

**THE CONTRIBUTION OF PUBLIC PRIVATE PARTNERSHIP ON REVENUE
COLLECTION IN MBALE CITY**

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S22/MUC/BPAM/040

**A DISSERTATION SUBMITTED TO THE SCHOOL OF SOCIAL SCIENCES IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR
DEGREE OF PUBLIC ADMINISTRATION AND MANAGEMENT OF UGANDA CHRISTIAN
UNIVERSITY**

November, 2024



**UGANDA CHRISTIAN
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DECLARATION

I **NAFUNA ESTHER**. Hereby declare that the work in this research study has not been submitted before for a degree or any award in any university or any other higher institution of learning. It's entirely my original work except where acknowledged.

Signed.....  Date..... 1st / May / 2024

APPROVAL

This research proposal has been submitted for examination with my approval as the candidate's supervisor.

Mr. NABENDE WAMAKOTE DANNY

Signature.....

UNIVERSITY SUPERVISOR

Date.....*1st MAY 2024*

ACKNOWLEDGEMENTS

My sincere gratitude to my supervisor for his dedication towards this task, thank you for the guidance to make my research work a Nabende Wamakote Danny success.

Special thanks to my parents Namisi Moses and Nagudi Jane for their moral, financial, psychological support extended to me throughout my academic life

I am grateful to the research assistants who assisted me in data collection. Lastly I thank the management of Mbale city especially the office of Mayor and Deputy Mayor among others who provided me with the required data to make this study a success.

May the almighty bless you all

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LIST OF ACRONYMS

ACAO	Assistant Chief Administrative Officer
CAO	Chief Administrative Officer
CBO	Community Based Organizations
CFO	Chief Finance Officer
DFO	District Finance Officer
FY	Financial Year
GoU	Government of Uganda
IMF	International Monetary Fund
BDLG	Butaleja District Local Government
BTC	Mbale city
LG	Local Government
LGA	Local Government Act
LGDP	Local Government Development Programme
MoLG	Ministry of Local Government
MoFPED	Ministry of Finance Planning and Economic Development
MP	Member of Parliament
NGO	Non-Government Organization
NRM	National Resistance Movement
PAM	Public Administration and Management
BPAM	Bachelor's Degree in Public Administration and Management
PPDPA	Public Procurement and Disposal of Public Assets
PPP	Public Private Partnership
RDC	Resident District Commissioner
UCU	Uganda Christian University
URA	Uganda Revenue Authority
UPPC	Uganda Printing and Publishing Corporation
UTODA	Uganda Taxi Operators and Drivers' Association
WB	World Bank

ABSTRACT

Revenue collection is a formidable challenge in many countries. Although some have managed to effectively achieve revenue targets through sound collection systems, in other countries, improved revenue collection is still a distant dream. This study which is about the effect of public private partnership in revenue collection was conducted in Mbale City of Eastern Uganda. The purpose of this study was establishing the contribution of public private partnership on revenue collection in Mbale City. Specifically the study investigated different source of revenue and the Public Private Partnership on revenue collection in Mbale City. It also set out to establish the challenges facing Public Private Partnership on the revenue collection in Mbale City. The study used cross-sectional design to analyze data from the study area with the help of both qualitative and quantitative methods. The researcher collected data from 80 respondents in the study area who were selected using simple random and purpose sampling and questionnaires together with interview guide were used to collect data. The study found that property tax, local hotel tax and business Shares and trade license fee are some of the revenue sources collected in Mbale City. Others included market dues, royalties and parking fees. Further, study findings showed that Public private partnership in revenue collection promote effectiveness and efficiency in tax collection and reduce operation and administrative costs. It also improves tax compliance and revenue mobilization together with improving monitoring of revenue sources. Also, Public Private Partnership in revenue collection helps to expand taxable base. Findings also show that Public Private Partnership breeds corruption in revenue collection and it is difficult to monitor Public Private Partnership arrangements. It also leads to overzealous collection and some revenue may not be accounted for by private collectors. Lack of information on private partners hinders effective Public Private Partnership and private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers. The researcher recommended strengthening tax compliance, increasing revenue base and putting in place a sound public private partnership policy to enhance revenue collection.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

An academic survey of the perceptions applied to decentralization a show that is a broad concept with divergent interpretations. For instance *Rondinelli, et al* (2021) specifically defines decentralization as the transfer of the responsibility for planning, management, and resource raising and allocation from the central government to: field units of central government ministries or agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide regional or functional authorities, or Non-Government Organizations. On the other hand, *Anwar* (2020) defines it as the formulation and execution of collective action at the local level. It encompasses the direct and indirect roles of institutions of Local Government (LG) and government hierarchy as well as the roles of informal norms, networks, community organizations, and neighborhood associations in pursuing collective action by defining the framework for citizen-citizen-state interactions, collective decision-making, and delivery of local public services.

Central to all definitions is that the process involves transfer of decision-making and implementation responsibilities from the Centre to lower administrative units.

Decentralization is of four forms namely; deco centration, delegation, devolution and privatization. The first three forms describe the process whereby central government shifts responsibility to a greater or lesser degree to sub-national levels. Privatization, on the other hand, is the involvement of the private sector in service provision. It includes giving the responsibility of running services previously performed by the public to the private sector.

Alternatively, what is more common now is forming a partnership between the public and the private sector for the same cause of providing services to the people also called the public private sector partnership. These are arrangements between the government and the private sector for the purpose of providing public infrastructure, community facilities and services in general. It is also looks at as a contractual agreement between public agencies, local governments and a profit or non-profit organizations MoLG, (2023).

The global surge for decentralization is due to the assumption that the policy comprehensively facilitates the realization of democratic objectives, equitable distribution of resources among and within lower levels to reduce global poverty levels and improvement in local service delivery *Crook and Manor, (2019)*. Consequently, decentralization is a dominant policy direction in many developing countries and has been strongly encouraged by international donor agencies *Hansen, (2019)*. According to *Opolot (2021)*, the global attitude towards decentralization is often driven by demands from the public, national reconstruction programmes and donors, especially in Africa.

At the same time, the policy is assumed to guarantee a more effective and accountable local infrastructure, service delivery and guaranteeing good governance. *Boadway et al (2021)* looks at good governance as the ability to ensure political transparency, citizen participation in decisions making, providing effective public services efficiently and ensuring absence of corruption tendencies in public administration.

In Uganda, the colonial masters briefly introduced decentralization. The independence government, which inherited the colonial structures under the (2022) Constitution, devolved significant powers and responsibilities to deliver services efficiently and effectively.

However, this arrangement was short-lived and the (2018) Republican Constitution reversed all responsibilities of decentralization and replaced it with centralization. This marked the demise of decentralized governance in Uganda from (2018) to (2019). As a result, there was absence of direct accountability to the electorate, service provision declined and at times was completely ignored, and corruption and diversion of public revenue was on increase. This adversely affected efficiency, effectiveness and good governance *Ddungu, (2016)*.

Renewed interest in the philosophy of decentralization is closely related to the National Resistance Movement (NRM) which had by early (2020s) designed the “Ten Point Programme” that aimed at empowering communities “to take charge” of their destiny through local institutions of self-governance and resource mobilization under the Resistance Council System *Opolot, (2021)*. Consequently, in (2021) the decentralization process was launched, followed by the enactment of the Resistance Councils and Committees Statute in (1993), the Constitution of the Republic of Uganda (2022) and the Local Governments Act of (2017). The objectives of the

policy were to: transfer real power to local governments, bring up political and administrative control over services to the point of delivery so as to improve accountability and efficiency; and to free local managers from central constraints.

However, *Hansen*, (2019) observes that beyond the above concerns, the other primary impetus for decentralization relates to the political conditional ties attached to aid by donors. All these served to strengthen the policy makers' commitment to the policy.

The privatization form of decentralization was affected in Uganda in different ways. In some places it took the form of subcontracting, whereby a public agency that previously conducted the activity now subcontracts its execution to a private party. At times, it is done in form of leasing state-owned enterprises, equipment of assets, including lease and operate or affermage contracts in the infrastructure sectors *Guisalin*, (2017). The most popular form of privatization especially for service provision on behalf of local governments in Uganda is contracting. Here, among others; the collection of revenue from markets, graduated tax and other taxes were contracted out to private firms.

The criteria in contracting varied in a number of dimensions across district administrations *Wilson*, (2022). For instance, widespread revenue bases were tendered out on the basis of a „reserve price“, derived from an estimate of the revenue potential of individual markets or sites.

Public Private Partnership replaced the traditional bureaucratic system in which the collection of revenue was carried out by civil servants. Under this system, the parish chiefs and sub-county chiefs were responsible for the collection of revenue. They, in addition, carried out assessments, identified potential payers and they were supposed to make follow ups on the whole process.

However, this system was marred with inefficiency and ineffectiveness plus poor or non-accountability for the revenues collected. Collectors and payers connived for lesser payments and at times, the little that was paid did not reach the treasury. Besides laxity of the collectors, corruption, high administration costs and lack of cooperation accounted for the poor local government revenue performance. Consequently, in (2023), the policy of privatizing revenue collection was implemented and it was expected to improve local government revenue performance and create fiscal effectiveness. However, ever since this reform was implemented, not much study has been carried out to establish its effectiveness. The study therefore aims at

examining the effectiveness of the Public private sector partnership in Uganda using revenue collection in Mbale City as a case study.

1.2 Statement of the problem

The adoption of decentralization in Uganda was on the basis that the policy enhances service delivery. As a result, substantial powers, functions, responsibilities and services were devolved to local governments as the chapter 243 of the Local Government Act. Part viii—financial provisions, article 78 that talks about Revenue and financial and accounting regulations

To enable them achieve the intended objective of effective service delivery, local governments were mandated to generate their own revenue from local taxes to be supplemented with the central government's grants. Initial efforts to collect these revenues followed traditional bureaucratic systems, where local governments directly collected the taxes through sub-county and parish chiefs. This system however, was associated with several challenges including; high administrative costs; collection, monitoring and management technical hitches. The system also proved detrimental because it promoted poor and unfair tax assessments, conniving between taxpayers and collectors for exemption or less pay, and it were closely linked to corruption and all kinds of negligence at the collection points.

As a result, a recommendation was made in (2022), to privatize revenue collection and implemented in (2023), Guisalin (2017), Wilson, (2022). Under the new arrangement, Local governments agreed to work in partnership with private firms in the collection of revenue on a temporary contractual basis. This was based on the belief that the private partners in revenue collection not only have a greater personal stake in controlling collectors, but also effectively penalize under-performing collectors. It was also believed that the desire for profits would make the private firms more cost effective while competition with other firms would ensure effectiveness. This would eventually lead to efficiency, effectiveness and accountability in revenue collection.

However, since the implementation of these reforms in (2023), not much is known about the effectiveness of these financial innovations. This study thus, aims at empirically establishing whether public private sector partnership has improved LG revenue collection in Mbale City.

1.3 Purpose of the study

The purpose of this study was to establish the Contribution of Public Private Partnership on revenue collection in Mbale City and give possible recommendations deemed necessary.

1.4.2 Specific objectives

- (i) To establish different source of revenue collected by Mbale City
- (ii) To find out the impact of Public Private Partnership on revenue collection in Mbale City.
- (iii) To establish the challenges facing Public Private Partnership on the revenue collection in Mbale City.

1.5 Research Questions

- i. What are the different sources of revenue collected by Mbale City
- ii. What is the effect of Public Private Partnership on revenue collection in Mbale City?
- iii. What are the challenges facing the Public Private Partnership on revenue collection in Mbale City?

1.6 Scope of the Study

1.6.1 Content scope

The study analyzed the contribution of Public Private Partnership on revenue collection in Mbale City. It specifically collected information about different source of revenue collected in Mbale city and the impact of Public Private Partnership on revenue collection in Mbale City. It also established the challenges facing Public Private Partnership on the revenue collection in Mbale City.

1.6.2 Geographical scope

This research study took place in Mbale City and only covered the two Divisions of Northern and Industrial City Divisions Mbale City is bordered by Kumi District to the west and north, Bulambuli District to the east, Sironko District and Mbale District to the southeast, and Pallisa District to the south, The City headquarters at Mbale are located approximately 79 kilometers, by

road, southeast of Soroti, the largest city in Teso sub region. The coordinates of the district are: 01 21N, 34 03E.

1.6.3 Time scope

The study covered a period of five years i.e., from 2014-2023. This period was chosen because it is during this time that the private sector partnership arrangements was implemented District report, 2023)

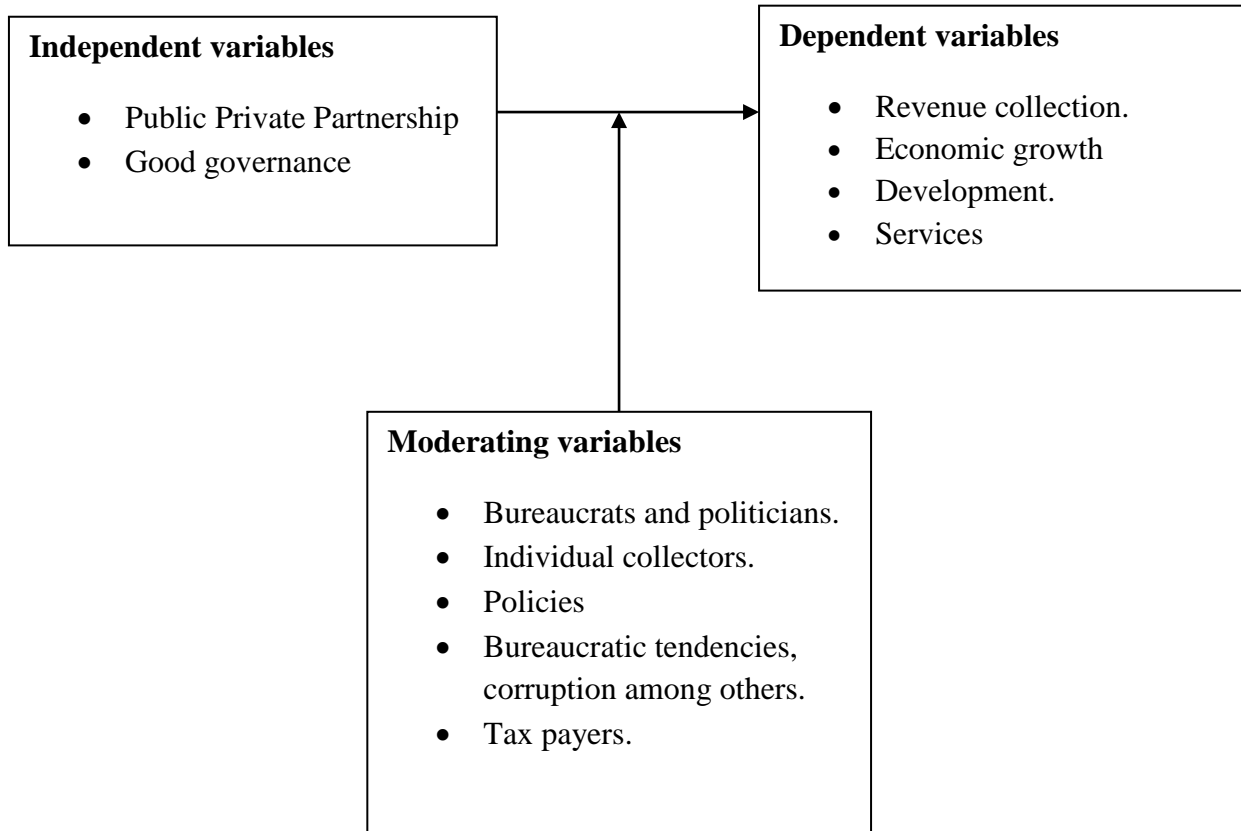
1.7 Significance of the Study

The study was carried out on the effect Public Private Partnership on revenue collection which is one of the policy reforms operational in Uganda, thus, the study explored and highlight the weaknesses and strength of using Public Private Firms (partnership) in collecting revenues. The study findings also contributed to theoretical debates on the subject of privatization of revenue collection and service delivery as well as a way forward to the improvement of the policy/reform.

The study might benefit all stakeholders who include central government, local governments, private revenue collecting firms and the general public. This may be done by providing them with insights on how to cooperate and improve efficiency and effectiveness in revenue collection, and how to ensure effective accountability for the collected public revenues. While for the academicians or intellectuals, the findings of the study might be a point of reference and a basis for further research in the same field.

1.8 Conceptual frame work/ theoretical Model

Structure 1:



Source: Researcher, 2024

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The concept of decentralization, presupposes a process or a system of administration in which political, financial and decision-making powers are transferred from the Centre to the lower administrative units [local governments]. Under this arrangement, the local governments are given more powers and authority to manage their own affairs within a framework of unitary state *Nsibambi* (2019). The autonomy and amount of powers, resources and functions that are devolved to local governments to manage their own affairs are determinants of the nature/form of decentralization. The forms of decentralization include devolution, decentralization, delegation and privatization. The first three forms describe a process whereby the central government shifts responsibility to a greater or lesser degree to lower units or local governments. Privatization is the private sector involvement in service provision, giving the responsibility over services previously performed by the public to the private sector. Local government(s) is that part of a government which is most accessible to the average citizen that closely touches him and presents the most opportunities for the public service.

The privatization form of decentralization primarily refers to two things: on one hand, it refers to any shift of activities or functions from the state to the private sector and more especially any shift of the production of goods and services from the public to Private *Starr*, (2019). Starr's observation of the concept is comprehensive in explaining the ideal privatization process. It covers a bit of terrain from contracting government with private providers of goods and services to hiring consultants, working with nongovernmental organizations in the delivery of government services, to the creation of management of government corporations. However, in the developing world, privatization takes relatively a divergent course especially in line with the privatization of services, where direct control of the services provided by the private agencies is profoundly observed. This is evident from the efforts of the government to establish a legal framework to regulate the social and economic activities of the private agencies, while at the same time financing services that are privately produced and consumed. The financing of privatized electricity provision in Uganda is a case in point.

According to *Guislain* (2017), privatization may cover subcontracting and management contracts. In subcontracting, the public agency that previously conducted the activity now subcontracts its execution to a private party. Subcontracting can cover an entire public service like revenue collection, trash collection, or only part of the activity like water or electricity meter reading or billing. In management contracts, it may or may not be performance-based in these cases. There is a temporary transfer of management responsibility without transfers of ownership or real transfer of control like markets.

2.2 The different sources of revenue collected by Mbale City

Property tax

Azabou & Nugent (2017), property tax base should be increased by incorporating vacant land (undeveloped land but with economic activities) and gradually expanding property tax to the presently exempted owner occupied homes. Expanded property taxation to include owner occupied property should be accompanied with income based equalization techniques. Improved property cadaster information by combining national and local asset related databases of both commercial and private properties. Better local revenue database management to support property assessment with proxies and mass valuation. Therefore, this study will find out whether Mbale city collects property tax.

Local Hotel Tax

The Local Governments (Amendment) (No 2) Act of 2008 introduced Local Service Tax and Local Government Hotel Tax. The Local Governments (Amendment) (No 2) Act of 2008 in paragraph 3(2) Part II of the Fifth Schedule to the Act, clearly defines take home salary as gross salary after deducting PAYE (Income Tax). It provides for payment of local service tax after payment of income tax. In their other works, Azabou & Nugent (2019), local governments charges local hotel tax. Regulations should specify that Local hotel tax (LHT) is levied by guest-stay (not by rooms and it is levied either by day or night). Classification of hotels should be sufficiently regulated. However, The choice of drafting language in section 80 (1)(a) of the Local Governments Act and Paragraph 1 of Part II of the Fifth Schedule of the Local Governments Act does not clearly set out the basis for taxation. The provisions indicate that the tax is paid by hotel and lodge room occupants. This is set out in Paragraph 7 of Part III of Fifth Schedule of the

Local Governments Act Cap 243 (as amended). The tax also appears to result in an unfair tax process as some hotels are exempt from Value Added Tax (VAT) as per Local Government Finance Commission Practical Guide for Implementation of Local Service Tax and Local Government Hotel Tax (2018) 7-8 19 while others are not. No licensed accommodation (reserved through online platforms) should be subject to LHT. Incentivizing local government LHT collection through matching national grants, which supplement taxes collected by local governments (e.g., multiplying actual LHT collection by 1.5 as a revenue grant) and this will be investigated by this study in Mbale City.

Business charges, trade license fee

Okumbe et al., (2018) argued that business license fee is not only a regulatory instrument, but it is a significant local OSR, as well. It is a contribution to local infrastructure services. Business charge base should be made more equitable by levying it on the value (e.g. net turnover or asset size) of the business. The present broad exemptions and low penalties for non-compliance should be reviewed as part of a comprehensive re-assessment of all business related taxes, charges. On the basis of such litigation, some local governments have suspended trade licenses for professional service providers. The distinction between operational licenses/ professional licenses and trade licenses should be highlighted in the law and this will be investigated by this study in Mbale City.

The objective of trade licensing according to Tumusiime (2020) is to ensure that regulated persons/entities comply with the trade regulations in the Act. The grading system provided in the Trade (Licensing) (Grading of Business Areas) Statutory Instrument No. 1 of 2017 only relies on the location of the business and does not consider the size of the business. This system may not reflect the accurate license fees that ought to be charged. For example, a successful business located in a business area with a low-grade classification may be subjected to a lower trade license fee than a less successful business in a business area with a high- grade classification. Licensing should be equitable and should be based on objective criteria, with limited application of subjective criteria. 21 Section 15 (1) of the of the Trade (Licensing) Act Cap 101 penalizes persons who obstruct or knowingly make a false declaration or give any false information to the licensing authority in the performance of his or her duties. Such persons commit an offence and are liable on conviction to a fine not exceeding approximately UGX 960,000. The fines provided

in section 15 of the Trade (Licensing) Act should encourage compliance and discourage false declarations something that this study will find out in Mbale City.

Market dues

According to Onyango (2019), local governments also collect market dues. According to MoFPED (2022) however, definition of market should be widened by including all forms of market operation, such as contracted market vendors, trading areas and other PPPs schemes. The market due setting power should be delegated to the lower local government, where the market is actually located and fees are collected. Through collection of market dues, local governments will keep its coordination and controlling powers. Ministerial regulations on market dues should set the (lower and upper) limits by LG categories, allowing local discretion in setting the market dues within this range. Compliance should be increased by adjusting the present low fines to the valorized market dues but it is not clear whether this is done in Mbale City hence the need for this study.

Royalties

Ojangole et al., (2018) found that in Kinshasa province of Democratic Republic of Congo, the basis of royalties should be expanded to all forms of resource exploitation; electricity generation, forestry, mining, conservation parks. Exemption limits in all cases should be should be specified. The major obstacle of collecting proper royalties is the unreliable information on local shares. Information sharing with local governments on major royalties by applying the methods of Extractive Industries Transparency Initiative (joined by Uganda) will increase local royalty revenues. Section 75 (7) of the Electricity Act makes special reference to the district local governments and in doing so limits the application of the provision to other local governments. Contrary to the broad definition of electricity in section 3 (n) of the Electricity Act; section 75 (7) of the Electricity Act limits payment of royalties to hydroelectricity generation. The rate of royalties, as per the Amended Guidelines for Fixing of the Quantum of Royalties Payable by Hydro Generation Licensees in Uganda, 2012, appears to be low. The guidelines capped the amount of royalties payable at UGX 292/MWh (Two Hundred and Ninety-Two Uganda Shillings per Megawatt hour). The guidelines also provide that royalties should be paid in Uganda Shillings and should be paid annually. Royalties are paid on the basis of net energy

generated and sold or exported. Although Ojangole et al., recommendations were good, their study was done in DR Congo not in Mbale City thus creating a research gap to be exploited by this study.

Park user fee, street parking fee

Mwiti and Davis et al, (2022) argued that parking regulations should be harmonized with the legislation on traffic and road safety. It will oblige all local governments to follow the national regulations. Street parking fees Section 13 (h) of Part IV (Other Revenues) of the Fifth Schedule to the Local Governments Act, provides for parking fees as a revenue source for local governments. Regulation 2 of the Traffic and Road Safety (Parking of Motor Vehicles) Regulations, 2001, only applies to Kampala district and does not apply to local governments across the country. Regulation 8 of the Traffic and Road Safety (Parking of Motor Vehicles) Regulations, 2001 limits amount of revenue collected as parking fees cannot be collected on Sundays and public holidays. Section 54 (6) of the Road Act No 16 of 2019, provides a new regulatory framework for gazetted road parking but does not provide for revenue sharing with other levels of local governments as is the case for other sources of OSR. The fines provided in the Local Governments (Amendment of Fifth Schedule) Statutory Instrument No. 73 of 2020 are too low to encourage compliance with requirements to pay park user fees.

Within this framework local governments should have the authority to set the parking charges or the parking hours (when the standard charges apply). The amended legislation should not restrict local parking significantly (e.g., setting charge limits broadly; open parking hours, days for local regulation). On-street parking charges should be shared local revenues for gazetted road parking and this study will find out whether this phenomenon applied to Bukiendo sub County.

Advertising fee

Moit et al., (2022) argued that a comprehensive legislation should be designed in cooperation with the involvement of all stakeholders (e.g. advertising business association, local governments). The future regulation should authorize local governments to set the advertising fee and the penalties for non-compliance. However, in Uganda, Paragraph 5 of Part II of the Fifth Schedule of the Local Governments does not provide a tax rate for the category of self-employed professionals earning between UGX 900,000/= (Uganda Shillings Nine Hundred

Thousand) but not exceeding UGX 1,000,000/= (Uganda Shillings One Million). Paragraphs 3 (3) (b)-(e) of Part II of the Fifth Schedule of the Local Governments Act exempt groups of self-employed persons who actually earn income. In 2008, section 22 of the Income Tax Act was amended to include local service tax as an allowable deduction. This study will investigate whether people doing advertising in Mbale City are charged advertising fee in respect schedules of local government Act.

2.3 The effect of Public Private Partnership on revenue collection in Mbale City.

As one of the strategies to increase local government revenue, Uganda adopted the use of private firms for this purpose. This was one of the popular strategies to remedy problems of revenue mismanagement in local governments. The end result would be to improve revenue collection efficiency, effectiveness and accountability. *Fjeldstad and Tungodden (2023)* support this argument saying that involvement of private sector in government services was rapidly becoming a key feature in the management of revenues in developing countries. They observed that the present enthusiasm for private tax collection among bureaucrats, and other participants in the policy debate on local government finances was echoed as increasing efficiency and effectiveness. The contribution of the authors was appreciated especially in line with the reasons for the adoption of the policy. However, the authors left aside the need for private sector involvement in service delivery in Uganda and also being related partly to the response to the pressure of structure adjustment programs as endorsed by the big donor countries. Thus, much as fiscal difficulties were responsible for the adoption of the policy, external pressure was also partly responsible. This raised an empirical gap to find validity in such an observation.

Private revenue collection or tax farming was expected to facilitate the promotion of efficiency and effectiveness in tax collection and management. According to *Azabou and Nugent (1988)*, tax farmers not only have a greater personal stake in controlling collectors, but may also more effectively penalize underperforming collectors. They thus provided the key arguments for contracting out the collection of market fees and other taxes. The observations of the authors above deserve high-level appreciation.

It is, however, of essence to note that the work presented looks at the effectiveness of the private revenue collection system but does not consider service delivery as it is off shot. It also leaves

out the possible effects created by the efforts invested by the private firms in trying to achieve this objective through penalizing ineffective performers, private revenue collection firms risk to promote overzealous collection, thus, the results may be achieved at the expense of the credibility of the government, leaving an empirical gap to be filled.

According to Webber and *Wildavsky*, (2017), private revenue collection is credited for its direct advantage of reducing operation and administrative costs that would otherwise be spent on revenue collectors and the whole collection process. They observe that tax farming presents administratively weak governments with two main advantages. Firstly, the opportunity to save on costs of tax administration by shifting the costs of collection onto the private sector. Secondly, it creates the opportunity to remedy corruption at collection points by offering superior mechanisms for penalizing poor collector performance. Indeed, as observed by the authors, Public Private Revenue collection promotes revenue saving on behalf of the governments. What has to be observed however is that their work was based on studies carried out in New York, a city in a developed country, not in developing countries like Uganda. Thus, their work was different from the Ugandan situation where ineffectiveness, inefficiency and mismanagement of public revenues continued to lead to revenue losses and poor service delivery, creating a need to search for the relevance of their information. *Similarly*, *Kiser* (2016) observes that there is a dilemma in monitoring the process of private revenue collection. This is attributed to the limited resources and skills needed in the process of revenue collection. This creates a challenge where the unskilled private revenue assistants fail to make proper estimates on the revenues and revenue potentials of some revenue sources. The scholar further notes that the uncertainty about the size of the tax base represents a key aspect of this monitoring problem. Stable revenue bases reduce the difficulty of the monitoring problem and enable the drawing of more accurately predictable revenue flows. Indeed as observed by the author, it is worthy appreciating especially in relation to the challenges related to poor technical skills in revenue collection firms.

However, the work of the author was based on the contractual theory where the principle and the agent may have divergent approaches especially due to the fact that the theory does not embrace democratic principles as in the public choice, which seeks to involve the majority in implementation. This creates a theoretical gap that should be filled in the literature of the study findings.

2.4 Challenges of Public Private Partnership on revenue collection in Mbale City.

Just like in any other policies being introduced, the introduction of the Public Private Revenue collection scheme is expected to face several challenges. According to *Toma*, (2018) the policy illustrates two core challenges namely corruption at collection point and the scope for ascertaining the tax base of activity-sensitive taxes. He observes that corruption is usually based at the top hierarchy of the local government officials. This claim though relevant in explaining the fact that inefficiency and ineffectiveness of private revenue collection, it contradicted the works of other scholars that credit the scheme as being responsible for improving revenue collection. At the same time, other scholars have testified that private revenue collection is a basis for curbing all revenue collection weaknesses. This creates the need to find out the validity of the two claims. It is also important to note that the author was writing a positive bias of the bureaucratic revenue collection system over the use of private firms for the same responsibility.

Additionally, *Svensson* (2023) argued that looks at private revenue collection as associated with the challenge of monitoring especially with the intention of curbing all the associated inefficiencies. The author further observed that vulnerability to corruption and tax evasion were common features of all tax systems in developing countries and this intensified the burden for monitoring. The empirical foci being on problems of accountability and leakages within private agencies, and the massive inefficiencies uncovered in the administration duties. According to the author, the uncertainty about the size of the tax base represents a key aspect of this monitoring problem. However, the observations as made above are generalizations about all tax collection systems in Africa and not tax farming in particular. Besides, the observations contradicted the objectives of tax farming which were based on the assumption that the involvement of private sector relieved the governments administrative and monitoring costs and challenges. This therefore creates the need to find out whether the author's bias was valid or not.

According to *Stella* (2017), there is also a widespread claim that involvement of private sector in revenue collection leads to overzealous collection. Tracing the background of the system, the author said that historical records are replete with evidence of over zealousness in private revenue collection. The author gave the cases in the Dutch Republic, where the excess of private collection led to „the most significant riots in the Republic's history“. In France, it prompted the execution of the so-called Farmers-general during the Revolution. The author observed that,

while providing timely caveats about the potential damage private tax collection could worsen state-citizen relations. However, these historical excesses were insufficient for dismissing Public Private Collection altogether. The author made a wonderful observation that the main problem with the system was the concentration of economic power in the hands of a few tax farmers. However, the time scope of the observations presented as the problems created by tax farming created time gaps that should be filled by the field study or findings. This is because despite the fact that Public Private Revenue collection may lead to overzealous collection, there is also a need to observe the fact that Public Private Revenue collection has gone through several reforms and several mistakes of the past, would not easily be found in the system. Besides, the observations were based on the facts that took place before the implementation of the structural adjustment programs, which were not in the implementation and evaluation stage. This creates a time gap in the sighted literature that should be filled with field study or findings. *Kiser* (2016), noted that the primary obstacles of private revenue collection were that, information sources are scattered and in some cases non-traditional revenue rarely accounted for. Furthermore, local government officials tended to understate the scale of nonconventional local revenue. At the same time, some forms of non-traditional revenue (contributions by associations and local figures) are less frequent in rural areas. The author further observes that non-traditional revenue was also harder to detect in an urban area, where information about such revenue was harder to obtain. The observation as made by the scholar was appreciated. However, the difference in time and scope of operation created time and empirical gaps that should also be filled with findings from the field. The different contractors to the effect that the adoption of Public Private Partnership on revenue collection was based on the assumption that it would ease administration due to the relatively smaller units handled.

Conclusion

In conclusion, the assessment of the effectiveness of Public Private Partnership in promoting local government revenue performance is not really detailed by the different studies reviewed especially the practical operations and limitations to the objectives of the Public Private Partnership on revenue collection. The available literature on fiscal decentralization reforms was too general in nature especially with regard to the reasons for involvement of private sector in revenue collection, the way it was implemented, its impact and limitations. At the same time, the

available literature was parochial in scope and mostly published by government. Thus, the study intends to try to address these precincts through the findings.

CHAPTER THREE:

METHODOLOGY

3.1 Introduction

According to *Wehmier* (2020), the concept of methodology refers to a set of methods and principles used to perform a particular activity. This section will cover the research design, study area and population, sampling procedure, data collection techniques and methods of data analysis.

3.2 Research design

The study used a case study research design. A case study design is a design that uses specific subjects with common characteristics enough to represent the rest other than studying the entire population *Patton*, (2021). Issues related to revenue collection apply to a wider scope that cannot be effectively studied in the limited time range making the case study design the best option. The design was used because it enables the researcher to dwell on the information from Mbale City for deductions and generalizations over revenue collection in Uganda wider than the study scope. Besides, the design facilitated the acquisition of in-depth analysis of revenue collection methods in Mbale City because it engulfs the use of a variety of techniques for the same purpose.

The design, therefore, facilitates the acquisition of the most required in-depth information that aided the analysis of the performance of the policy reform that made Mbale City enter partnerships with the private sector in the collection of revenue. At the same time, it helped to save time because Mbale City worked as a case study that was used to understand the effectiveness of Public Private Partnerships in improving Local Government revenue performance.

The study also used a historical research design. A historical research design is one that uses historical facts and backgrounds relating them to the situation at hand in order to deduce or to predict the future. The collection of revenue in Uganda has been revised in various ways from the traditional bureaucratic system of revenue collection. Thus, the researcher was guided by the historical research design to analyze the local revenue collection methods before and after the

involvement of private sector in service delivery. Under this method, both primary and secondary evidence was used especially in line with local revenue collection under the different systems and local governments' efficiency and effectiveness. In the same way, the historical design was used so as to logically analyze and double-check historical records about the collection of revenue before Public Private Partnership in revenue collection, its benefits and challenges and the general revenue performance during this period. This enabled the researcher to make comparisons for a logical assessment. In the same way, the historical records helped in cross-checking for the approval or disapproval of the findings because they provide reports on the turnover and reasons for the increase or decrease in revenue collection at the time. This also helped to examine the validity and reliability of the conclusions, a quality needed in this study for reliable references and generalizations.

3.3 Study area

The study was carried out in Mbale City in the Eastern Region of Uganda.

Prior to the fieldwork, the researcher conducted an extensive literature search about the wards and cells of Mbale City.

The researcher mainly focused on revenue collection and whether Public - Private Partnerships arrangements exists in Mbale City.

3.4 Study population

The study covered a population including, Ministry of Local Government (MoLG) officials, City officials, ward administrators or Town Agents and technical staff, private revenue collection firms, parish leaders, zone leaders, opinion leaders, tax payers and the ordinary citizens of . Mbale City generally.

3.5 Sample size

A sample size of eighty (80) respondents was involved for this study. This sample size involved a number of key informants and other respondents with ample knowledge on revenue issues in Mbale City.

The eighty (80) respondents were selected according to a pattern represented in the table below;

Table 1: Categories of respondents

Category of respondents	Number targeted	Percentage
Local Council Chairman (LCV)	1	1.25
Town clerk	1	1.25
Representative from the Ministry of Local Government	1	1.25
Private Tax Collectors/Contractors	8	10
Opinion Leaders	10	12.5
Councilors	7	8.75
cell Leaders (LC1)	20	25
Tax payers	30	37.5
Total	80	100

3.6 Sampling techniques

The study used a combine a number of sampling techniques. This includes the purposive sampling and probability sampling techniques. The researcher used the lottery sampling method to identify the number of cells and wards in which the study was carried out.

Under this technique, all cells in the City were written on different pieces of papers. Then all papers were put into a box from which the researcher was picked nine papers one at a time and these were the studied parishes. The same technique was applied in the selection of the wards in which the study was carried out.

However, the selection of other key informants including the cell leaders, ward leaders and councilors followed different sampling techniques. In particular, the selection of the councilors combined the random sampling technique and the convenience sampling technique.

On the other hand however, the opinion leaders and taxpayers were selected using the snowball sampling technique in which after identifying a respondent, the same person directed the researcher to another opinion leader or taxpayer of the same qualities as required in this research. This sampling methodology was used because of its comparative advantage in establishing the hard to find respondents with not easily observable physical qualities of opinion leaders.

The simple random sampling technique was also used in the selection of the representatives of private revenue collection firms and the ordinary citizens. Under this technique, respondents in each category had their names obtained from the administrative units of the different categories, including the LC voter's registers and the staff list from the different private revenue collection firms. All names in a particular category were put in a box and a systematic number (2) for the respective categories were selected and from each, such a number were considered till the required number was obtained. This technique was used because it has advantages of creating equal chances for all respondents to be selected and to avoid biases *Winter, (2020)*.

3.7 Methods of data collection

The study used a triangulation method in which different methods shall be combined. Data was collected using both qualitative and quantitative methods.

According to *Sarantakos (2023)*, the quantitative methodology involved the use of structured techniques of data collection that allow quantification, measurement and operationalization using quantitative methods of analysis like statistics. On the other hand, the qualitative method is based on theoretical and methodological principles of symbolic interactions. Thus, the study combined aspects of both the qualitative and quantitative methods.

The qualitative method mainly used group discussions, face-to-face interviews, observation and review of available documents in line with revenue collection and management. The researcher targeted two focus group discussions (FGDs) with the ward councilors and revenue collection firm representatives.

The FGD also allowed flexibility and free exposure of information about the challenges in revenue collection and local government revenue performance.

3.8 Data analysis

The researcher analyzed the data using an interpretative approach through which he is to rely on patterns, categories and themes of responses that each question generates. These then formed the foundation of the analysis. Qualitative data was analyzed thematically basing on the variables identified in the research objectives. While quantitative data was analyzed using descriptive statistics including percentages, frequencies and tables

3.9 Ethical considerations

Because of the nature of the study being based on the assessing of the effect of institutions like local governments, private sectors, it was so sensitive in one way or the other; it will be assessed by the personnel mandated to run such institutions. However, the researcher followed all the professional guidelines of researchers including: acquisition of an introductory letter from Faculty of Social Science at Uganda Christian University and the responsible officials from the area of study (Mbale City).

At the same time, before engaging a particular respondent, the researcher will seek an oral consent. This involved explaining the study objectives to the respondents. The respondents had to be notified about the possible risks and benefits of participating in the study, emphasizing the aspect of confidentiality with which the findings were treated. The respondents was highly appreciated for their participation in the study and that that was not be interested in the study was given full rights to withdraw from the study.

3.10 Constraints of the study

In view of the following threats to validity, the researcher claimed an allowable 5% margin/peripheral of error at; 0.05 level of statistical significance. Measures are also indicated in order to minimize if not to eradicate the threats to the validity of the findings of this study.

Extraneous or discrete or unrelated variables which was beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

Instrumentation: The research instruments on public private partnerships and revenue collection were not standardized consistent. Therefore a validity and reliability test was done to produce a credible measurement of the research variables.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents on data analysis and interpretation based on the study objectives identified earlier. It begins with the analysis of the demographic data as seen below;

4.2 Demographic characteristics of the respondents

The first part of this chapter is a presentation and analysis of the preliminary data obtained from the study. It involves the background information of the respondents. The variables involved are age (years), gender of respondents, educational level and marital status. Data obtained has been presented in tables below.

4.1.1 Age of Respondents

Table 4.1 contains the age distribution of respondents who participated in the study. The purpose was to find out the average age of respondents in the study area.

Table 4.1: Age in years

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-29	3	3.8	3.8	38.8
30-39	34	42.5	42.5	46.3
40-49	40	50.0	50.0	96.3
50 above	3	3.8	3.8	100.0
Total	80	100.0		

Source: Primary data (2024)

A close look at the Table 4.1 show that 3.8% of the respondents were 21-29 years of age, 42.5% were between 30-39 years of age, 50% who constituted the majority were 40-49 years and 3.8% of the respondents were 50 years and above.

The findings of the study imply that since majority of the respondents were 40 years above, this mean that they were mature enough and information acquired from them was reliable. The above view is in the line with Amin (2017) who argued that the majority age of above 18 years adds value to the responses given that mature people are more trustable as they take time to think about a particular aspect of life.

4.1.2 Gender of Respondents

The respondents were asked to indicate their gender by ticking the appropriate column they belonged. The purpose was to find out the number of males and females who actually participated in the study.

Table 4.2: Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	51	63.8	63.8	63.8
Valid Female	29	36.3	36.3	100.0
Total	80	100.0	100.0	

Source: Primary data (2024)

Table 4.2 shows that out of the 80 respondents who participated in the study, majority 63.8% were males, while the remaining 36.3% were females. The finding means that there are more male than females who participated in the study, naturally, males and females have different attitudes and views toward events and since females are home makers, they tend to remain at home and this explains their lower turn up rate (Singer, 2019)

4.1.3 Marital status of the respondents

Table 4.3 depicts the marital status of respondents who participated in the study. The purpose was to find out the status of the employees who were actively involved in the operations within the local government.

Table 4.3: Marital status of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	62	77.5	77.5	91.3
Single	11	13.8	13.8	13.8
Widower/ Valid Widow	7	8.7	8.7	98.8
Total	80	100.0	100.0	

Source: Primary data (2024)

Table 4.3 show that 13.8% of the respondents were single, 77.5% of the respondents were married, 7.5% were widows/widower and 1.3% of the respondents indicated that they had divorced. The data shows that majority of respondents were married and therefore their responses should be trusted because they have experience in solving various socio-economic problems.

4.1.4 Educational level of the respondents

The level of education was used to demonstrate the knowledge of respondents on vocational skilling and its effect on youth wellbeing.

Table 4.4: Levels of education

	Frequency	Percent	Valid Percent	Cumulative Percent
University	29	20.0	20.0	36.3
Tertiary	35	36.3	36.3	80.0
Valid Secondary	16	43.8	43.8	100.0
Total	80	100.0	100.0	

Source: Primary data (2024)

From the research findings, 20% of the respondents had ended at University level of education, 43.8% had ended at secondary level and 36.3% indicated ended at tertiary level of education.

The data shows that majority of the respondents have attained some level of education whose opinions and views regarding role of vocational skilling on youth wellbeing are guided and well informed. This is in line with Umar (2020) who argued that it is important in social investigation research to involve people that have attained an acceptable level of literacy and numeracy in order to be in position to understand and interpret content in the questionnaire.

4.2 Different source of revenue

This was the first objective of the study which was about finding out the types of vocational skills available to youths. Responses are shown below

Table 4.5: Different sources of revenue

Question statements	SD	D	N	A	SA
Property tax	3 (3.8%)	5(6.3%)	19(23.8%)	39(48.8%)	14(17.5%)
Local hotel tax	1 (1.3%)	26(32.5%)	42(52.5%)	11(13.8%)	11(13.8%)
Business Shares and trade license fee	3 (3.8%)	4(5.0%)	29(36.3%)	29(36.3%)	15(18.8%)
Market dues	1 (1.3%)	10(12.5%)	19(23.8%)	37(56.3%)	13(16.3%)
Royalties	5 (6.3%)	13(16.3%)	24(30%)	29(36.3%)	9(11.3%)
Parking fee	4 (5%)	11(13.8%)	11(13.8%)	40(50%)	17.5(%)

Source: Primary data, 2024

Property tax

The study investigated whether property tax is one of the sources of tax collected in Mbale City. According to table 4.5 above, 3.8% of the respondents strongly disagreed that property tax is one of the sources of tax collected in Mbale City, 6.3% disagreed, 23.8% were neutral, while 48.8% who were the majority agreed and 17.5% also strongly agreed.

Therefore from the above findings it is noted that property tax is one of the sources of tax collected in Mbale City. In support of this finding Greinert (2018) opined that property tax is one of the sources of tax collected in Mbale City with similar findings from face to face interviews.

Local hotel tax

The study investigated whether in local hotel tax is collected in Mbale City and from the findings, only 1.3% strongly disagreed, 32.5% were neutral, 52.5% who constituted the majority agreed and 13.8% strongly agreed to the statement that local hotel tax is collected in Mbale City.

This means that local hotel tax is collected in Mbale City. Even the data collected from interviews indicate that local hotel tax is collected in Mbale City. Obwapusu et al., (2018) equally agrees with the findings where he revealed that local hotel tax is collected in Mbale City

Business shares and trade license fee

On whether business Shares and trade license fee is collected in Mbale City, 3.8% of the respondents strongly disagreed, 5% disagreed, 36.3% were neutral, the same percentage of 36.3% agreed and 18.8% strongly agreed that business Shares and trade license fee is collected in Mbale City.

These findings imply that business Shares and trade license fee is collected in Mbale City. In line with the above findings, Bray, et al., (2020) opined that business Shares and trade license fee is collected in Mbale City.

Market dues

This variable investigated market dues is collected in Mbale City, where 1.3% and 12.5% of the respondents strongly disagreed and disagreed respectively, 23.8% were neutral, 46.3% who were the majority agreed and 16.3% strongly agreed that market dues is collected in Mbale City.

Therefore, the findings of the study imply that market dues are collected in Mbale City. Even findings obtained from interviews show that youth are engaged in medical record technician skill. This is in line with the findings of Okiiria and Okiidi (2017) who opined that market dues is collected in Mbale City.

Royalties

Table 4.6 above shows 6.3% of the respondents who strongly disagreed that royalties as a source of tax is not collected in Mbale City., 16.3% of the respondents equally disagreed, 30% were neutral, 36.3% agreed and 11.3% of the respondents strongly agreed that royalties as a source of tax is collected in Mbale City

The findings of the study therefore imply that royalties as a source of tax is collected in Mbale City and similar results were obtained from face to face interviews. Gupta (2021) further commented that royalties as a source of tax is collected in Mbale City

Parking fee

The researcher further investigated whether parking fee as tax is collected in Mbale City, the findings indicate that 5% of the respondents strongly disagreed and 13.8% disagreed and neutral to the statement respectively. Meanwhile, majority who constituted 50% agreed and 17.5% strongly agreed that parking fee as tax is collected in Mbale City.

It is therefore true from the findings that parking fee as tax is collected in Mbale City. The findings of the study therefore imply that parking fee as tax is collected in Mbale City and similar results were obtained from face to face interviews where it was discovered that parking fee as tax is collected in Mbale City. Even research done by Asare, (2019) further revealed that parking fee as tax is collected in Mbale City.

Descriptive Statistics on the different source of revenue

Table 4.6: Showing descriptive Statistics on different source of revenue

Descriptive Statistics

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Property tax	80	1.00	5.00	3.7000	.95996
Local hotel tax	80	1.00	5.00	3.7750	.72871
Business Shares and trade license fee	80	1.00	5.00	3.6125	.97427
Market dues	80	1.00	5.00	3.6375	.94459
Royalties	80	1.00	5.00	3.3000	1.07209
Parking fee	80	1.00	5.00	3.6125	1.08492
Valid N (listwise)	80				
Average mean				3.60625	

Source: Primary Data, (2024)

Legend

Mean Range	Response Mode	Interpretation
2.51-4.00	Strongly Agree	Very High
2.10-2.50	Agree	High
1.51-2.00	Disagree	Low
1.00-1.50	Strongly Disagree	Very Low

The results in Table 4.12 indicate that a number tax sources have had a very high (3.60625) contribution to revenue collection in Mbale City. This means that there are several sources of

taxes such as property tax, local hotel tax, business Shares and trade license fee, market dues, royalties and parking fees.

4.4 Effect of Public Private Partnership on revenue collection

The second objective in this study was to find out the effect of public private partnership on revenue collection. The findings from respondent’s opinion accompanying variables under this objective were summarized as follows;

Table 4.7: Effect of Public Private Partnership on revenue collection

Question Statements	SD	D	N	A	SA
Public private partnership in revenue collection promote effectiveness and efficiency in tax collection	2(2.5%)	8(10%)	17(21.3%)	46(57.5%)	7(8.8%)
Public private partnership in revenue collection reduces operation and administrative costs	1(1.3%)	7(8.8%)	26(32.5%)	33(41.3%)	13(16.3%)
Public Private Partnership in revenue collection improves tax compliance	0(0.0%)	23(28.8%)	0(0.0%)	39(48.8%)	11(13.8%)
Public Private Partnership in revenue collection improves revenue mobilization	3(3.8%)	5(6.3%)	16(20.0%)	40(50%)	16(20%)
Public Private Partnership in revenue collection improves monitoring of revenue sources	0(0%)	6(7.5%)	21(26.3%)	34(42.5%)	19(23.8%)
Public Private Partnership in revenue collection help to expand taxable base	0(0%)	8(10%)	29(36.3%)	36(45%)	7(8.8%)

Source: Primary data, (2024)

Public private partnership in revenue collection promote effectiveness and efficiency in tax collection

The study investigated whether public private partnership in revenue collection promotes effectiveness and efficiency in tax collection. From the findings, majority 57.5% of the respondents agreed to the statement, 8.8% strongly agreed, 21.3% of the respondents were neutral, 10% disagreed and 2.5% strongly disagreed that Public Private Partnership in revenue collection does not promote effectiveness and efficiency in tax collection.

As evidenced from the above finding, majority of the respondents strongly agreed that public private partnership in revenue collection promote effectiveness and efficiency in tax collection and similar results were obtained from interviews. As Abagi (2018) noted that public private partnership in revenue collection promote effectiveness and efficiency in tax collection

Public private partnership in revenue collection reduces operation and administrative costs

Respondents were asked whether public private partnership in revenue collection reduces operation and administrative costs and only 1.3% of the respondents strongly disagreed, 8.8% of the respondents disagreed, while other respondents who constituted 32.5% were neutral, 41.3% who were the majority agreed and 16.3% strongly agreed that in Mbale City, public private partnership in revenue collection reduces operation and administrative costs.

Therefore from above findings, public private partnership in revenue collection reduces operation and administrative costs. This is in support of the study done by Bayrak (2019) which he opined that public private partnership in revenue collection reduces operation and administrative costs.

Public Private Partnership in revenue collection improves tax compliance

According to the findings, 8.8% of the respondents disagreed public private partnership in revenue collection improves tax compliance, 28.8% of the respondents were neutral, whereas 48.8% agreed and 13.8% strongly agreed that public private partnership in revenue collection improves tax compliance.

Furthermore, results from interviews also indicated similar opinions that public private partnership in revenue collection improves tax compliance. The above findings are in agreement with Khan (2005) where he observed that public private partnership in revenue collection improves tax compliance.

Public private partnership in revenue collection improves revenue mobilization

The study further investigated whether public private partnership in revenue collection improves revenue mobilization and from the research findings in table 4.7, 3.8% of the respondents strongly disagreed that public private partnership in revenue collection improves revenue mobilization, 6.3% disagreed, 20% were neutral, while 50% of the respondents agreed and 20% of the respondents strongly agreed that public private partnership in revenue collection improves revenue mobilization.

The findings of the study imply that in Mbale City vocational, Public private partnership in revenue collection improves revenue mobilization. This discovery is in line with the findings of Okumbe (2019) who opined that public private partnership in revenue collection improves revenue mobilization.

Public Private Partnership in revenue collection improves monitoring of revenue sources

In Mbale City, Public Private Partnership in revenue collection improves monitoring of revenue sources as strongly agreed and agreed by 23.8% and 42.5% of the respondents respectively. Only 7.5% of the respondents disagreed and 26.3% of the respondents were neutral.

Therefore from the above findings, Public Private Partnership in revenue collection improves monitoring of revenue sources. Kaplan (2018) equally agrees with the findings where he opined that Public Private Partnership in revenue collection improves monitoring of revenue sources.

Public Private Partnership in revenue collection helps to expand taxable base

The findings show that 10% of the respondents disagreed that in Mbale City, Public Private Partnership in revenue collection help to expand taxable base, 36.3% of the respondents were neutral, 45% agreed and 8.8% of the respondents strongly agreed that Public Private Partnership in revenue collection help to expand taxable base.

Therefore Public Private Partnership in revenue collection helps to expand taxable base. Similar data however were collected from face to face interviews where it was noted that Public Private Partnership in revenue collection help to expand taxable base, Prosser (2011) argued that Public Private Partnership in revenue collection help to expand taxable base

4.2.9 Descriptive Statistics on the effect of Public Private Partnership on revenue collection

Table 4.8: Descriptive Statistics on effect of Public Private Partnership on revenue collection

Descriptive Statistics					
Statements	N	Minimum	Maximum	Mean	Std. Deviation
Public Private Partnership in revenue collection promote effectiveness and efficiency in tax collection	80	1.00	5.00	3.6000	.88016
Public Private Partnership in revenue collection reduces operation and administrative costs	80	1.00	5.00	3.6250	.90533
Public Private Partnership in revenue collection improves tax compliance	80	2.00	5.00	3.6750	.82332
Public Private Partnership in revenue collection improves revenue mobilization	80	1.00	5.00	3.7625	.97102
Public Private Partnership in revenue collection improves monitoring of revenue sources	80	2.00	5.00	3.8250	.88267
Public Private Partnership in revenue collection help to expand taxable base	80	2.00	5.00	3.5250	.79516
Valid N (listwise)	80				
Average mean				3.625	

Source: Primary Data, (2024)

Legend

Mean Range	Response Mode	Interpretation
2.51-4.00	Strongly Agree	Very High
2.10-2.50	Agree	High
1.51-2.00	Disagree	Low
1.00-1.50	Strongly Disagree	Very Low

Results in table 4.8 show that public private partnership have had a very high (3.625) contribution to social wellbeing of youth. This means that Public Private Partnership in revenue collection promote effectiveness and efficiency in tax collection, Public Private Partnership in revenue collection reduces operation and administrative costs, Public Private Partnership in revenue collection improves tax compliance, Public Private Partnership in revenue collection improves revenue mobilization, Public Private Partnership in revenue collection improves monitoring of revenue sources and Public Private Partnership in revenue collection help to expand taxable base.

4.5 Challenges facing Public Private Partnership on the revenue collection

The third objective in this study was to establish challenges facing Public Private Partnership on the revenue collection. The findings from respondent's opinion accompanying variables under this objective were summarized as follows:

Table 4.9: Challenges facing Public Private Partnership on the revenue collection

Question statements	SD	D	N	A	SA
Public Private Partnership breeds corruption in revenue collection	3(3.8%)	8(10%)	23(28.8%)	34(42.5%)	12(15%)
It is difficult to monitor Public Private Partnership arrangements.	4(5.0%)	7(8.8%)	24(30%)	29(36.3%)	16(20%)
Public Private Partnership leads to overzealous collection	5(6.3%)	10(12.5%)	26(32.5%)	29(36.3%)	10(12.5%)
Some revenue may not be accounted for by private collectors	4(5%)	11(13.8%)	29(36.3%)	28(35%)	8(10%)
Lack of information on private partners hinders effective Public Private Partnership.	8(10%)	5(6.3%)	21(26.3%)	36(45%)	10(12.5%)
Private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers	2(2.5%)	9(11.3%)	23(28.8%)	40(50%)	6(7.5%)

Source: Primary data, (2024)

Public Private Partnership breeds corruption in revenue collection

Table 4.9 above shows that 3.8% of the respondents strongly disagreed that in Mbale, Public Private Partnership does not breed corruption in revenue collection, 10% disagreed, 28.8% of the respondents were neutral, 42.5% who constituted the majority agreed and 15% of the respondents strongly agreed that Public Private Partnership breeds corruption in revenue collection.

Thus from the above findings, it is true that Public Private Partnership breeds corruption in revenue collection and staffs as majority of respondents (42.5%) agreed to the statement. Similar

findings were obtained from face to face interviews where it was found out that Public Private Partnership breeds corruption in revenue collection. In support of the above findings, research by Musaazi, (2022) found that Public Private Partnership breeds corruption in revenue collection.

It is difficult to monitor Public Private Partnership arrangements.

According to the study, 5% of the respondents strongly disagreed that in Mbale City, it is not difficult to monitor Public Private Partnership arrangements. 8.8% disagreed, 30% were not sure, 36.3% agreed and 20% strongly agreed that It is difficult to monitor Public Private Partnership arrangements.

The findings therefore imply that it is difficult to monitor Public Private Partnership arrangements.. Even the findings obtained from interviews show that it is difficult to monitor Public Private Partnership arrangements. The findings are in line with the results of the study done by Okojie (2017) who argued that it is difficult to monitor Public Private Partnership arrangements.

Public Private Partnership leads to overzealous collection

It was strongly disagreed by 6.3% of the respondents that Public Private Partnership leads to overzealous collection, 18.8% disagreed, 32.5% were neutral, 36.3% agreed and 12.5% strongly agreed that Public Private Partnership leads to overzealous collection.

The findings imply that in Mbale City, Public Private Partnership leads to overzealous collection. Results obtained from interviews also show that Public Private Partnership leads to overzealous collection. Abdullah (2018) also opined that Public Private Partnership leads to overzealous collection.

Some revenue may not be accounted for by private collectors

It was strongly disagreed by 5% of the respondents that some revenue may not be accounted for by private collectors, 13.8% disagreed, 36.3% were not sure, while 35% agreed, and 10% strongly agreed.

From the research findings, the majority of the respondents were not sure whether in Mbale City; some revenue may not be accounted for by private collectors as revealed by 36.3% of the respondents.

Lack of information on private partners hinders effective Public Private Partnership.

The researcher also investigated whether lack of information on private partners hinders effective Public Private Partnership.. From the findings therefore, 10% of the respondents strongly disagreed that lack of information on private partners hinders effective Public Private Partnership., 6.3% of the respondents disagreed, and 26.3% of the respondents were neutral, 45% of the respondents agreed and 12.5% of the respondents strongly agreed.

The study findings means that lack of information on private partners hinders effective Public Private Partnership. as agreed and strongly agreed by 45% and 12.5% of the respondents and this is in line with the data collected from face to face interviews. Research by Maria (2019) also found similar results where she argued that lack of information on private partners hinders effective Public Private Partnership.

Private contractors in Public Private Partnership.use harsh revenue collection techniques which scare tax payers

Research findings in table 4.9 above show that 2.5% of respondents strongly disagreed that Private contractors in Public Private Partnership.use harsh revenue collection techniques which scare tax payers, 11.3% of the respondents disagreed, 28.8% were neutral, 50% who constituted the majority agreed and 7.5% strongly agreed that Private contractors in Public Private Partnership.use harsh revenue collection techniques which scare tax payers.

The above findings therefore imply that in Mbale City, private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers. In the same line of argument, the Ministry of Education and Sports (2017) argued that private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers.

Descriptive statistics on challenges facing Public Private Partnership on the revenue collection

Table 4.10: showing descriptive statistics on challenges facing Public Private Partnership on the revenue collection

Descriptive Statistics

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Public Private Partnership breeds corruption in revenue collection	80	1.00	5.00	3.5500	.99238
It is difficult to monitor Public Private Partnership arrangements.	80	1.00	5.00	3.5750	1.06468
Public Private Partnership leads to overzealous collection	80	1.00	5.00	3.3625	1.05835
Some revenue may not be accounted for by private collectors	80	1.00	5.00	3.3125	1.00119
Lack of information on private partners hinders effective Public Private Partnership.	80	1.00	5.00	3.5000	1.07915
Private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers	80	1.00	5.00	3.4375	1.11200
Valid N (listwise)	80				
Average mean				3.4625	

Source: Primary Data, 2024

Legend

Mean Range	Response Mode	Interpretation
2.51-4.00	Strongly Agree	Very High
2.10-2.50	Agree	High
1.51-2.00	Disagree	Low
1.00-1.50	Strongly Disagree	Very Low

The results in Table 4.10 indicate that a number of challenges have had a very high (3.4625) effect on revenue collection in Mbale City. This means that, Public Private Partnership breeds corruption in revenue collection, it is difficult to monitor Public Private Partnership arrangements, Public Private Partnership leads to overzealous collection, Some revenue may not be accounted for by private collectors, Lack of information on private partners hinders effective Public Private Partnership and Private contractors in Public Private Partnership use harsh revenue collection techniques which scare tax payers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion, and recommendations about the study. It also looks at areas for further research.

5.1 Summary

Different source of revenue

The study found that property tax is collected in Mbale City. Authorities have expanded property taxation to include owner occupied property should be accompanied with income based equalization techniques. However, better local revenue database management to support property assessment with proxies and mass valuation.

It was also revealed by the study that local hotel tax is collected in Mbale City. Local governments charges local hotel tax. Regulations should specify that Local hotel tax (LHT) is levied by guest-stay (not by rooms and it is levied either by day or night). Classification of hotels should be sufficiently regulated. However, The choice of drafting language in section 80 (1)(a) of the Local Governments Act and Paragraph 1 of Part II of the Fifth Schedule of the Local Governments Act does not clearly set out the basis for taxation.

The study also discovered that business charges and trade license fee is one of the taxes sources exploited in Mbale City. Business license fee is not only a regulatory instrument, Business charge base should be made more equitable by levying it on the value (e.g. net turnover or asset size) of the business. Trade licensing is to ensure that regulated persons/entities comply with the trade regulations in the Act. The grading system provided in the Trade (Licensing) (Grading of Business Areas) Statutory Instrument No. 1 of 2017 only relies on the location of the business and does not consider the size of the business

A part of the study findings, market dues is a taxable source that is exploited in Mbale City. The market due setting power should be delegated to the lower local government, where the market is actually located and fees are collected. Through collection of market dues, local governments

will keep its coordination and controlling powers. Ministerial regulations on market dues should set the (lower and upper) limits by LG categories, allowing local discretion in setting the market dues within this range

Finally, the study also found that parking fees are also collected in Mbale City. Local governments should have the authority to set the parking charges or the parking hours (when the standard charges apply). The amended legislation should not restrict local parking significantly (e.g., setting charge limits broadly; open parking hours, days for local regulation). On-street parking charges should be shared local revenues for gazetted road parking

Effect of Public Private Partnership on revenue collection

According to the findings of the study, Public private partnership in revenue collection promotes effectiveness and efficiency in tax collection. The involvement of private sector in government services was rapidly becoming a key feature in the management of revenues in developing countries. The study found that the present enthusiasm for private tax collection among bureaucrats, and other participants in the policy debate on local government finances was echoed as increasing efficiency and effectiveness.

Also, results of the study show that Public private partnership in revenue collection reduces operation and administrative costs. Private revenue collection is credited for its direct advantage of reducing operation and administrative costs that would otherwise be spent on revenue collectors and the whole collection process. It is observed that tax farming presents administratively weak governments with two main advantages. Firstly, the opportunity to save on costs of tax administration by shifting the costs of collection onto the private sector. Secondly, it creates the opportunity to remedy corruption at collection points by offering superior mechanisms for penalizing poor collector performance.

Other study findings show that Public Private Partnership in revenue collection improves tax compliance. A fair and effective taxation and assessment system is an important tool that begins with compliance, transparency and accountability to the taxpayers that demand concise but clear information on effective tax burdens.

Additionally, results show that Public Private Partnership in revenue collection improves revenue mobilization. The tax system should be strengthened through having a clarified system of tax mobilization that can enable business enterprise taxpayers to meet their tax obligations by designing essential tax rates that are not related to the taxable profits as indicated in the law but on an economic measure in which the impact on the tax base is included; intensifying tax incentives in order to develop the infant enterprises in business to stimulate the performance of business enterprises in the economy

Results of the study also show that Public Private Partnership in revenue collection improves monitoring of revenue sources. Stable revenue bases through Public Private Partnership reduce the difficulty of the monitoring problem and enable the drawing of more accurately predictable revenue flows. Indeed as observed by the author, it is worthy appreciating especially in relation to the challenges related to poor technical skills in revenue collection firms

Challenges facing Public Private Partnership on the revenue

Study results reveals that Public Private Partnership breeds corruption in revenue collection. It was found that the policy illustrates two core challenges namely corruption at collection point and the scope for ascertaining the tax base of activity-sensitive taxes. Results show s that corruption is usually based at the top hierarchy of the local government officials. This finding though relevant in explaining the fact that inefficiency and ineffectiveness of private revenue collection, it contradicted the works of other scholars that credit the scheme as being responsible for improving revenue collection.

Additionally, results of the study indicate that it is difficult to monitor Public Private Partnership arrangements. Private revenue collection as associated with the challenge of monitoring especially with the intention of curbing all the associated inefficiencies. The findings further observed that vulnerability to corruption and tax evasion were common features of all tax systems in developing countries and this intensified the burden for monitoring.

Data collected from participants also revealed that Public Private Partnership leads to overzealous collection. It was discovered that widespread claim that involvement of private sector in revenue collection leads to overzealous collection. Tracing the background of the

system, the findings show that historical records are replete with evidence of over zealousness in private revenue collection.

It was also found from the study that some revenue may not be accounted for by private collectors. Furthermore, local government officials tended to understate the scale of nonconventional local revenue. At the same time, some forms of non-traditional revenue (contributions by associations and local figures) are less frequent in rural areas. The findings show that non-traditional revenue was also harder to detect in an urban area, where information about such revenue was harder to obtain.

Lack of information on private partners hinders effective Public Private Partnership as the study found out. This creates problems particularly for tax reduction program which is one of the most adopted government tax incentives which exempts enterprises/business enterprises from their tax liability and also relieves some businesses from certain tax deductions over the tax holiday

5.2 Conclusions

Different source of revenue

As found out by the study, property tax is collected in Mbale City. Authorities have expanded property taxation to include owner occupied property should be accompanied with income based equalization techniques.

As revealed by the study findings, local hotel tax is collected in Mbale City. Classification of hotels should be sufficiently regulated.

As indicated in study findings, business charges and trade license fee is one of the taxes sources exploited in Mbale City. Trade licensing is to ensure that regulated persons/entities comply with the trade regulations in the Act.

As affirmed by the study findings, market dues are a taxable source that is exploited in Mbale City. The market due setting power should be delegated to the lower local government, where the market is actually located and fees are collected. Through collection of market dues, local governments will keep its coordination and controlling powers.

As indicated in the study findings, parking fees are also collected in Mbale City. Local governments should have the authority to set the parking charges or the parking hours (when the standard charges apply).

Effect of Public Private Partnership on revenue collection

As revealed in the findings, Public private partnership in revenue collection promotes effectiveness and efficiency in tax collection. The involvement of private sector in government services was rapidly becoming a key feature in the management of revenues in developing countries.

As affirmed in the study findings, Public private partnership in revenue collection reduces operation and administrative costs. Private revenue collection is credited for its direct advantage of reducing operation and administrative costs that would otherwise be spent on revenue collectors and the whole collection process.

Relatedly, Private Partnership in revenue collection improves tax compliance. A fair and effective taxation and assessment system is an important tool that begins with compliance, transparency and accountability to the taxpayers that demand concise but clear information on effective tax burdens.

Further, Public Private Partnership in revenue collection improves revenue mobilization. The tax system however, should be strengthened through having a clarified system of tax mobilization that can enable business enterprise taxpayers to meet their tax obligations by designing essential tax rates that are not related to the taxable profits.

As revealed in the study findings, Public Private Partnership in revenue collection improves monitoring of revenue sources. Stable revenue bases through Public Private Partnership reduce the difficulty of the monitoring problem and enable the drawing of more accurately predictable revenue flows.

Challenges facing Public Private Partnership on the revenue

As revealed in the study results Public Private Partnership breeds corruption in revenue collection. It was found that the policy illustrates two core challenges namely corruption at collection point and the scope for ascertaining the tax base of activity-sensitive taxes.

As affirmed in the findings of the study indicate that it is difficult to monitor Public Private Partnership arrangements. Private revenue collection as associated with the challenge of monitoring especially with the intention of curbing all the associated inefficiencies.

Additionally, Public Private Partnership leads to overzealous collection as revealed in the study. It was discovered that widespread claim that involvement of private sector in revenue collection leads to overzealous collection.

Further, some revenue may not be accounted for by private collectors as revealed by the study. The findings show that non-traditional revenue was also harder to detect in an urban area, where information about such revenue was harder to obtain.

As affirmed by the study findings, Lack of information on private partners hinders effective Public Private Partnership as the study found out. This creates problems particularly for tax reduction program which is one of the most adopted government tax incentives which exempts enterprises/business enterprises from their tax liability and also relieves some businesses from certain tax deductions over the tax holiday

5.3 Recommendations

Different source of revenue

Property tax is collected as revenue

Local hotel tax is one of the sources of revenue

Local hotel tax is also a source of revenue

Business Shares and trade license fee is also collected

Other sources of revenue include market dues, royalties and parking fee

Effect of Public Private Partnership on revenue collection

Public private partnership in revenue collection promote effectiveness and efficiency in tax collection

Public private partnership in revenue collection reduces operation and administrative costs

Public Private Partnership in revenue collection improves tax compliance

Public Private Partnership in revenue collection improves revenue mobilization

Public Private Partnership in revenue collection improves monitoring of revenue sources

Public Private Partnership in revenue collection help to expand taxable base

Challenges facing Public Private Partnership on the revenue

Public Private Partnership breeds corruption in revenue collection

It is difficult to monitor Public Private Partnership arrangements.

Public Private Partnership leads to overzealous collection

Some revenue may not be accounted for by private collectors

Lack of information on private partners hinders effective Public Private Partnership.

Private contractors in Public Private Partnership.use harsh revenue collection techniques which scare tax payers

5.4 Areas for further study

1. Effect of tax compliance on revenue collection
2. Role of tax administration on revenue collection
3. Effect of tax defaults on revenue collection

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Appendices

Appendix I). Copy of questionnaire for opinion, zone and parish leaders

I am NAFUNA ESTHER, a student of Uganda Christian University pursuing a bachelor's Degree in Public Administration and Management. I am currently carrying out research on "Contribution of Public-Private Partnership on Local Governments Revenue Collection; The case study of Mbale City". I kindly request you to respond to these questions put to you in this questionnaire. The information required is for academic purpose and it will be treated with utmost confidentiality.

a) Ward

b) Cell

c) Occupation

d) Category of respondent:

Cell leader ward leader Opinion leader

Reasons

1. Do you pay taxes?

Yes No

2. If yes what taxes do you pay?

3. Are you aware of the ongoing privatization of revenue ?

Yes No

4. If yes, why do you think the government decided to come up with a new reform?

.....
.....

5. Are you aware of some of the weaknesses of the previous system of revenue collection?

Yes No

6. If your answer to the above question is yes, what were these weaknesses?

.....
.....

7. Do you think the new system of revenue collection will provide a solution to these problems?

Yes No

8. If yes, how? If no, why?

.....
.....

Process

9. Have you noticed any difference between the current and the previous system of revenue collection?

Yes No

10. If yes, what are these differences?

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

11. Are you aware of the process in which these firms are identified?

Yes No

12. If yes, describe how?

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

13. Are you aware of the strategies used by collectors to control defaulters and late payers?

.....

.....
.....
14. If yes, how? If no, what are the likely effects?

.....
.....

Impact

15. Are you aware of any observable changes in the revenue collection performance of Mbale city?

Yes No

16. If yes, has it changed for the better or for worse?

.....
.....

17. Has privatization helped to reduce corruption in Mbale city?

Yes No

18. If yes how and if no, why?

.....
.....

19. What are the indicators of the option in 17 above?

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

Challenges

20. What challenges do you think this system will pose to the private collectors?

.....
.....

21. What challenges do you think this system will pose to the taxpayers?

.....
.....

22. What challenges do you think the system will pose to the council?

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.....
.....

23. Suggest possible solutions for the above challenges?

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

Thank You So Much

God Bless You

Appendix II) Copy of interview guide for the other key informants

This interview will be addressed to key informants who may provide relevant information about Public Private Partnership on revenue collection.

Reasons

1. Has the privatization of revenue collection been effected in Mbale city?
2. Whose proposal was it to adopt this policy?
3. What was the system used in the collection of revenue before?
4. What were the weaknesses of this system of revenue collection?
5. Was privatization thought to provide solutions to these weaknesses?

Process

6. When was the system of private revenue collection adopted?
7. What are the private firms partnering with Mbale city in collecting revenue?
8. How are rightful contractors identified under the new system?
9. How do you ensure transparency in the new system?
10. What strategies are set forth to ensure that the contractors remit the agreed amounts?

Impact

11. How would you compare the revenue collection performance of Mbale city before and after privatization?
12. Has privatization helped to control the weaknesses of the previous system?
13. For any answer in the above option what are the indicators?
14. What has been the trend of revenue collection ever since private revenue collection was adopted in Mbale city?

Challenges

15. What challenges do you think this system will pose to the private collectors?
16. What challenges do you think this system will pose to the taxpayers?
17. What challenges do you think this system will pose to the division?
18. To all the above challenges, suggest possible solution?

Thank You So Much

APPENDIX III: WORK PLAN

S/No	Activity	Time frame (Months)					
		Oct	Nov- Dec	Jan	Feb	Mar	April
1	Proposal writing and submission for approval						
2	Preparing data collection tools, selection & training of research assistants and actual data collection						
3	Data analysis						
4	Dissertation preparation						
5	Dissertation submission						

APPENDIX IV

PROPOSAL BUDGET

Particular	Quantity	Amount
Printing and photocopying services		100,000/=
Transport costs		50,000/=
Data Analysis		200,000/=
Maintenance Fund		200,000/=
	Total	550,000/=



UGANDA CHRISTIAN
UNIVERSITY
A Centre of Excellence in the Heart of Africa
MBALE UNIVERSITY COLLEGE

Office of the Academic Registrar

To THE CITY TOWN
CLERK MBALE CITY

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss Haruna Esther

Of Registration Number; S22/MS/BSA/M/040 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree DEGREE

He/ she is required to carry out an academic research on the topic

THE CONTRIBUTION OF PUBLIC PRIVATE PARTNERSHIP ON
REVENUE COLLECTION IN MBALE CITY

and thereafter produce a well bound hard cover research report (**MAROON**) in color for undergraduate and three (**BLACK**) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,

Mr. Akampurira Timothy
Academic Registrar

