timely revenue collection, 19% disagreed and 5% were undecided. The findings reveal how Butiaba Sub County considers local revenue as a main source of local revenue and therefore the need to improve its collection done through

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deploying enforcements (Phionah et al., 2023). In one of the related interviews held, an interviewee observed that: “*The situation is not always good as the local community is time and again made aware to clear their tax obligations on time however, some have failed an action that portrays intent to invade taxes hence were deploy enforcers*”.

Another interviewee said, “*Local revenue collection is not an easy task, to realize local revenue, enforcements must be done and are therefore inevitable yet the sub county needs local revenue to foster service delivery*”.

Correlation results for revenue enhancement planning and service delivery

The correlation in this study was determined using the Pearson correlation technique and results are provided below.

Table 3: Correlation results for revenue enhancement planning

	Revenue enhancement Plan	Service delivery
Revenue enhancement plan Pearson Correlation	1	.530**
Sig. (2-tailed)	.72	.000
N		72
Service delivery Pearson Correlation	.512**	
Sig. (2-tailed)	.000	
N	72	

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

Based on Table 3 above, the study found out that a significant positive relationship existed between revenue enhancement plan and service delivery (.512**) in BSC which suggests that identifying more revenue sources, providing fair assessment and timely enforcement would provide local revenue to improve service delivery (Nelson et al., 2023).

Regression results for revenue enhancement planning and service delivery

The regression analysis was used to determine the variance that revenue enhancement planning had on service delivery at BSC. Below are details that were computed

Table 4: Regression results for revenue enhancement planning

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512	.281	.270	.86105

a. Predictors: (Constant), revenue enhancement planning

Results presented include R as .530, R squared as .281, adjusted R square as .270 and standard error of the estimate as .86105 using the predictor; revenue enhancement planning. The R^2 value of .281 suggests a 28.1% variance that revenue enhancement planning had on service delivery in BSC while the remaining percentage of 71.9% could be attributed to other factors not studied. Lastly, revenue enhancement planning was found to have a significant positive effect of on service

delivery, it can be said that revenue enhancement planning significantly affects service delivery therefore the hypothesis was accepted (h1) and the null (h0) rejected.

Discussion of the study

From the study, it was found out that 63% agreed that revenue planning process entails assessment of how much tax that the local community should pay. The findings confirm with Article 191 section 2 of the constitution of the Republic of Uganda of 1995 which stipulates that the fees and taxes to be levied, charged, collected and appropriated to include rent, rates, royalties, stamp duties, fees on registration and licensing and any other fees and taxes that parliament may prescribe. Similarly, Byrnes (2006) acknowledges that to curb and reverse the declining local revenue, many LGs need to come up with revenue enhancement plans that entail identifying revenue sources among others to increase the revenue base. The issue of conducting tax assessment enables any tax authority (TC inclusive) to come up with the correct tax proportions for any businesses operating locally. In addition, assessments help in determining the expected revenue which can be used to determine the extent of services that can be provided however a fraction of respondents disagreed to the statement which explains tax assessment gaps in terms of skills, competence and abilities. These need to be addressed as fast as possible. Secondly, respondents agreed to the fact that is enforcement deployed by BSC to ensure timely revenue collection. This quantified statement links with findings as were presented by Norton and Kaplan (2012) who argue that LGs should ensure that local revenue is well collected through timely enforcement. The scholars argue that to ensure a smooth financial health of an organization, a number of interrelated factors need to be considered; they argue that using strategic plans enforcement inclusive fulfills objectives of an organization. This task requires setting of goals, which has to do with the quality of service with other drivers directed at attaining organization goals. The issue of deploying tax assessment teams to oversee the collection of local taxes is one of the key paths that can be followed in order to improve tax collections in localities including sub counties nonetheless, much as respondents agreed to that effect, some disagreed or were undecided which signals a loophole in the revenue enhancement planning. The loophole could be linked to the untimely assessment and logistical support that is required to motivate the local revenue assessment team that is mandated to conduct the assessment. This is a widening gap that needs attention.

Conclusion

From the study its concluded that fewer local revenue sources negatively affect revenue management however, fair tax assessment lead to more tax payments and the timely deployment of tax enforcement team improves revenue collection.

Recommendation

On revenue planning and service delivery, the following are recommended namely:

The study recommends that Butiba Subcounty in line with its finance department consider conducting on the job training to key actors tasked to provide assessment for instance parish chiefs and ward agents. The training will equip the actors with tax assessment skills which could be translated in ensuring effective service delivery

Secondly, on the issue of untimely tax assessment as a result of logistical support to revenue assessment team. The researcher recommends that BSC consider reviewing its logistical remunerations for all BSC staff assessors inclusive. This will motivate them to professionally execute their role.

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