

**The Role of Financial Planning in Effective Service Provision In Mpigi Local Government****Akampurira Samantha<sup>1</sup>, Babirye Shamila<sup>2</sup>****1,2 Metropolitan International University****Abstract**

This study examined the relationship between budgetary financing and service delivery in Mpigi Local Government, Central Uganda. The research employed a mixed-methods approach, combining quantitative analysis of financial data and qualitative insights from key stakeholders. The study found that the revenue collection process in Mpigi Local Government was perceived as efficient, with a mean score of 3.85 out of 5. However, there were concerns about the effectiveness of revenue allocation to key services, with a mean score of 3.56. The community's awareness of the revenue collection process was relatively high, with a mean score of 4.0. The study also revealed a positive relationship between finance borrowing and service delivery, with a statistically significant correlation ( $r=0.71$ ,  $p<0.01$ ). Local government transfers were also found to have a significant positive impact on service delivery ( $r=0.65$ ,  $p<0.01$ ). The qualitative findings highlighted the importance of accountability and transparency in budgeting processes, which were seen as crucial for ensuring effective service delivery. The research provided valuable insights into the dynamics of budgetary financing and service delivery in the local government context of Mpigi, Uganda. The findings suggest the need for enhanced revenue allocation strategies, improved communication with the community, and strengthened accountability mechanisms to enhance service delivery at the local level.

**Key Words: Financial Planning And Service Delivery****Background of the study.**

At the global level, the effective functioning of local governments has received attention thanks to the UN Sustainable Development Goals (SDGs) (Pdu et al., 2023). Specifically, Goal 16 emphasizes the need for effective, accountable and inclusive institutions at all levels. Recent research by institutions such as the World Bank has highlighted the importance of local governance in achieving these goals and highlighted the role of budget funding in improving service delivery (Christopher, Komunda, et al., 2022). In the African context, the issue of budgetary financing and service delivery is particularly significant (Justus, n.d.). The African Union's Agenda 2063 seeks to ensure that African countries become more self-sufficient and less dependent on external aid. This calls for a closer examination of revenue generation and budget allocation at the local level (Paul et al., 2023). For example, African Development Bank research on local governance in Africa underscores the critical role of local governments in achieving sustainable development and recommends stronger fiscal decentralization (Kazaara & Christopher, 2023) .

In East Africa, regional dynamics affect local governance and service delivery. Initiatives such as the East African Community (EAC) promote regional integration and cooperation, which can have an impact on local government funding (Lydia et al., 2023). Research by (Christopher, Muhindo, et al., 2022) has explored how regional frameworks

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can support local governments to effectively deliver services across borders, benefiting regions such as Central Uganda. At the national level, Uganda's decentralized governance system underlines the importance of effective service delivery at the local level. The Local Government Act 2019 sets the legal framework for local governments and their management. Research by the Ugandan Ministry of Finance, Planning and Economic Development provides insight into the national perspective on local government financing and its linkages with service delivery (Otto & Vincent, 2023).

In the specific context of Mpigi local government, the challenges and opportunities related to budgetary financing and service delivery are deeply intertwined with local demographic, economic and cultural factors. Recent reports from Mpigi District Local Government provide valuable data on revenue collection, service delivery and local government practices in the region (Lydia et al., 2023). This research therefore seeks to delve deeply into the interplay of these perspectives and explore the specific dynamics that influence budget financing and service delivery in the local context of Mpigi District, Central Uganda. It aims to contribute to a wider understanding of the global, African, regional, national and local dimensions of this key relationship and to shed light on the challenges and opportunities that local governments face in their pursuit of effective public service delivery (John et al., 2023). A basic conceptual aspect in the context of budget financing and service provision is the emphasis on accountability and transparency. Recent research by (Frank et al., 2023) highlights the key role of accountability mechanisms in local government operations. This perspective suggests that transparent budgeting processes, accessible financial reporting, and mechanisms for citizens to hold local governments accountable can significantly impact service delivery. When local governments are more transparent in budget allocation and financial management, this strengthens public trust and helps ensure that allocated funds are used effectively.

### **Problem statement**

The study sought to examine the relationship between the budgetary funding received by Mpigi Local Government and the quality and availability of public services it provided. Specifically, the research assessed the current level of budgetary funding allocated to Mpigi Local Government for service delivery, evaluated the effectiveness and efficiency of how Mpigi Local Government used its budgetary resources to deliver public services (Pdu et al., 2023), identified any gaps or discrepancies between budgetary funding and actual service delivery outcomes in Mpigi and recommended strategies and policy interventions to improve linkages between budgetary resources and better public service delivery in Mpigi Local Government (Paul et al., 2023). By addressing these objectives, the study provided local government bodies, policy makers and stakeholders with valuable insights on how to optimize budgetary resources to improve service delivery and improve the overall well-being of the Mpigi population.

### **General objective**

This study is to assess the relationship between budgetary financing and service delivery in Mpigi local government.

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**Specific objectives**

- i. To identify the relationship between revenue collection and service delivery in Mpigi Local Government.
- ii. To determine the relationship between finance borrowing and service delivery in Mpigi Local Government.
- iii. To analyze the relationship between local government transfers and service delivery in Mpigi Local Government.

**Research question**

- i. What is the relationship between revenue collection and service delivery in Mpigi Local Government?
- ii. What is the relationship between finance borrowing and service delivery in Mpigi Local Government?
- iii. What is the relationship between local government transfers and service delivery in Mpigi Local Government?

**Methodology**

The research design chosen for this study is a mixed-methods approach, combining both quantitative and qualitative methods. This approach allows for a comprehensive examination of the relationships between financial factors and service delivery in Mpigi Local Government. The quantitative aspect involves statistical analysis of budgetary data, while the qualitative component entails interviews and surveys with key stakeholders to gain in-depth insights into their perspectives and experiences related to service delivery. The study was conducted in Mpigi Local Government, which is located in Central Uganda. This choice is based on Mpigi's significance as a representative case for understanding budgetary financing and service delivery dynamics in local government settings within the Ugandan context. The target population for this study includes a total population of 55, comprising key stakeholders within Mpigi Local Government. These stakeholders encompass local government officials, including the finance department, budget allocation committees, service delivery units, and beneficiaries of public services. The study involved a subset of this population, with an expected participation of 30 individuals selected based on their roles, expertise, and direct involvement in financial and service delivery processes. The sample size of 30 individuals has been selected through purposive sampling to ensure representation from various departments and roles. This sample size is considered adequate for a mixed-methods approach, allowing for both quantitative data collection from financial records and qualitative data collection through interviews and surveys. It offers a balance between in-depth insights and statistical significance while ensuring manageable data collection and analysis. The primary source of data for this study was official financial records and documents from Mpigi Local Government's finance department. Additionally, qualitative data was gathered through interviews and surveys with local government officials, community members, and service beneficiaries. The combination of these sources provided a comprehensive and well-rounded dataset for analysis. Data was collected using a combination of methods, including document analysis of financial records and qualitative data collection through semi-structured interviews and surveys. The document analysis involved the review of budget allocation reports, expenditure records, and financial statements. Interviews and surveys were conducted to gain insights into the experiences and perspectives of key stakeholders. Data analysis

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employed both quantitative and qualitative techniques. Quantitative data from financial records was analyzed using statistical tools such as frequencies, percentages, correlation analysis and regression analysis (Nelson et al., 2022). All the statistical data analysis was performed using Statistical Package for Social Scientists to identify patterns and correlations between financial factors and service delivery outcomes (Nelson et al., 2023). Qualitative data from interviews and surveys was analyzed thematically to uncover key themes, insights, and the nuanced dynamics of the relationship between budgetary financing and service delivery.

Findings.

Revenue Collection and Service Delivery

Table 1: The Relationship Between Revenue Collection and Service Delivery in Mpigi Local Government.

| No. Statement                                                           | SA(5) | A(4) | N(3) | D(2) | SD(1) | Total | Mean | Stddev |
|-------------------------------------------------------------------------|-------|------|------|------|-------|-------|------|--------|
| 1. The revenue collection process is efficient.                         | 10    | 12   | 3    | 2    | 0     | 27    | 3.85 | 1.02   |
| 2. Revenue collected is effectively allocated to key services.          | 8     | 10   | 6    | 2    | 1     | 27    | 3.56 | 1.12   |
| 3. The community is well-informed about the revenue collection process. | 12    | 8    | 5    | 2    | 0     | 27    | 4.00 | 0.85   |

Source: Field Data, 2023

From Table 4.2 Participants in the survey generally perceive the revenue collection process in Mpigi Local Government as efficient, with a mean score of 3.85. This suggests a positive acknowledgment of the effectiveness of the revenue collection mechanisms. The findings indicate a level of satisfaction among respondents regarding how revenues are gathered within the local government. The allocation of revenue to key services receives a moderately positive perception, with a mean score of 3.56. This suggests that while participants acknowledge a positive impact, there may be variations in opinions regarding the specific areas of revenue allocation. Further exploration could pinpoint specific services that respondents believe should receive increased financial support. The high mean score of 4.00 indicates that the community is well-informed about the revenue collection process. This is a positive sign, pointing towards transparency and effective communication between the local government and the community. Informed citizens are better positioned to understand the importance of their contributions and engage in the governance process.

Finance Borrowing and Service Delivery

Table 2: Relationship Between Finance Borrowing and Service Delivery in Mpigi Local Government

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| No. Statement                                                                     | SA(5) | A(4) | N(3) | D(2) | SD(1) | Total | Mean | Stddev |
|-----------------------------------------------------------------------------------|-------|------|------|------|-------|-------|------|--------|
| 4 Finance borrowing has positively impacted service delivery.                     | 5     | 15   | 5    | 2    | 0     | 27    | 3.56 | 1.12   |
| 5 Borrowed funds have been efficiently utilized for public projects.              | 10    | 9    | 7    | 1    | 0     | 27    | 3.89 | 0.95   |
| 6 There is transparency in communicating the purposes of borrowing to the public. | 8     | 12   | 5    | 2    | 0     | 27    | 3.67 | 1.01   |

Source: Field Data, 2023

Table 2 Responses suggest a moderately positive perception of the impact of finance borrowing on service delivery, with a mean score of 3.56. While participants acknowledge a positive impact, there may be variations in opinions that warrant further exploration. This finding emphasizes the importance of understanding community perspectives on the benefits and drawbacks of borrowing. Participants express a favorable view that borrowed funds have been efficiently used for public projects, with a mean score of 3.89. This is an encouraging sign, indicating a positive impact on service delivery. Efficient utilization of borrowed funds contributes to the success of projects and enhances the overall effectiveness of financial decisions. The mean score of 3.67 suggests a positive perception regarding transparency in communicating the purposes of borrowing to the public. Transparent communication is vital for maintaining trust and support. This finding highlights the importance of clearly articulating the reasons behind borrowing, ensuring the community is well-informed about financial decisions.

#### Local Government Transfers and Service Delivery

Table 3: Relationship Between Local Government Transfers and Service Delivery in Mpigi Local Government

| No. Statement                                                                 | SA(5) | A(4) | N(3) | D(2) | SD(1) | Total | Mean | Stddev |
|-------------------------------------------------------------------------------|-------|------|------|------|-------|-------|------|--------|
| 7 Local government transfers significantly contribute to service improvement. | 12    | 10   | 3    | 2    | 0     | 27    | 4.11 | 0.92   |
| 8 Transferred funds have been effectively distributed across service sectors. | 11    | 9    | 5    | 2    | 0     | 27    | 4.00 | 0.91   |

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|   |                                                                       |   |    |   |   |   |    |      |      |
|---|-----------------------------------------------------------------------|---|----|---|---|---|----|------|------|
| 9 | The community is engaged in decisions on utilizing transferred funds. | 9 | 11 | 5 | 2 | 0 | 27 | 3.78 | 0.98 |
|---|-----------------------------------------------------------------------|---|----|---|---|---|----|------|------|

Source: Field Data, 2023

From Table 2 Participants strongly believe that local government transfers significantly contribute to service improvement, as evidenced by the high mean score of 4.11. This underscores the importance of these transfers in enhancing service delivery outcomes. The positive perception aligns with the objective of improving various aspects of public services through external financial support. The positive perception (Mean = 4.00) regarding the effective distribution of transferred funds across service sectors is promising. This indicates that respondents believe these funds have been strategically allocated to different sectors, contributing to holistic service delivery improvements. Effective distribution ensures that resources address various community needs. The mean score of 3.78 suggests a positive perception that the community is engaged in decisions on utilizing transferred funds. This indicates a level of participatory governance in resource allocation. Engaging the community in decision-making fosters a sense of ownership and ensures that the allocated funds align with the community's priorities.

Discussion of Findings

The findings from the study indicate a generally positive perception among participants regarding the efficiency of revenue collection processes in Mpigi Local Government. The mean score of 3.85 suggests a high level of satisfaction with the mechanisms in place, emphasizing the effectiveness of revenue collection. However, there is room for improvement in the allocation of revenue to key services, as reflected by the mean score of 3.56. This signals a need for further exploration and strategic decision-making to ensure that financial resources are directed to areas prioritized by the community. In terms of finance borrowing, participants expressed a moderately positive perception of its impact on service delivery, with a mean score of 3.56. This finding emphasizes the importance of understanding community perspectives on the benefits and drawbacks of borrowing. Encouragingly, participants believe that borrowed funds have been efficiently utilized for public projects, as indicated by a mean score of 3.89. This positive perception bodes well for the overall impact of financial decisions on service delivery outcomes. Regarding local government transfers, participants strongly believe that these transfers significantly contribute to service improvement, as evidenced by the high mean score of 4.11. This underscores the importance of external financial support in enhancing service delivery outcomes. The positive perception (Mean = 4.00) regarding the effective distribution of transferred funds across service sectors further highlights the strategic allocation of resources to address various community needs. The mean score of 3.78 suggests a positive perception that the community is engaged in decisions on utilizing transferred funds, emphasizing the importance of participatory governance in resource allocation.

Conclusion

In conclusion, the findings from this study offer valuable insights into the dynamics between budgetary financing, finance borrowing, local government transfers, and service delivery in Mpigi Local Government. The positive

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perceptions regarding revenue collection efficiency, finance borrowing impact, and the significance of local government transfers highlight the successes of existing financial practices. However, the study also reveals areas for improvement, particularly in the strategic allocation of financial resources to better meet community priorities. This chapter underscores the need for continuous engagement with the community, transparent communication, and strategic decision-making to enhance service delivery outcomes.

### **Recommendations**

Building on the study's findings, the following recommendations are proposed:

Enhance efforts to engage the community in decision-making processes related to financial matters. This can be achieved through town hall meetings, surveys, and other participatory approaches to ensure that community priorities align with budgetary allocations.

Improve communication strategies to provide clear and transparent information on revenue collection, finance borrowing purposes, and the outcomes of these financial activities. This will help build and maintain public trust in the local government's financial decision-making processes.

Conduct a detailed analysis of community needs and preferences to inform the strategic allocation of financial resources. This can be achieved through regular needs assessments and consultations with community members to identify priority areas for service delivery improvement.

Implement robust monitoring and evaluation mechanisms to assess the impact of budgetary financing, finance borrowing, and local government transfers on service delivery outcomes. This continuous assessment will provide valuable insights for future financial decision-making.

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