MZUMBE UNIVERSITY
(CHUO KIKUU MZUMBE)
SCHOOL OF BUSINESS

Tel: +255 (0) 23 2604380/1/3/4
Fax: +255 (0) 23 2604382
Cell: + 255 0748 694029
E-mail: sob@mzumbe.ac.tz
W site: www.mzumbe.ac.tz

P.O. BOX 6
MZUMBE
MOROGORO, TANZANIA

APPROVAL SHEET FOR MASTER'S DEGREE DISSERTATION

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I am submitting herewith a dissertation written by **Paul Julius** Titled: **"Impact of public private partnership in revenue collection efficiency : A Case of Kwimba, Misungwi and Ilemela Districts".** I Recommend that it be Accepted in Partial fulfillment of the requirements for the Degree of Masters of Science in Accounting and Finance **(MSc A&F).**

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Dr. Kipesha, E / MAJOR SUPERVISOR

We have examined this dissertation and recommend it for acceptance.

____
Internal Examiner

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IMPACT OF PUBLIC PRIVATE PARTNERSHIP IN REVENUE COLLECTION EFFICIENCY

A CASE OF SELECTED DISTRICTS; KWIMBA, MISUNGWI AND ILEMELA.

By

Paul Julius

A Dissertation submitted in partial Fulfillment of the Requirement for Award of Degree of Masters of Science in Accounting and Finance of Mzumbe University.

2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation impact of public private partnership in revenue collection efficiency in a partial fulfillment of the requirements for award of degree of Masters of Science in Accounting and Finance of Mzumbe University.

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Major Supervisor

____

Internal Examiner

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DECLARATION AND COPYRIGHT

I, Paul Julius, declared that this dissertation is original and has not been published or submitted for any award to any university or institution of higher learning.

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ACKNOWLEDGEMENT

This dissertation would not have been possible without the moral and technical support of my friends whom I have been interacting.

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My sincere appreciation also goes to my family members including my mother and friends who patiently accepted my preoccupation during the laborious period of research writing. May the Almighty God reward them abundantly?

DEDICATION

To the memory of my mother Naomi Paul,, sister Pendo, brothers and my friends Charles Bomani, Amnon Majuto, Erasto Nginila and Jackson Silinchah, for their tireless contribution towards my social and academic development. May the Almighty God reward them abundantly.

ABBREVIATIONS AND ACRONYMS

FY :	Financial Year
URA:	Uganda Revenue Authorities
LGA:	Local Government Authorities
TRA:	Tanzania Revenue Authorities
LTO:	Large Taxpayers Officer
MOLG:	Ministry of Local Government
P- Value:	Predicted Value
SIG:	Significance
LGFA:	Local Government Finance Act
CAG:	Controller Auditor General
LC:	Local Council
PPP:	Public Private Partnership

ABSTRACT

The findings revealed that the main factor which affects PPP revenue collection performance in Ilemela, Misungwi and Kwimba Districts was monitoring of agents. The Researcher found that there was an increase in revenue after PPP on revenue collection since collections were above 60% as 2013/2014 budget illustrates. The adoption of fiscal decentralisation in Tanzania many local governments involved in the collection of taxes using public servants. However, they further observed that due to the increasing appetite for tax base expansions and outsourcing of tax collection, private tax collection or tax farming was adopted as an innovation. 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.

The impact of PPP could be witnessed by a relative increase in the current turnover from the privatized portfolios. This indeed points to many things but it also reveals that there was no room for revenue losses in such practices as tax evasion. The study found that local government authorities have increased revenue collected.

The study noted that there is a close relationship between revenue collectors and performance. Much as most important local tax includes the property tax, the authorities that provide a basis for health and reliable collection. The local authorities were reluctant to apply knowledge about implementation. It became difficult for them to have control over revenue from both external sources and the locally raised revenues. Thus they bring efforts together to bring the efficiency in collection methods. It's true that, many districts have managed to collect revenues efficiently due proper relationship between these agents of the economy.

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CHAPTER ONE

1.0 Introduction

Scholars have been studying a model that can bring an efficiency and effective collaboration between the public and government sectors in pooling together of resources (financial, human, technical, and information) with the aim of accelerating the rate of national development (Hodge & Greve: 2011)

According to Fjeldstad, et all (2012), the term "private" is used loosely to mean stakeholders who are not part of the government organs. In this case, the formality or informality of partnerships is not considered as important as the end in itself. For the purposes this study, the term is used to signify collaboration, participation, and partnership interchangeably.

Reasons for the adoption of privatisation of revenue collection

According to Ghura (1998), among the several reasons for the adoption of privatisation is that State Owned Enterprises (SOEs) have generally posted disappointing performances. The author notes that, although some of them function well, many others are notoriously inefficient. They manage to survive through tariff protection against competing imports, preferences in public procurement, exclusive rights, and preferential access to credit in state-owned banks, tax exemptions, and public subsidies. Thus, many State Owned Enterprises in fact help stifle the local private sector and foster economic stagnation. The contribution of the author was found relevant in line with the reasons behind the decline in nationalisation for privatisation in world economies. However, though related, the work creates an empirical gap because the focus for the authors is on weaknesses of SOEs and how they survive through protectionism. However, despite being unique in the nature of the study focusing on private enterprises in Uganda at the divisional level, which are not protected by the government, the study found the allegations largely applicable to reasons behind the abandoning of the bureaucratic revenue collection system. According to the MoLG (2003), the LGA 1997 was amended to provide the necessary legal and policy framework enabling Local governments to mobilise revenue for financing their functions and projects. However, the trend in LG revenue collections has been declining since 1998/9, which approves the observation in Ghura (1998) work sighted. According to Schneider and Kiser (1994), some reforms designed to give government enterprises greater autonomy and expose them to stiffer competition, without privatizing their ownership, have produced encouraging results. The authors however, noted that in most cases, such reforms proved impossible to sustain and after initial improvements the situation of the public enterprises consequently deteriorates further. Thus, this creates a challenge of bringing about sustainable improvements in enterprise performance, and many governments today regard privatisation as the only means available to accomplish this. The observation revealed the reasons for privatisation as being the failure to sustain some innovations in the public sector. However, the author had not clearly pointed out such innovations because even privatisation was a new innovation aimed at improving local government fiscal performance. But the study findings from MoLG (2003) revealed these innovations including the public-private sector partnership and all its different forms. At the same time, the observation was based on studies made in Prussia, a country with a different level of development from that of Uganda, creating a geographical gap that had to be bridged in the work sighted. It was however, found out that despite the geographical difference, the goals for the adoption of the decentralization and its forms like privatisation were the same especially in line with improving transparency, effectiveness and efficiency in revenue collection.

The need to privatize service delivery was due to the problem of the influence of the politicians in the operations of the public enterprises. Webber and Wildavsky (1986) observed that state owned enterprises often serve political objectives or purposes and consequently suffer frequent influence by government and bureaucrats. They further observed that in some countries state run enterprises had also contributed to income redistribution in favor of the relatively well off over the poor, who generally lacked access to both the jobs the public sector provides and their products. The contribution above was worth appreciating especially in line with the political problems limiting the success of state run enterprises.

However, the work was based on findings in a period before even effective implementation of decentralization in Uganda, which gave birth to privatization. At the same time, the work was based on the history of taxation and expenditure in the Western World; therefore, there was a need to fill both the geographical and empirical gaps in the sighted literature.

Chitembo (2009), Acknowledges that Public-private partnerships (PPPs) to be relatively recent phenomenon in international development cooperation. Current policy documents frequently refer to expectations regarding their potential contributions to global development goals.

Allers et all (2010), suggested the roles and articulation of public and private agents to referred to general terms like ‘finding the right balance’, ‘demarcating responsibilities’ and ‘right interplay’.

For UNDP PPP is perceived as a World bank-led tool for giving policy advice to governments of development countries to involve the private sector in financing and operating infrastructure (the Public-Private Infrastructure Advisory Facility - PPIAF). In the international debate on the effectiveness of aid taking place within the OECD Development Assistance Committee (DAC), the private sector was until recently hardly invited as a stakeholder to join the discussions. The attention for multi-stakeholder partnerships for pursuing development objectives received a major stimulus at the UN World Summit for Sustainable Development (WSSD), held in Johannesburg (South Africa) in 2002. During the winding up of the debates at the 4th High Level Forum on Aid Effectiveness taking place in Busan (South-Korea) in the period November 29th – December 1th 2011 thorough attention was given to the role of public-private partnerships in development cooperation.

This growing attention was firmly backed by the Netherlands government. Nowadays PPPs are increasingly considered to be an attractive development instrument and are often being used in the Dutch development programs. However, there are still few diagnostic tools available to determine when and how PPPs represent a preferred institutional arrangement.

The current taxation system of the Tanzanian local governments has mainly originated from the reforms of local taxation made in the FY 2003/04 and 2004/05. Prior to that, LGAs had considerable freedom to set their own local revenue structures including establishing the collection rates charged to the various revenue sources. As each local government set its own revenue structure, administration costs were relatively higher (Allers & Ishemoi, 2010), and these, arguably, were transferred to the local tax payer in form of higher tax rates. Since each local government had its own structure and collection rates, it was also difficult to precisely establish the total income derived from all local governments in the country. As a result of these, in 2002, the Prime Minister's Office-Regional Administration and Local Government (PMO-RALG) produced guidelines which rationalized and harmonized the various sources of revenue (PMO-RALG, 2002). In attempt to operationalize the guidelines, in June 2003, the Ministry of Finance (MoF) announced major reforms of local taxation systems. In the budget speech, among other things, the Minister for Finance abolished number of local taxes including the development levy, some licenses fees, and livestock. Again in 2004, in what had been regarded as attempt to create favorable environment for business, the Government abolished local business licenses fees. Arguably, as a result of these pronouncements, total local revenues dropped by nearly 16.2% from TZS 57.7 billion in 2002 to TZS 48.3 billion in 2003, and dropped further to TZS 43.8 (11.3%) billion in 2004 (PMO-RALG, 2008).

1.1 Background

Due to poor revenue collection in local government before privatization of revenue collection, it is evident that more than 90% of the Councils' expenditures in Tanzania were financed by the external sources. However, the external sources of finance, which were normally derived from the Government, DPs, and through borrowing arrangements, were unreliable in both timing and amount. There were many incidences in the past whereby the DPs cancelled their pledged funds during the implementation of budge.

Despite the fact that Mwanza region collect revenue from various sources such as market dues, fines and penalties, parking fees, property taxes, license and permits and others in order to carry out service delivery for its residents, expenditure on service delivery for its local population both at district and lower local government remains very low (Auditor General Report 1998/1999, 2000/2001.

According to the Repoa annual report (2003), the most effective way of collecting revenue was the adoption of public private sector partnerships. It emphasized that the private sector was more efficient and effective than the public sector in matters of financial mobilization and management. In Mwanza region, the privatization of revenue collection involved contracting out all the rights of collecting local revenue from different revenue portfolios to private firms. Thus, all the collectors of revenue under this system were supposed to be members of the contracted private firm.

The private partner was responsible for the recruitment of employees, remuneration of the collection staff, and coordinating with the technical and administrative sections of the division for an effective performance. The role of the local government or division in this case was to monitor, supervise and coordinate between the taxpayers, private firm and the district finance department. This system was believed to be more effective and efficient in revenue mobilization and management compared to the traditional system. Thus, in this section, the study sought to examine the advantages of the privatization of revenue collection over the bureaucratic system and whether privatization could provide a solution to the challenges of revenue collection that had cropped out as a result of the weaknesses in traditional system of revenue collection.

1.2 Statement of the problem

One major administrative problem today for many local government authorities in Tanzania is their inability to collect fully the revenues due to them. In most local government authorities there are huge gaps between reported and projected revenues. Recent studies conclude that this is due to: (1) poor administrative capacity to assess the revenue base; (2) poor administrative capacity to enforce the taxes; (3) explicit and intentional tax evasion and resistance from taxpayers; (4) corruption, including embezzlement of revenues; (5) external pressure on the local finance department to provide optimistic projections; and (6) political pressure on the local tax administration to relax on revenue collection. In this setting, fundamental issues to be addressed in the context of local government fiscal reforms are to redesign the current revenue structure and to strengthen financial management.

Moreover, measures are required to enhance taxpayers' compliance and to improve the accountability of tax collectors and councilors.

Local government financial management base include license and fees such as sand fees, hunting and business licenses, agricultural taxes and Property tax. Property tax has some attractions as a local revenue base since it is imposed on immobile assets and therefore is difficult to avoid at least in principle. However, it also has some obvious weaknesses which need to be taken into consideration before heavy reliance is placed on it. For instance, problems of valuation and tax enforcement often occur due to political interventions and administrative weaknesses. Furthermore, harsh enforcement mechanisms may result in intervention from politicians facing complaints from their constituents. Hence, experience advocates cautiousness when extending property tax to district councils, and when imposing a commercial land tax in local authorities.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study was to assess the impact of public private partnership in revenue collection efficiency, 'a case of Kwimba, Misungwi, and Ilemela districts in Mwanza region, Tanzania.

1.3.2 Specific Objectives.

i. To find out the impact of PPP on revenue collection efficiency in kwimba, Misungwi and Ilemela District.

ii. To determine if the relationship between PPP performance and revenue collection increase efficiency in Kwimba, Misungwi and Ilemela District

iii. To identify the factor that affect PPP performance in revenue collection efficiency in Kwimba, Misungwi and Ilemela Districts.

1.4 Research Questions:

In order to achieve the above mentioned study objectives the following questions guided the study:

i. What is the impact of PPP on revenue collection efficiency in kwimba,Misungwi and Ilemela District ?

ii. Is there relationship between PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela District?

iii. What factors affects PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela District?

1.5 Significance of the study

The study aims at assessing the impact of public private partnership in revenue collection efficiency in Tanzania specifically in Kwimba, Misungwi and Ilemela districts in Mwanza region.

The findings are expected to help the academic community in the event of conducting more research on the issues involving employees' revenue collection strategies in organization.

This study is significant to the districts revenue collectors, especially of Kwimba, Misungwi and Ilemela.The study stimulates further research on private public partnership. It is a partial requirement for the masters degree of Accountancy and Finance of Mzumbe University.

1.6 Scope of the Study

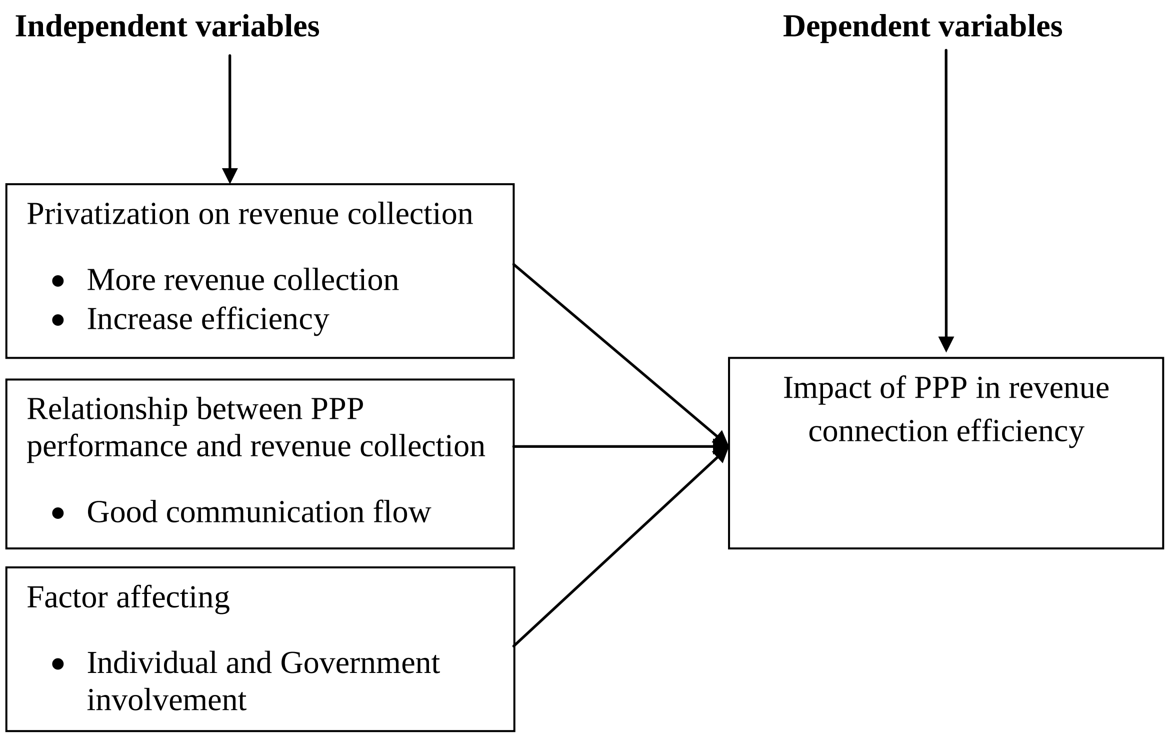
The study is on impact of PPP on revenue collection efficiency in Kwimba, Misungwi and Ilemela districts in Mwanza region. In this study impact of PPP is measured based on revenue increase after the adoption of PPP. The study was entirely to discuss revenue collection in three districts of Mwanza region since it provides a clear understanding as to why it fails to collect revenue efficiently.

Likewise in this study the efficiency is measured by the **net-effect**, which is in relation to expenses as a percentage of revenue (**expenses / revenue**), with a few variations. A lower percentage is better since that means expenses are low and earnings are high.

1.7 Conceptual Framework

For the purpose of the detailed diagnosis of revenue administration, an organizational analysis model, known as the **Congruence Model**, has been used, with some modification.

Figure 1.1 Conceptual Framework



Source: **Researcher 2015**

The central idea of the Congruence Model is that the efficiency of an organization in achieving its objectives depends on the Congruence or Fit between different parts of the Model. Efficiency is greatest when (a) the strategy fits the environment, resources and history, on the one hand, and the transformation process outputs and feedback mechanisms, on the other; (b) the Transformation Process fits the strategy, desired outputs and feedback mechanisms; and (c) the four components of the transformation process i.e. Tasks, Formal Organizational Arrangements, Informal Organization and Individuals fit each other. Whenever there is a lack of congruence between any of these elements, the result is inadequate performance. This is illustrated below. In order to improve the efficiency of an organization, what needs to be done is to, first, identify areas of lack of fit and, then, design remedial measures to improve the fit.

CHAPTER TWO

LITERATURE REVIEW

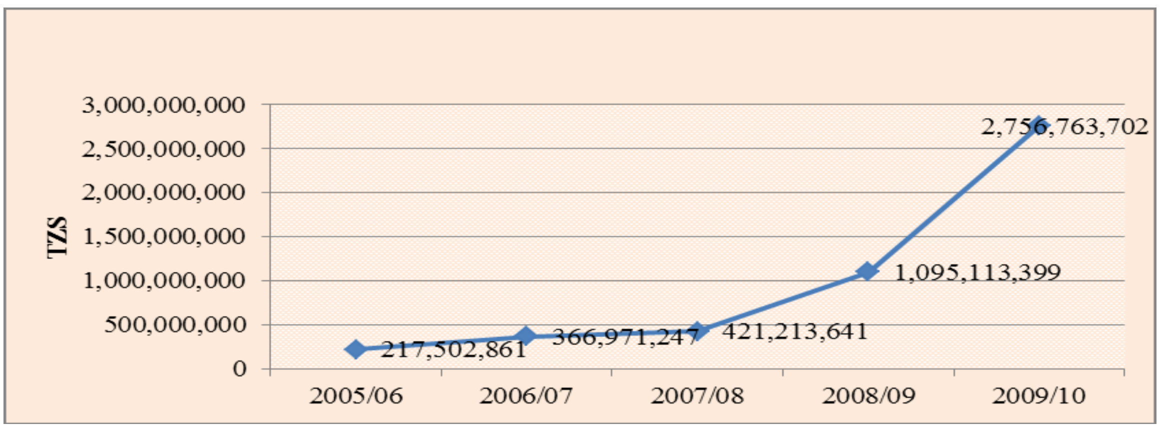
2.0 Introduction

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 1998:6). 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, deconcentration, delegation and privatisation. 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. Privatisation 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.

A fundamental requirement when further redesigning the local tax system is greater emphasis on the cost-effectiveness of revenue collection, taking into account not only the direct costs of tax administration, but also the overall costs to the economy, including the compliance costs to the taxpayers. In addition, losses through corruption and tax evasion need to be reduced. Such improvements may take a long time to achieve, although additional simplification of the local revenue system should provide a positive contribution towards these aims.

Some councils have already started to explore methods to reduce the financial gap caused by the tax rationalization by: (1) outsourcing revenue collection to private collectors to increase revenues from existing sources such as natural resource products, including charcoal, wood and other forest products, and livestock auction fees; (2) reducing costs, for example by limiting the number of meetings and workshops and by retrenching surplus staff; and (3) imposing more cost-effective spending, for example on electricity and stationeries.

In line with this tax reform and as part of Public Private Partnerships (PPPs), the Councils outsourced their revenue sources to the private collecting agents. A report of CAG indicates that most of the revenue contracts are benefiting collecting agents more than the Councils (CAG, 2011), majority of the collecting agents normally fail to remit the collected amounts to the Councils, as reflected in the figure below.



Source: Annual General Report of the CAG on the Financial Statements of the LGAs for the FY 2005/06 to the FY 2009/10

The above graph shows an increasing trend in the revenue not remitted by the collecting agents from TZS 0.22 billion in the FY 2005/06 to TZS 2.76 billion1 in the FY 2009/10. It is also important to note here that in the same period, number of Councils involved in this anomaly increased from 14 to 43. Therefore, the LGAs normally do not sufficiently receive even the small share agreed in the revenue contracts. Worse enough, the attempts to remove the collecting agents were usually hampered by the court injunctions applied by them. As a result, the Councils have so many revenue collection related cases, a situation which depletes the Councils' revenue even further through increased legal expenditures

Current attempts for economic diversification will also help to expand the tax base like, for instance, a longer-term strategy introducing new cash crops. Moreover, co-production of services by councils and local communities is on the rise. For instance, in several councils recently visited the increasing number of primary schools is maintained and expanded via self-help schemes combined with technical support from the council. Such measures are welcome as well as promising for the future sustainability of local authorities.

For instance, in 2006, the collecting agent at Ubungo Bus Terminal in Dar es Salaam retained about 60% of the collected A similar situation was noted in Mwanza City Council where private collecting agents retained about 32 % of the collected revenue (Fjeldstad, et al., 2008).

Basing on the above problem analysis the study assesses the impact of public private partnership in revenue collection efficiency in three councils of Kwimba, Misungwi and Ilemela. The study assess the.

To compensate for the abolished Development Levy and other nuisance taxes, the Local Government compensation grant was introduced in the FY 2003/04. Later, it was referred as General Purpose Grant (GPG) after being combined with the Local Administration Grant. With effect from the FY 2005/06, the grant was allocated based on three criteria, namely, size of the population (70%), land area (10%) and poverty count (20%). Although the introduction of the grant ensured efficient allocation of funds among LGAs, it was neither sufficiently compensated the Councils for the lost revenues, nor was able to treat Councils, especially those located in rural areas, fairly. As Allers and Ishemoi (2010) commented, "jurisdictions with a wealthier population are able to raise more tax revenue than poor jurisdiction". Therefore, the reforms of the local taxation systems which have been carried out had largely left the Tanzanian LGAs with limited sources of income which are inadequate to support the increasing demand of the public services. While it is essential to rationalize and harmonize local taxation systems, sufficient freedom should be left to the Councils to administer their own sources of income. In this regard the Councils outsourced their revenue sources to the private collecting agents. The aim was to increase efficiency in revenue collection.

The privatisation 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, 1988). Starr"s observation of the concept is comprehensive in explaining the ideal privatisation process. It covers a bit of terrain from contracting government with private providers of goods and services to hiring consultants, working with nongovernmental organisations in the delivery of government services, to the creation of management of government corporations. However, in the developing world, privatisation takes relatively a divergent course especially in line with the privatisation 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 (1997), privatisation 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 assess. There is a temporary transfer of management responsibility without transfers of ownership or real transfer of control like markets. This chapter is divided into two major parts. The first part deals with theoretical framework with the objective of explaining various concepts that have been developed by other scholars. Likewise this part will look at different empirical reviews whose aim is to identify the study gaps that needed to be filled as well as the conceptual framework.

2.1 The Concept of PPP

The concept of PPP entails an arrangement between public sector and private sector entities whereby the private entities renovate, construct, operate, maintain, and/or manage a facility in whole or in part in accordance with output specifications. Chitembo, A. (2009).

The private entity assumes the associated risks for a significant period of time and in return, receives benefits/financial remunerations according to agreed terms; which can be in the form of tariffs or user charges. PPP is therefore a cooperative venture built on the expertise of each partner that best meets clearly defined public needs through the most appropriate allocation of resources, risks and rewards, Chitembo, A. (2009).

The most commonly practiced form of PPP is contracting out, there is no strict PPPs classification that can be made, because partnership classification depends on the type of services, the nature and strengths of the partners and the objectives of the PPPs. According to North, (1990); Nkya, (2000); and Sohail, et al (2003), partnerships are basically institutional arrangements which constitute rules defining the relationships that govern the partnerships, roles, responsibilities and accountability mechanisms (formal or implied). The overall aim of PPP is to meet public needs, which would not have been realized without joint efforts.

Through PPPs, the public sector will be able to maintain partial ownership and management of services avoid accusations of “whole sale” transfer of service delivery to the private sector and at the same time be effective in its role of political accountability to its constituents, Hood, C. (1991).

2.2 Literature Review

The study on public-private sector partnership in revenue collection was conceptualized in within the theory of public choice. Thus, the starting point in this section was to sketch out the historical overview of privatisation of revenue collection in relation to the theory of public choice. Prior to the emergence of public choice theory, many economists tended to consider the government as an agent outside the scope of economic theory, whose actions depended on different considerations than those driving economic agents. The public sector remained the main actor in the development process of most countries both developed and developing. The sector was the main actor in production and distribution of goods and services in most economies; especially those that embraced centrally planned economic policies (Nkya, 2000). The commanding heights of these economies were directly owned and managed by the public sector.

The development of public choice theory was accelerated with the formation of the Public Choice Society in the United States in 1965. It attempted to look at governments from the perspective of the bureaucrats and politicians who composed them, and made the assumption that they acted basing on Budget-Maximizing Model in a self-interested way for the purpose of maximizing their own economic benefits. However, following the winds of change in the form of many and far-reaching social, political and economic reforms, the role of the public sector in the development process 8 substantially changed in many countries. This change guided by the public choice theory had its roots in Neo-liberalism. Neo-liberalism, which was an extension of liberalism, had its original proponents in the rich western market democracies. Neo-liberalism attacked absolutism and feudal privileges, while advocating for constitutional and representative governance. (Heywood, 1997). The Neo-liberal theory and its subsequent proponents advocated for several reforms including: fiscal rectitude, competitive exchange rates, free trade, centralisation, privatisation, and limited intervention among others to pave way for competition and public choice. The reforms were supported by the Washington based organisations like the International Monetary Fund (IMF), and the World Bank (WB).

This was done basing on the assumption that the private sector would promote an efficient and effective economic development and growth. As a result, the role of the private sector in bringing about sustainable development in most economies had increasingly been recognised and acknowledged.

Public choice theory attempted to look at bureaucratic governments from the perspective of the business and made the assumption that they acted basing on budget-maximizing model in a self-interested way for the purpose of maximizing their own economic benefits. Thus, in the public choice theory, the optimal mechanism for allocating goods and making decisions was the market. Public bureaucracies and representative democracy were both seen as seriously flawed in comparison. In particular, public sector expenditure was seen as seriously flawed in comparison. In particular, public sector expenditure was seen as inherently prone to excessive growth. There was an in-built tendency to over-supply on the side of public bureaucracies. This in-built tendency to over-supply reflected weaknesses in representative democracy and the operation of public bureaucracies. Public choice theorists regarded existing democratic arrangements as very poor predictors of citizens‟ preferences. They thus, proposed the application of the market notions in public managements. And because of its attachment to the market notion of trading and competition, the public choice theory was much related to the concept of power decentralisation as an opportunity to promote competitions among government agencies.

The public choice theory as seen in the neo-liberal perspective aptly explained Uganda‟s recent decentralisation policy reforms, where fiscal decentralisation was a major tool. In public choice, the partnership between the private and public sector was viewed as presenting opportunities to promote competition among government agencies and private firms respectively so that citizens can vote with their feet being able to move to the localities where the level and mix of services relative to the taxes they pay was closer to meeting their references. Indeed, considering the way in which private sector partnership was implemented, it was based on opening equal opportunities to all private firms to enter a partnership with the government on merit. This opened the sector to complete for reconsideration in case of another opportunity and the direct beneficiary was to be the public sector because then the services provided would be better. Thus, the successful conceptualisation of this theoretical discussion called for establishing whether the assumption that the partnerships in revenue collection would create their own conditions for success (Tote eyer, 1994); and whether fiscal privatisation was the answer to all challenges of local government revenue collection performance.

Dwelling on the positive public choice theory, which focuses on the question of what government policies were likely to be implemented in a given political setting, in a state like Uganda where the Local governments continued to register low revenue turnovers and a lot of malpractices, it offered the option of engaging the private sector in the collection of local revenue. This was based on the assumption that the private sector-led economic growth and development, was generally more efficient (both productive and allocative efficiencies) and effective (Buse and Walt 2002).

The sector was more dynamic, resilient, creative, innovative and vibrant than the public one. On the other hand, dwelling on normative public choice theory, which considers what policies would produce a desirable outcome if they were implemented. This was because despite the fact that good governance tends to be a pure public good for the mass of voters, there may be many interest groups that had strong incentives for lobbying the government to implement specific inefficient policies that would benefit them at the expense of the general public. This was the case when revenue collection was still under the Central Government, or other civil servants that minded less about the outcomes of their efforts especially if they were not to benefit the individual collectors, which increased the level of poor performance in revenue collection This study is base on the theory of congruence. According to this theory efficiency of an organization in achieving its objectives depends on the Congruence or Fit between different parts of the Model. Efficiency is greatest when (a) the strategy fits the environment, resources and history, on the one hand, and the transformation process outputs and feedback mechanisms, on the other; (b) the Transformation Process fits the strategy, desired outputs and feedback mechanisms; and (c) the four components of the transformation process i.e. Tasks, Formal Organizational Arrangements, Informal Organization and Individuals fit each other. Whenever there is a lack of congruence between any of these elements, the result is inadequate performance. This is illustrated below. In order to improve the efficiency of an organization, what needs to be done is to, first, identify areas of lack of fit and, then, design remedial measures to improve the fit.

In the Municipality there is a problem of technology especially in water supply and sanitation and there is problem of efficiency due to lack of managerial expertise and many people who are poor are underserved due to limited capacity. Therefore involving private sector will bring in improvement particularly in new and effective style of management and techniques in service delivery. Besides that the introduction of private sector can bring decision making culture which based on business principles and minimizing bureaucracy, developing alternative sources in service delivery and the introduction of performance management system, Jibao, S.J. (2009).

In the municipality there is a problem of long procedures and process which delays decision making for example for maintain the water pipe can take long time hence causing lack of water to clients. Basing on this introduction of private sector will bring in quick decision making and activities based on performance appraisal which may result to efficiency. In connection to that Private sector is believed to be competent in managing risk than public sector because of high technology in undertaking project within a short time and ability of using economies of scale and innovation to improve the quality of product is another justification for private sector in the municipality because we do not have expertise knowledge in economies of scale, Smoke, P, (2000).

Above all private sector can generate revenue through the third part by for example disposing surplus assets which normally can help in running project when there is no cash flow from the government and accompanying incentives which is paid to private sector when the required service standard has been met through the accomplishment of the project can influence the performance. Private sector in the municipality is relevant because it will help to facilitate the project when there is financial crisis in the council, Smoke, P. (2000)

2.3 Empirical Review

From a systematic review of different published resources available in the form of hard copies and electronic copy regarding the development impact of PPPs. From an initial collection of 63 studies derived from several sources (i.e. articles from scientific portals and development evaluation studies) finally remained 81 studies that qualified as valid evaluative reports. After a further screening regarding the reporting on PPP results, 47 studies finally remained that provide empirical evidence on PPP effectiveness, including 18 case studies and 29 reviews. The below is the summary of the main findings and conclusions:

2.4 Decision-making regarding the reliance on PPPs for development could be supported with a clear framework for selecting and designing PPPs and should provide insights in the rationale and intervention logic of PPPs in any specific situation.

Since PPPs cannot be universally defined and they can include a variety of different organizational features, their selection finally depends in particular on a judgment regarding appropriateness and expected results that can be reached in any particular situation. Therefore, it might be useful to identify key constraints that hinder local development and to outline whether or not PPPs can be considered as an adequate strategy for addressing these constraints. For making such judgments, it is considered particularly important to clearly define PPP eligibility criteria and to compare the PPP option with alternative implementation arrangements

2.5 Rationale of the PPP

The rationale to implement the PPP is described in 12 of the 18 reviewed case studies. These reasons can be grossly divided in: (1) financial reasons (including risk diversification), (2) development reasons (3) efficiency reasons and (4) ideological/political reasons

• Financial reasons (including risk diversification, 7 studies): in a substantial amount of the reviewed case studies PPP is implemented because the local government doesn't have enough resources to carry out a task alone: the government of Pakistan decided to implement PPP in education because they did not have the resources to "accomplish the gigantic task of providing quality education and meeting the targets of the Millennium Development Goals" alone (Malik, 2010). The Lebanese government considered PPP in telecom because they wanted to reform public enterprise but lacked financial resources (Jamali, 2004). In their case studies on Chinese subway PPPs De Jong et al. (2010) state that the use of PPP in (large) infrastructure projects has mainly risen because the government has insufficient financial resources: "In many cases local officials believe that only funding from the private sector can fill the immense gap between the limited presence of public resources and rapidly growing sustainable urban infrastructure needs." (de Jong et al., 2010). Risk diversification is also mentioned as a motive to implement PPP. For example the PSOM (Cooperation Emerging Markets) PPP which was implemented to "encourage investment project that would otherwise not have been carried out because of the high product/market risks" (Triodos Facet, 2010).

• Development reasons (3 studies): the realization of (Millennium) development goals or certain international standards is mentioned in 3 of the 18 studies as reason to implement PPP: the government of India implemented ICTD to distribute the benefits of the IT sector in rural regions and make more persons e-literate (Kuriyan and Ree, 2008). In their review on PPPs in tuberculosis research Dewan et al. (2006) mention that "collaborations between the public and private health sectors, or public private mix, may be an important solution to the problem that diagnosis, treatment, and reporting practices often do not meet national or international standards for tuberculosis.

Efficiency reasons (3 studies): in their extensive review on PPPs on East African Export-Oriented.

Horticulture, Pfisterer et al., (2009) state the rationale of the horticulture PPP can be found in market failure and government failure.

• Market failure means that private firms fail to innovate and "ensure continuous improvement in product and process development" (Pfisterer et al., 2009) – because this is not profitable for them. This kind of market failure is also addressed by Grace and Duce (2011. They state that PPP is implemented because "the private parties on their own do not invest enough in diseases that are especially occurring or have a different disease patterns in developing countries, because for these medicine research [Aids, TB and malaria] is needed that is hardly relevant for developed countries" (Grace and Duce, 2011)

- Government failure means that the government fails to "secure accountability between decision makers and horticulture industry" (Pfisterer et al., 2009). A PPP can effectively address these failures.
- Ideological/political reasons (3 studies): Kuriyan and Ree (2008) mention that PPPs has gained support in the 1990s "because of the international environment that strongly supported economic liberalization and less state intervention." Kuriyan and Ree (2008) mention that ICTD-PPPs in India were also enforced because "the state was trying to make visible its attempts

to accommodate the rural electorate." Furthermore Kruesmann and Timmerman (2009) note (in their short review of the Womens Health Initiative, a PPP to "improve reproductive and maternal health for woman and girls in India") that in India "the government acknowledges that partnerships with the private sector -both the for-profit and non-profit- are important to attain public health goals and to improve the health delivery system" (Kruesmann and Timmerman, 2009).

2.6 The implementation of private revenue collection

The implementation of the private revenue collection approach was among the fiscal reforms intended to improve the performance of local governments. In the preamble to his work, Smoke (1993) observed that local government social reform emerged clearly as a major development issue in the 1990s. As governments of developing countries cut back their budget growth in response to economic reality and donor pressure, many are attempting to tap the under-utilised potentials of the private sector and local authorities to help meet the rising service demand. This remark pointed out the major reasons behind the adoption of privatisation and these, among others, included the donor pressure and the increasing demand for effective and efficient services delivery. However, the authors" work was based on a case study of the local finance system in Kenya and not particularly in Uganda. Though it is imperative to note that both Uganda and Kenya were developing countries, their service provision strategies and efforts were expected to differ in one way or the other.
Furthermore, the author had generalized all local governments whereas this study may be unique due to country differences, creating a need to find out what really transpired at the division level.

In Uganda, the implementation of fiscal decentralisation followed a legal framework embedded in the Local Governments act 1997 and the 1995 Constitution. The two legal documents outlined the possible sources of income for the local governments. According to Steffensen et al, (2002), Article 191(2) of the Uganda Constitution says that the fees and taxes to be levied, charges collected and appropriated shall consist of rents, royalties, stamp duties, personal graduated tax, cess, fees on registration and licences and any other fees and taxes that parliament may prescribe. In the work sighted, the emphasis of the legal documents quoted by the author was on the sources of local government revenues but not on the ways in which the taxes were to be collected for effective service delivery, which was the focus of this study.

According to Bahiigwa et al (2006), the adoption of fiscal decentralisation in Uganda saw many local governments involved in the collection of taxes using public servants. However, they further observed that due to the increasing appetite for tax base expansions and outsourcing of tax collection, private tax collection or tax farming was adopted as an innovation. This private tax collection or tax farming is what Stella (1993) defines as a system wherein „the right to collect certain taxes owned by the state is auctioned off to the highest bidder. The author observed that tax farming was practiced in Mesopotamia around 1750 B.C.; in England from the late Tudor period until the Civil War, by the Mughals in Northern India in the early 18th century; and by France, China, Russia and Spain at other historical junctures. The contribution of the author was worth of appreciation especially in line with the history of the system of tax collection. However, this contribution was based on a historical time range, which predates the structural adjustment programs, which came up with the most of the fiscal reforms including tax farming. Thus, the literature had a time gap that had to be filled with the findings from the study.

According to Kiser (1994), this private revenue system is done on the contract basis and it favours the highest bidding firm in contracting out operation rights. The assumption is that the highest bidder has more abilities to collect revenue and will have bigger stance in fulfilling the contracted responsibility. However, this points at a risk of more challenges and distortion of the whole arrangement especially in the effort of the bidder trying attempting to recover the high amounts to be paid. Thus, this, left questions as to whether private revenue collectors would not perform to the expectations of the state, while at the same time increasing the risks of overzealous collection and overcharging in addition to mismanagement of revenues. However, the author"s work was based on the contractual theory of the principle and agent where the two parties are more involved in offering particular services to the people as opposed to the neo-liberal theory, which looks at competition and creating alternatives as the reason for privatisation, thus, the literature sighted created a theoretical gap to be filled with research findings.

2.7 The impact of privatisation on revenue collection in Makindye division

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 (2003) support this argument saying that privatisation of 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 privatisation 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 penalise under performing 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 penalising 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, (1986), 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 penalising poor collector performance. Indeed, as observed by the authors, 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. 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 (1994) 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 had to be filled in the sighted literature with the study findings.

2.8 Challenges of privatizing revenue collection

Just like in any other policies being introduced, the introduction of the private revenue collection scheme is expected to face several challenges. According to Toma, (1993) privatisation 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 created 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 (2003), 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 firming which were based on the assumption that privatisation, relieved the governments administrative and monitoring costs and challenges. This created the need to find out whether the author‟s bias was valid or not.

According to Stella (1993), there is also a widespread claim that privatisation of 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 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 had to be filled from the field findings. This is because despite the fact that private revenue collection may lead to overzealous collection, there was also a need to observe the fact that private revenue collection had 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 created a time gap in the sighted literature that had to be filled with study findings.

Kiser (1994), 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 non-conventional 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 had to be filled with findings from the field. The different contractors to the effect that the adoption of private revenue collection was based on the assumption that it would ease administration due to the relatively smaller units handled.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents and discusses research methodology that was used to conduct the study. The study includes; research design, types of data, and source of data, methods of data collection, tools of data collection, data analysis and measurements, study population, and sampling procedure.

3.1 Research Design

It refers to the selection of approaches to collection and analysis of data in manner that aims to combine relevance to the research purpose with economy in procedures (Kothari, 2004). There is several research designs; experimental, survey, descriptive, co-relation and case study. This study employed descriptive case study design in order to gain rich understanding of the context of the research developing skills of evaluating data and synthesizing ideas. According to Yin (1994) case study design entails investigating a contemporary phenomenon in its natural setting. The design is chosen because; a case study provides a great amount of description and detail about a particular case. It offers more opportunity for the researchers that they would not have otherwise (Kazdin 1992).

3.2 Area of the Study

The study was carried out in three districts of Mwanza Region namely; Ilemela district, Misungwi district and Kwimba district. The choice of these districts was influenced by the following considerations; the place provides a huge possibility for obtaining the required data because of the presence of key people that the researcher is familiar with. Literature for instance Mason (1996) and Silverman (2006) advices researchers to avoid places that provides no possibility for access to data.

The researcher mainly focused on the socio-economic status of the population and whether Private-Public Partnerships in service provision had been established in these Districts. It was discovered that all the three districts had some form of partnerships in service provision.

3.3 Units of Analysis/Study

The unit of analysis was divided into two categories such as Council's employees in Ilemela, Misungwi and Kwimba districts and Council's customers registered as Tax Payers in those three districts.

Study population

The study population is the collection of elements that share specific characteristics (Kothari,2004). It is the collection of people or objects from which a sample can be drawn (Yin,1994). The study involved the following groups; Accountants, Revenue collectors, private revenue collection firms, councilors and taxpayers. The reason for involving these groups is that, they are employees who dealt with revenue collections at the organization. The population covered by the study included; Region Administrative and Local Government officials, district officials, , private revenue collection firms, accountants, tax payers and the ordinary citizens of Mwanza Region. Generally, all respondents had some knowledge revenue collection performance and payment of revenue in Mwanza region.

Table 3.1 Population and Representative Sample

GROUP	POPULATION	SAMPLE
Accountants	25	15
Revenue collectors	50	30
Private revenue collection firms	20	10
Councilors	40	25
Taxpayers	15	15
TOTAL	**150**	**95**

3.4. Sample Size

A sample of 95 respondents was selected randomly. The sample selection of the sample is entirely the consideration of nature of units, size of the population, size of the questionnaire, availability of trained investigators, the conditions under which the sample is being conducted, the time available for completion of the study are a few to which a researcher must pay attention while selecting the size of the sample. At the same time, Mwanza region worked as a case study that was used to understand the impacts of PPP in revenue collection efficiency 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 Tanzania 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 According to Kothari (2007) a sample size of 95 out of population of 150, brings the confidence level of 95%. Respondents will be selected for sampling as shown in the table below:-

3.5 Sampling techniques

This sub section describes sampling techniques and procedures of the study. Purposive sampling and simple random were used. The study combined a number of sampling techniques. It included the purposive sampling and probability sampling techniques.

Random sampling technique

The researcher used randomly sampling technique to identify the three (3) Districts in which the study was carried out. Under this technique, all districts in the region were written on different pieces of papers. Then all papers were put into a box from which the researcher picked three papers one at a time.

Purposive sampling technique

The purposive sampling technique is an approach to sampling where by an investigator selects into sample the people assumed to be resourceful that is selecting the respondents who are considered to be in a position to provide required information (Yin,1994). It was used to interview revenue collectors. The distinct key informants or title key informants were purposively selected. The key informants in this category included: one representative from the Mwanza region, the region‟s Finance Officer. This technique was used because it helped the researcher to select only those respondents with ample technical knowledge of the subject so as to access technically required information. However, the selection of other key informants including the tax payers and councilors followed different sampling techniques. The process involved a random selection of the studied district from which ward one councilor was conveniently selected. This technique was used especially on some of the councilors who alleged to be pre-occupied with other programs among other reasons for failure to participating in the study.

On the other hand however, the private revenue collector firms and taxpayers were selected using the snowball sampling technique in which after identifying a respondent, the same person would direct the researcher to another private revenue collector firm 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 private revenue collector firms.

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 was selected and from each, such a number was considered till the required number was obtained. This technique was used because it had advantages of creating equal chances for all respondents to be selected and to avoid biases (Winter, 2000).

3.6. Types of Data

The study used only two types of data which are:-Primary data, where by the researcher extracted the data directly by interviewing the respondent and providing questionnaires.

3.6.1. Primary data

Primary data refers to data observed or collected from firsthand experience original data collected at the source and compiled for the purposes of this research study. This was collected from the self administered questionnaires.

3.6.2. Secondary data

This is the data that was extracted from existing literature for example internal accounting reports, monthly financial reports, annual reports, audited reports, district/sub country final accounts manuals, annual budget proposal and the background to the budget from three districts in Mwanza the study will get the data from written sources. Most of these sources are from Municipal book of finance, Audi report and department monthly, quarterly and annual reports.

These data will assist the study and council staff to address the concept of solving the problem of the following questions. How to improve the collection of revenue, how to improve the management of revenue collected and other sources of revenue.

3.7 Data collection methods

3.7.1. Questionnaire method

This method of data collection is quite popular, particularly in case of big enquiries. It is being adopted by private individuals, research workers, private and public organizations and even by governments. In this method a questionnaire is sent to the persons concerned with a request to answer the questions and return the questionnaire. A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms. The questionnaire is mailed to respondents who are expected to read and understand the questions and write down the reply in the space meant for the purpose in the questionnaire itself. The respondents have to answer the questions on their own. A sample of questionnaires is attached as Appendix 2 to enhance responsive the questionnaire to be administered.

3.7.2. Interview method

The interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. This method can be used through personal interviews and, if possible through telephone interviews. Face to face in depth interviews were conducted to collect data from Kwimba, Misungwi and Ilemela district officials and other respondents. This involved designing schedules on which respondents were met in the local government in these three districts. This helped to close down the gap left by the survey method

3.8. Data analysis

The researcher analyzed the data using an interpretative approach through which he relied on patterns, categories and themes of responses that each question generated. 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 tables and graphs. Data that was collected, was analyzed using statistical packages for social sciences called SPSS, to examine and determine factors affecting local revenue collection in local government.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION OF FINDINGS

4.0. Introduction

This chapter focuses on the real process of analysis to determine the results from the respondents which reflects the objectives of the study.

The findings of this paper are based on assessment of the impact of public private partnership in revenue collection efficiency, a case of selected Districts; Kwimba, Misungwi, and Ilemela in Mwanza region, Tanzania.

i. To assess revenue collection efficiency in Kwimba, Misungwi and Ilemela Districts
ii. To axamine PPP performance in Kwimba, Misungwi and Ilemela Districts.
iii. To find out the relationship between PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela Districts.
iv. To find out the factors affecting PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela Districts.

4.1. Demographic Patterns of the Respondents

i. Categories of Respondents

Table 4.1 Categories of Respondents – Council's staff

S/N	Category	Sample Size	Number of Respondents
1	Ilemela	30	30
2	Misungwi	7	7
3	Kwimba	9	9
	TOTAL	**46**	**46**

Source: Field data, 2014

Table 4.1 shows that the respondents under **Council's** staff category involved in this study were 30 from Ilemela, 7 from Misungwi and 9 from Kwimba Districts. This implies that all of the sample size from each stratum was researched.

Table 4.2. Categories of Respondents – Council's customers

S/N	Category	Sample Size	Number of Respondents
1	Ilemela	225	225
2	Misungwi	30	30
3	Kwimba	75	75
	TOTAL	**330**	**330**

Source: Field data, 2014

Table 4.2 indicates that **Council's** customers involved in this study were 225 from Ilemela, 30 from Misungwi and 75 from Kwimba respectively. These respondents constituted 15% of the total population from each stratum. These responses rates are higher than the recommended level of 12.5% and above as useful percentage to represent whole population (Kothari, 2004)

ii. Characteristics of Respondents

a. Age of Respondents

Table 4.3 Age of Respondents – Council's customers

Age	Frequency	Percent
18-35	182	55
36-50	115	35
51-65	33	10
Total	**330**	**100**

Source: Field data, 2014

Table 4.3 shows that 55% of the respondents are from the age group of 18 – 35 years old, 35% from 36 – 50 and 10% from 50 – 65 respectively. It implies most of **Council's** customers are of productive age 90%.

b. Gender of Respondents

Table 4.4 Gender of Respondents – Council's customers

Gender	Frequency	Percent
Male	235	71
Female	95	29
Total	**330**	**100**

Source: Field data, 2014

Table 4.4 shows that the majority of respondents (71%) from the category of **Council's** customers are male and 29% female. This means that most of the businesses in Ilemela, Misungwi and Kwimba Districts are owned by men.

4.2. Assessment of PPP in revenue collection efficiency in Kwimba, Misungwi and Ilemela District

4.3 The applicability of PPP in Kwimba District

Table 4.5: The applicability of PPP in Kwimba District

Item	Frequency	percentage
Not applicable	5	7
Less applicable	9	12
Applicable	40	53
Strongly applicable	21	28
Total	**75**	**100**

Source: Field data, 2014

Table (4.5) indicates that7% of respondents revealed that PPP is not applicable in reveue collection efficiecy, 12% less applicable in reveue collection efficiency, 53% is applicable in revenue collection efficiency and 28% is strongly applicable in reveue collection efficiency. It follows that PPP is applicable/strongly applicable in revenue collection efficiency 81% in Kwimba District.

4.4 Perception of PPP Revenue collection efficiency parameters in Kwimba District

Table 4.6: Perception of PPP revenue collection efficiency parameters in Kwimba District

Parameters	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total %
Time saving	25	50	12.5	12.5	0	100
Cost saving	12.5	37.5	12.5	25	12.5	100
High revenue	37.5	30	15	12.5	5	100
Less customers' complaints	25.5	47.5	12	10	5	100

Source: Field data, 2014

It is evidenced that 75% of respondents agreed/strongly agreed that PPP is useful in revenue collection efficiency in Kwimba district in terms of time saving, while 12.5% disagreed/strongly disagreed and 12.5% neither agreed nor disagreed. In the case of cost savings the findings revealed that 50% agreed/strongly agreed, 12.5% to the neutral side while 37.5% disagreed/strongly disagreed. The findings reveal also that 67.5% of respondents agree/strongly agree that PPP bring up high revenue, while 17.5% disagree/strongly disagree and 15% were neutral. Furthermore, respondents showed that 73% agree/strongly agree that PPP has less customers' complaints, while 15% disagree/strongly disagree and 12% neither agree nor disagree.

4.4.1 Perception of Council's staff on revenue collection efficiency in Kwimba District

Table 4.7: Perception of Council's staff on revenue collection efficiency in Kwimba District

Item	Frequency	percentage
Very Poor	0	0
Poor	2	22
Neutral	1	11.4
Good	3	33.3
Very Good	3	33.3
Total	**9**	**100**

Source: Field data, 2014

In Kwimba District perception of PPP in revenue collection efficiency is poor/very poor 22%, good 33.3%, poor 33.3% and neutral 11.4%. It therefore implies that PPP in revenue collection efficiency in Kwimba District is perceived positively.

4.5 Assessment of the efficiency of PPP in revenue collection in Misungwi District

Table 4.8: Perception of applicability of PPP in Misungwi District

Item	Frequency	percentage
Not applicable	3	10
Less applicable	4	13
Applicable	13	43
Strongly applicable	10	34
Total	**30**	**100**

Source: Field data, 2014

In Misungwi District Citizen perception of applicability of PPP in revenue collection efficiency is not applicable 10%, less applicable 13%, applicable 43% , and strongly applicable 34% . It follows that PPP is applicable/strongly applicable in revenue collection efficiency 77% in Misungwi District.

4.6 Perception of Parameters of PPP revenue collection efficiency in Misungwi District

Table 4.9: The parameters for PPP in revenue collection efficiency in Misungwi District

Parameters	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Time saving	22.3	47.2	17.8	9.7	3	100
Cost saving	31.5	46.7	8.6	10.2	3	100
High revenue	38.1	44.2	7.1	7.6	3	100
Less customers' complaints	35	39.6	10.2	10.7	4.6	100

Source: Field data, 2014

Table 4.9 indicates that 69.5% of respondents agreed/strongly agreed that PPP is positive in revenue collection efficiency in Ilemela District in terms of time saving, while 12.7% disagreed/strongly disagreed and 17.8% neither agreed nor disagreed. In the case of cost effectiveness the findings revealed that 78.2% agreed/strongly agreed, 13.2% to the neutral side while 8.6% disagreed/strongly disagreed. The findings reveal also that 82.3% of respondents agree/strongly agree that PPP bring up high revenue, while 10.6% disagree/strongly disagree and 7.1% were neutral. Furthermore, respondents showed that 74.6% agree/strongly agree that PPP has less customers' complaints, while 15.3% disagree/strongly disagree and 10.2% neither agree nor disagree.

4.7 Council's staff ranking of PPP in revenue collection efficiency in Misungwi District

Table 4.10 Council's staff ranking of PPP in revenue collection efficiency in Misungwi District

Item	Frequency	percentage
Very Poor	0	0
Poor	1	14
Fair	2	29
Good	3	43
Very Good	1	14
Total	**7**	**100**

Source: Field data, 2014

Table 4.10 shows that PPP efficiency in Misungwi district is poor/very poor by 14%, 57% is good/very good and those in neutral side constituted 29%. It therefore implies that PPP in revenue collection efficiency in Misungwi District is ranked high.

4.8. Assessment of PPP in revenue collection efficiency in Ilemela District

4.8.1 The applicability of PPP in Ilemela District

Table 4.11: The applicable of PPP in Ilemela District

Item	Frequency	percentage
Not applicable	15	7
Less applicable	34	15
Applicable	117	52
Strongly applicable	59	26
Total	**225**	**100**

Source: Field data, 2014

Table 4.11 indicated that 7% of respondents revealed that PPP is not applicable in revenue collection efficiency, 15% less applicable, 52% is applicable and 26% is strongly applicable. It follows that PPP is applicable/strongly applicable 78% in Ilemela District.

4.8.2 Perception of the parameters for PPP in revenue collection efficiency in Ilemela district

Table 4.12: Perception of parameter for PPP in revenue collection efficiency in Ilemela District

Parameters	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total %
Time saving	29.8	33	15.7	10.7	10.8	100
Cost saving	43.1	36.5	12.7	4.6	3.1	100
High revenue	46.7	38.1	10.2	3	2	100
Less customers' complaints	42.1	32.5	14.7	7.1	3.6	100

Source: Field data, 2014

This table 4.12 indicates that 62.8% of respondents agreed/strongly agreed that PPP is effective in Ilemela district in terms of time saving, while 21.6 % disagreed/strongly disagreed and 15.7% neither agreed nor disagreed. In the case of cost effectiveness the findings revealed that 79.6% agreed/strongly agreed, 12.7% to the neutral side while 7.7% disagreed/strongly disagreed. The findings reveal also that 84.8% of respondents agree/strongly agree that PPP bring up high revenue, while 5% disagree/strongly disagree and 10.2% were neutral. Furthermore, respondents showed that 74.6% agree/strongly agree that PPP has less customers' complaints, while 14.7% disagree/strongly disagree and 3.6% neither agree nor disagree.

4.8.3 staff ranking of PPP in revenue collection efficiency in Ilemela District

Table 4.13: The rank of PPP efficiency in revenue collection in Ilemela District

Item	Frequency	percentage
Very Poor	0	0
Poor	3	10
Neutral	5	17
Good	14	47
Very Good	8	26
Total	**30**	**100**

Source: Field data, 2014

Table 4.13 shows that PPP efficiency in Ilemela District is poor/very poor by 10%, 73% is good/very good and those in neutral side constituted 17%. It therefore implies that PPP efficiency in Ilemela district is ranked very high.

4.9 Assessment of PPP performance in revenue collection in Kwimba, Misungwi and Ilemela district

Table 4.14 Revenue based Outsourced

Revenue based Outsourced	Kwimba	Misungwi	Ilemela
Property Tax (Flat rate)	✓	✓	✓
Market Fees	✓	✓	✓
Minerals Levies	✓	✓	✓
Agricultural fee	✓	✓	✓
Livestock auction and abattoir fee	✓	✓	✓
Bus stand fees	✓	✓	✓
Parking fees	✓	✓	✓
Public Toilets	✓	✓	✓
Solid waste Management	✓	✓	✓

Source: Field data: 2014

All Districts indicated 10 sources of Revenue collection that were outsourced: Property tax, Market fee, Mineral levies, Agricultural levies, Livestock auction and abattoir fee, Bus stand fees, parking fees, public toilets and solid waste management

4.9.1 Amount of Revenue not remitted by Collecting Agents

Table 4.15 Relationship between PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela District

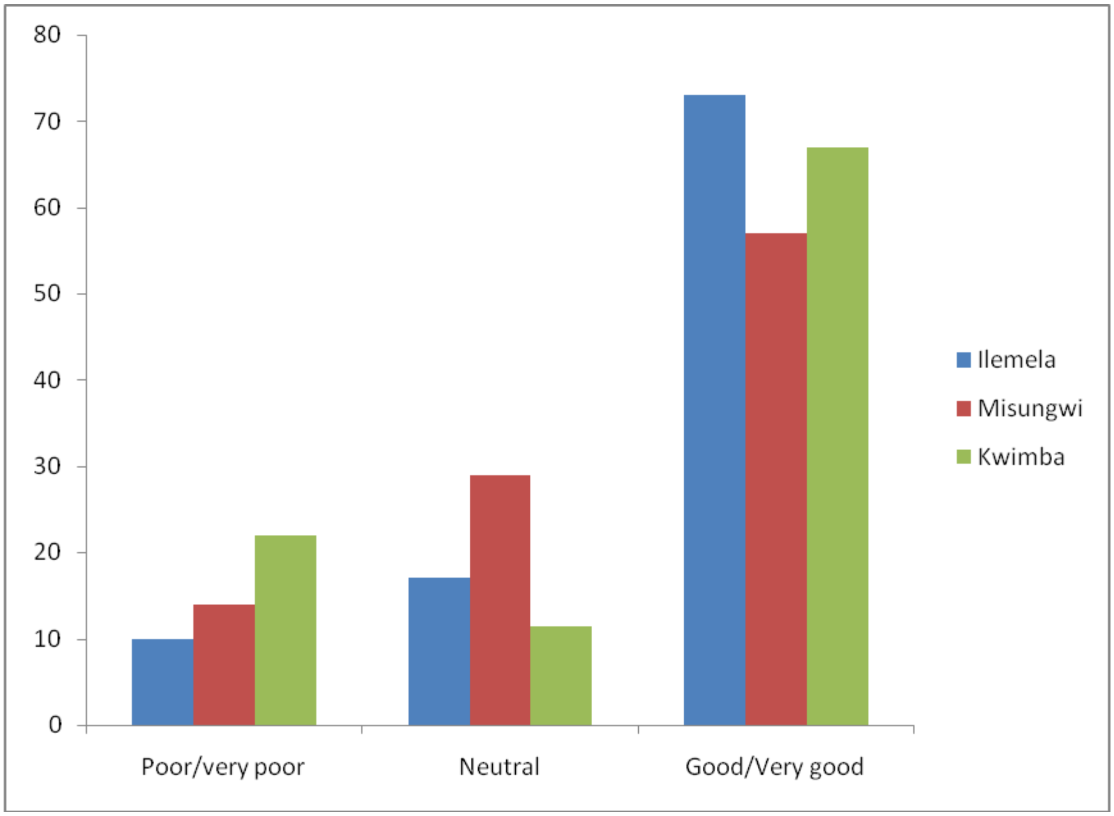
			PPP performance	Revenue efficiency
	PPP perfomance	Correlation Coefficient	1.000	.-670**
		Sig. (2-tailed)		.000
		N	85	.85
	Revenue efficiency	Correlation Coefficient	-.670**	1.000
		Sig. (2-tailed)	.000	.
		N	85	85
Spearman's rho	PPP perfomance	Correlation Coefficient	1.000	.-777**
		Sig. (2-tailed)	.	.000
		N	85	85
	Corruption	Correlation Coefficient	.777**	1.000
		Sig. (2-tailed)	.000	.
		N	85	85

r**. Cor elation significant is at the 0.05 level (2-tailed).

Source. SPSS

The table above indicates that PPP perfomance and revenue collection efficiency output covary with positive magnitude of 0.670 positive correlation suggest that PPP perfomance and revenue collection efficiency move directly propotional and PPP perfomance is significantly affecting revenue collection performance as the SPSS output illustrate in above table its significance is 0.000 it is below correlation significant 0.05.

Figure 4.1 Reflects that in all three Districts PPP revenue collection efficiency.



Source: Field data, 2014

Figure 4.1 reflects that in all three Districts PPP revenue collection efficiency is ranked high above 60% for instance it is seen to be more efficient in Ilemela followed by Kwimba and Misungwi . On other hand respondents on neutral side are below 30% and those ranked it poorly are below 20%. Thus, PPP is efficient in all three districts under study.

In conclusion, the findings have revealed that PPP is applicable in all three districts under study. It is also found more efficient in Ilemela compared to other two districts such as Kwimba and Misungwi. Furthermore, the PPP efficiency is measured in terms of time saving, cost effectiveness, high revenue and less customers' complaints.

The impact of PPP on revenue collection efficiency in Misungwi,Ilemela and Kwimba Districts

Table 4.16: Revenue Perfomance in Mwanza Region after Privatization on Revenue Collection.

DISTRICT	Budgeted	Actual	percentage	Budgeted	Actual	Percentage	Budgeted	Actual	Percentage
	2011/2012	2011/2012		2012/2013	2012/2013		2013/2014	2013/2014	
MISUNGWI	507,067,000	485,126,002	96.6	967,682,000	814,332,955	84.1	I043,172,000	899,613,000,	86.2
KWIMBA	62,150,863,321.	49,568,074,746.89	79.7	82,197,233,623,.26	61,086144,827.61	75.8	47,275,965,245.00	46,029,346925.35	96.7
ILEMELA							4,422,040,500.00	2,675,277,051.14	51.2

Source: Secondary data.

The Researcher found that there was an increase in revenue after PPP introduction in revenue collection since collections were above 60% as Table above illustrates. According to Webber and Wildavsky, (1986), 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.

This section examines the impact of PPP on revenue collection efficiency in Misungwi,Ilemela and Kwimba Districts. The analysis was based on the view that proper tendering and contracting of revenue collection improves LGA's revenue performance to create fiscal efficiency. This improvement in LGAs revenue performance would then increase the Districts' revenue turnover through an effective control of all the revenue collection malpractices of the previous system. Thus, in order to examine the impact of PPP in revenue collection efficiency, the study focused on effectiveness in controlling the weaknesses of the former system of revenue collection. It also compared the Districts' revenue turn over before and after the reform for a logical assessment.

One of the reasons for the introduction of PPP in revenue collection efficiency in Misungwi,Ilemela and Kwimba was the need to control the irregularities that existed in the traditional system of revenue collection. This was also revealed in a statement from the MoLG Handbook on LG Revenue Mobilization (2001), that, almost all local governments privatized the collection of revenue with the aim of increasing efficiency and revenue yields as well as curbing all possible opportunities for bribes. The irregularities referred to in this statement included among others; tax evasion, corruption, and high operational costs.

Therefore, in order to establish the impact of PPP on revenue collection efficiency, the study investigated its effectiveness in controlling these challenges and in the process, the questionnaire respondents were asked whether the reform had provided a solution to these challenges that characterized revenue collection before the reform and most of them acknowledged the impact of the reform on some of these challenges.

In particular, one of the challenges of the traditional system of revenue collection was tax evasion. It involved playing a variety of tricks in order to avoid paying taxes.

The weakness had a strong link with corruption in which the collectors would facilitate the evasion of taxes. Consequently, the LGAs regularly lost revenue because potential payers would evade paying taxes resulting into recurrent under remittances. Thus, the introduction of PPP in revenue collection efficiency in Misungwi,Ilemela and Kwimba Districts was aimed at creating a mechanism that would effectively control tax evasion. In order to find out whether PPP had effectively curbed tax evasion, the accountants, Taxpayers, and Private agent collectors were asked of their view and they responded as shown in table below.

Table 4.17: The views of Accountants, Tax payers and private agent collectors of PPP and the control of tax evasion

	Accountants	Tax payers	PPP	**Total**	**Percentage**
Yes	21	20	10	51	45.8
No	15	17	9	41	41.6
Not aware	1	2	0	03	12.5
Total	**9**	**9**	**6**	**95**	**99.9**

Source: Compiled from field data.

It is clear from the findings in table that the privatization of revenue has had an impact on tax evasion. According to the findings, majority of the respondents (45.8 percent) said that the reform had reduced tax evasion. On the contrary however, 41.6 percent of them said that the reform had not reduced tax evasion, while 12.5 percent of them were not aware of the impact of privatization on tax evasion. The results in table indeed revealed an observable impact of the reform on revenue collection in Misungwi,Ilemela and Kwimba Districts.

Clear evidence concerning the effectiveness of the reform in controlling tax evasion, was observed from the portfolio of trading licenses. Accordingly, one of the observations made by the researcher was that most of the shops in the visited business areas in Misungwi,Ilemela and Kwimba Districtsa, among others was that most of the shops had trading licenses hanged high up on the walls though there was no opportunity to check the FYs and the validity of the hanged licenses.

Table 4.18Factor affecting PPP in revenue collections Perfomance.

Factors	Frequency	Percentages
Monitoring of agents	33	37.73
Tax Evasion	19	20
Unqualified agents	11	11.57
Political interference in Tendering	17	17.89
Poor accessment of revenue potential	15	15.79
Total	95	100%

Source: Table compiled from field data

The researcher's findings showed that 37.73% requested for a check in monitoring of agents, 17.89% political interference 15.79% cited Poor accessment of revenue potential , , and 11.57% cited Unqualified agents , while ,20% cited Tax evasion,2.35% cited on other factors . Therefore, the highest percentage of in monitoring of agents indicated that there should be strong measures to deal with in monitoring of agents

Table 4.19 Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752[a]	.566	.412	.74673	.566	3.678	1	.752[a]	.566	.412

Source SPSS out put

Dependent Variable: Revenue collection performance

The "R" column represents the value of *R*, the multiple correlation coefficient can be considered to be one measure of the quality of the prediction of the dependent variable; in this case, Revenue collection performance . A value of 0.752, in this example, indicates a good level of prediction. The "R Square" column represents the R^2 value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables (technically, it is the proportion of variation accounted for by the regression model above and beyond the mean model). Rsquare 0.566 this imply that independent variables explain 56.6% of the variability of our dependent variable

The *F*-ratio in the ANOVA table (see below) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, $F(4, 90) = 0.367$, $p < .05$ (i.e., the regression model is a good fit of the data).

Table 4.20. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.122	22	2.051	3.678	.000[a]
	Residual	34.572	62	.558		
	Total	79.694	84			

b. Dependent Variable: PPP revenue collection performance

4.9.2 Estimated model coefficient

The general form of the equation to predict estimated model coefficient.

The general form of the equation to predict PPP Revenue collection performance: Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant.. The unstandardized coefficient,B_1 for Monitoring the agents equal to ˙15 (see regression table 4;4.3.3.3). This means that for each one year increase in monitorigs agents collections, there is increase in Revenue collection performance by ˙15 Revenue collection performance estimated model coefficient

Statistically significantly of independent variables

Test for the statistical significance of each of the independent variables was done. This tested whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population. If $p < .05$, this was checked if the coefficients are statistically

Significantly different to 0 (zero). The *t*-value and corresponding *p*-value are located in the "t" and "Sig." columns, respectively, as highlighted above, from the

"Sig." column that Monitoring agents in revenue collection variable coefficients is statistically significantly

Table 4.21: Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.373	.890		.419	.677
Political interference	.338	.134	-.384	-2.523	.014
Other factors	.120	.096	.149	1.250	.216
Unqualified agents	.209	.083	.260	2.509	.015
Tax evasion	.-078	.082	-.100	-.942	.350
Poor accessment of revenue potential	.062	.088	.078	.708	.482
Monitoring of agents	-.150	.086	-.192	-1.749	.000

Source Secondary SPSS out put

Regression equation.

PPP revenue collection performance=.373+.338pi+.120of+.209 pm+.062ia-15ma+e.

Relationship between PPP in revenue collection performance and Monitoring of agents

Table 4.22. Correlations

			PPP Revenue collection performance	Monitoring of agents
Kendall's tau_b	pppRevenue collection perfomance	Correlation Coefficient	1.000	·¯530**
		Sig. (2-tailed)	.	.000
		N	85	85
	Monitoring of agents	Correlation Coefficient	.530**	1.000
		Sig. (2-tailed)	.000	.
		N	85	85
Spearman's rho	pppRevenue collection perfomance	Correlation Coefficient	1.000	.¯555**
		Sig. (2-tailed)	.	.000
		N	85	85
	Monitoring of agents .	Correlation Coefficient	.555**	1.000
		Sig. (2-tailed)	.000	.
		N	85	85

r**. Cor elation significant is at the 0.05 level (2-tailed).

Source. SPSS

The table above indicates that Monitoring of agents and PPP revenue collection performance output covary with negative magnitude of 0.555.negative correlation suggest that Monitoring of agents and PPP revenue collection performance move directly propotional and monitoring of agents is significantly affecting revenue collection performance as the SPSS output illustrate in above table its significance is 0.000 it is below correlation significant 0.05.

Discussion on findings.

The findings revealed that the main factors which affect PPP in revenue collection performance in Ilemela,Misungwi and Kwimba Districts was monitoring of agents. Monitoring of agents and PPP revenue collection performance output covary with positve magnitude of 0.555.positive correlation suggest that Monitoring of agents and PPP revenue collection performance move directly propotional and monitoring of agents is significantly affecting revenue collection performance as the SPSS output illustrate in above table its significance is 0.000 it is below correlation significant 0.05.

The Researcher found that PPP in revenue collection was efficient and effective. Dwelling on the positive public choice theory, which focuses on the question of what government policies were likely to be implemented in a given political setting.. This was based on the assumption that the private sector-led economic growth and development, was generally more efficient (both productive and allocate efficiencies) and effective (Buse and Walt 2002). The sector was more dynamic, resilient, creative, innovative and vibrant than the public one.

Bahl (1992) found that local developments in developing countries did not sufficiently respond to increasing urban services delivery needs though they had access to and control over revenue sources. They note that much as most important local tax includes the property tax, the authorities did not provide a basis for health and reliable collection. The local authorities were reluctant to apply levies and lacked adequate knowledge about implementation. It became difficult for them to have to control over revenue from both external sources and the locally raised revenues. Consequently, local authorities could not determine the size of their tax bases, the statutory tax rate for each tax base, the collection efficiency and the tax structure. They further argue that the administrative inefficiency, bad collection methods, lack of tax education and political propaganda led to low tax collection.

Alejandro S, 2004, a complex tax system can facilitate corruption, which lowers the total revenue collected. Tax auditors may extort bribes from taxpayers by taking advantage of complex rules or exercising the excessive discretion they have because of unclear laws, regulations, and procedures. The taxpayer, who may well be evading taxes, may choose to bribe the auditor rather than report the extortion to the revenue administration. High tax rates may lead to more corruption by increasing the incentive for taxpayers to evade them; however, there is no clear evidence to either validate or refute this. When it is time-consuming and costly to appeal, the taxpayer might resort to corrupt behavior simply to get things done. Ivanova. A.(2005), when it is complex and cumbersome to pay taxes, the temptation for corruption as a short cut could arise, to both save time and reduce uncertainty about how much tax to pay. If the fine on being caught depends on the amount of income or the amount of tax concealed, reducing tax rates may lead to an increase or decrease in compliance, If wages of revenue administration personnel are very low, corruption may be considered an acceptable way to supplement income.

Rukare, (1992) found out that corruption which has eaten the Uganda economic fabric has also plagued the tax systems. Fake auditors have been able to sustain the culture of no true records by the business community as the intermediaries because they are able silence queries that would expose their business operations of their un taxed incomes. Although there is a law against corruption , tendencies in public office , it is ineffective because the two parties ,corrupting and the corrupt are beneficiaries who have no cause to report the acts as they stick to and fulfill illegal bargains . The public has failed to appreciate the fact that corruption is detrimental to the state and the societies" well-being.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter includes the summary of findings, conclusions, and recommendations of the study.

5.1 Summary of the findings

The study was meant to assess Impact of PPP in revenue collection in Kwimba,Misungwi and Ilemela Districts in Mwanza Region.

5.1.1: Impact of PPP on revenue collection in kwimba, Misungwi and Ilemela Districts.

The findings revealed that the introduction of PPP in revenue collection performance has had an impact on tax evasion. According to the findings, majority of the respondents (45.8 percent) said that the reform had reduced tax evasion. On the contrary however, 41.6 percent of them said that the reform had not reduced tax evasion, while 12.5 percent of them were not aware of the impact of PPP in revenue collection performance on tax evasion. The results in table 4.14 indeed revealed an observable impact of the reform on revenue collection in Misungwi, Ilemela and Kwimba Districts since collection increased by 60% before PPP in revenue collection. According to Bahiigwa et al (2006), the adoption of fiscal decentralisation in Uganda saw many local governments involved in the collection of taxes using public servants. However, they further observed that due to the increasing appetite for tax base expansions and outsourcing of tax collection, private tax collection or tax farming was adopted as an innovation.

According to Webber and Wildavsky, (1986), 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. The findings from reviewed documents of Misungwi,Ilemela and Kwimba districts budget (2012/2013) revealed that the introduction of PPP in revenue collection positively impacted on the Districts' revenue turn over as compared to the situation before 2003.

Clear evidence concerning the effectiveness of the reform in controlling tax evasion, was observed from the portfolio of trading licenses. Accordingly, one of the observations made by the researcher was that most of the shops in the visited business areas in Misungwi,Ilemela and Kwimba Districts, among others was that most shops had trading licenses hanged high up on the walls though there was no opportunity to check the FYs and the validity of the hanged licenses.

The Districts Revenue officers in Ilemela ,Misungwi and Kwimba also concurred with the other respondents basing his evidence on the impact of the introduction of PPP in revenue collection on the revenue returns from the privatized portfolios from the time the reform was affected in the Districts.

They reported that the impact of PPP could be witnessed by a relative increase in the current turnover from the privatized portfolios . This indeed points to many things but it also reveals that there was no room for revenue losses in such practices as tax evasion and others. (Interviewed at Districts Headquarters, in May 2015).

5:1:2 The relationship between PPP performance and revenue collection efficiency in Kwimba, Misungwi and Ilemela District.

The findings revealed that, that PPP perfomance and revenue collection efficiency output with positive magnitude of 0.670, positive correlation suggest that PPP perfomance and revenue collection efficiency move directly propotional and PPP perfomance is significantly affecting revenue collection performance as the SPSS output illustrate in above table its significance is 0.000 it is below correlation significant 0.05. PPP in revenue collection or tax farming was expected to facilitate the promotion of efficiency and effectiveness in tax collection and management.. Fjeldstad and Tungodden (2003) support this argument saying that PPP 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.

5:1:3 Factors affecting PPP performance in revenue collection efficiency in Kwimba, Misungwi and Ilemela District.

The researcher’s findings showed that 37.73% requested for a check in monitoring of agents, 17.89% political interference 15.79% cited Poor accessment of revenue potentials , , and 11.57% cited Unqualified agents , while ,20% cited Tax evasion,2.35% cited on other factors . Therefore, the highest percentage of in monitoring of agents indicated that there should be strong measures to deal with in monitoring of agents .Monitoring the agents has a positive significant effect on PPP performance in revenue collection efficiency in Kwimba,Ilemela and Misungwi Districts. (Repoa report 2004)revealed that several of the council covered by the research experienced some agents who did not comply with their contracts, either by not submitting money that in stipulated in the contract in kinondoni MC and Mwanza CC these problems were partly due to the agents lack of experience,reflected over ambitious bids, and partly because the gents in some cases did not pay their own collectors properly which reduced their incentives to collect ad in some cases the council brought the agents to court, which was costly and time consuming exercise.

An additional problem experienced with property tax collection was that some agents only targeted the most accessible tax payer to minimize the collection cost this method by the private agents did not contribute to expanding the revenue base as intended and it also led to complaints from the tax payers who where approached for tax collection when others were not.

Summary and conclusion

The study findings revealed that there was positive impacts on revenue collection, tax evasion and corruption were reduced in large extent after the introduction of PPP in revenue collection.PPP in 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. The findings from reviewed documents of Misungwi, Ilemela and Kwimba Districts budget (2012/2013) revealed that the PPP in of revenue collection positively impacted on the LGA's revenue turn over as compared to the situation before 2003.

5.2. Recommendations

The study findings revealed that the introduction of PPP in revenue collection in Misungwi,Ilemela and Kwimba Districts had very good and reliable objectives. However, in order to fully realize these objectives, the following issues need to be addressed;

The study findings revealed that due to the fact that Kwimba,and Misungwi Districts of Mwanza region have not been granted a municipal status, they do not have the powers (or independent contracts committees) to identify the best private firms to work with. This affected the performance of the Districts because at times, the firms identified by the District contracts committee were unable to effectively work with the Districts.

The study findings also revealed the problem of conflict of interests especially between the Districts and the politicians. This denied the Districts the ability to realize the revenues budgeted because all potential sources of revenue were blocked by the politicians under the guise of protecting the masses from exploitation. There is, therefore, a need for the politicians to be consistent in all they say and do. At the same time, the political and technical departments of the Districts need to improve coordination in order to reduce contradictions and conflicts that are of a waste to the District's time and other resources.

It was noted that corruption still existed in both the division and at the district in the process of awarding contracts despite the legal process. This suggests that there are significant capacity problems in the LGA to fight corruption. It is worth to note that corruption is not caused by the technical incapacity of the anticorruption institutions. There is thus, need for serious moral questioning, which needs to be addressed through sensitization on professional ethics.

The aspect of supervision and monitoring by the Districts officials was found to be highly lacking. As a result, the field officers in the private firms operate in all ways they want. At the same time, in case of under remitting, the District had no basis of argument due to the lack of sufficient facts about the coverage and amounts collected per period of time. It is therefore imperative that a special department be instituted at the Districts with the sole responsibility of monitoring the performance of the private firms and approves or disapproves whatever was reported basing on an informed point of view.

Taxpayers should be motivated to pay taxes where there is tangible evidence of tax usage.

The study findings also showed that data used for tax assessment was outdated. The private firms allege that the available data excludes some of the potential taxpayers while on the other hand they included those that did not exist. There is, therefore, need for serious work by the Districts to update the available information, or if possible, compile new data.

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APPENDICES

Appendix Interview

Appendix I: Copy of interview guide for revenue collection firms

Reasons for revenue collection privatized

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

2. What was the process followed in the collection of revenue before the adoption of the current privatization?

3. What problems were associated with the previous system?

4. Has privatization provided a solution to these problems?

5. How much revenue was collected annually under this system?

6. Who proposed the idea of privatizing revenue collection?

Process

7. How did your firm get this responsibility of collecting revenue on behalf of the government?

8. How do you carry out this task of collecting revenue on behalf of the government and what are the terms of your service?

9. What mechanisms do you have in place to control defaulters?

10. How do you ensure transparency [avoid conflict of interest]?

11. How different are strategies of collection from the previous methods?

Impact

12. What has been the performance since the privatization of revenue collection?

13. What are the indicators of this performance?

14. What do you attribute this performance to?

15. What are the advantages of the current system over the former system of revenue collection?

16. What are the views held by the people about private revenue collection?

Challenges

17. What problems do you face in collecting revenue under this system?

18. How are you trying to solve these problems?

19. What suggestions do you think will improve the system?

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Appendix 2: Copy of questionnaire for opinion, zone and parish leaders

I am a student of Makerere University on a Masters programme. I am currently out research on "***Public-Private Sector Partnership in Uganda's Local Government: A case study of revenue collection in Makindye Division, Kampala***". 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.

Tick appropriately where necessary

a) Parish ……………………………………………

b) Zone …………………………………………….

c) Occupation ……………………………………..

d) Category of respondent:

Zone leader Parish leader Opinion leader

Reasons

1. Are you aware of the ongoing privatization of revenue collection?

Yes No

2. When was this system of revenue collection adopted in Makindye division?

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3. How was revenue collected before the adoption of privatizing revenue collection?

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4. Did this system have any observable weaknesses?

Yes No

5. If your answer to the above question is yes, what were these weaknesses, and if no why do you think the government had to change to privatization? ……………….

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6. Has privatization of revenue collection provided a solution to these problems?

Yes No

7. If yes, how has this been achieved? If no why do you think it has failed?

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8. Generally, why do you think revenue collection was privatized? …………………….
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Process

9. Do you know any of the private revenue collection firms operating in your area on behalf of the division?

Yes No

10. If yes what are some of these firms?

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11. Do you know the process in which these firms are identified as fit for this task?

Yes No

12. If yes, describe how?

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13. Is there any difference between the methods of revenue collection used by the private firms and the former system?

Yes No

14. If yes, what are these differences?

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15. What strategies do the private firms use to control defaulters and conniving between collectors and payers? ……………………………………………………………………….

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16. What does the division and the private firms do to control late payments, ineffectiveness and inefficiency?

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Impact

17. Are you aware of any observable changes in the revenue collection performance of Makindye division?

Yes No

18. If yes, what are some of these changes?

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19. Has privatization helped to curb tax evasion in Makindye division?

Yes No

20. If yes how? And if no why do you think it has failed?

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21. What is your response to the view that privatization of revenue collection has reduced the level of corruption in the field of revenue in Makindye division.

Strongly Agree Agree Disagree Strongly disagree

22. For any of your responses above, what are the indicators?

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23. What is your response to the view that privatization has improved accountability, efficiency and effectiveness in revenue collection in the division?

Strongly Agree Agree Disagree Strongly disagree

24. For any of your responses above, what are the indicators? ……………
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25. What is your response to the view that privatization has increased the payers" willingness to meet their obligations in Makindye division.

Strongly Agree Agree Disagree Strongly disagree

Challenges

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

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

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28. What challenges do you think this system will pose to the division?

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29. To all the above challenges, suggest possible solutions?

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Thank You So Much 108

Appendix 3: Copy of interview guide for the MP, division councillors and other officials

Reasons

1. When was the system of private revenue collection inaugurated in Makindye division?
2. Whose proposal was it to adopt this policy in Makindye division?
3. What were the weaknesses of the former system of revenue collection?
4. Was privatization of revenue collection thought to provide lasting solutions to these weaknesses? If yes how? And if no, why then was it adopted?

Process

5. What are some of the private firms helping the division in collecting revenue?
6. What is the system used in identifying rightful contractors? Is this system effective?
7. How does the division ensure that tendencies of corruption, inefficiency and diversion or mismanagement of revenues by the private firms are reduced?
8. What strategies are set forth by the contractors to ensure that they remit the amounts agreed upon in the contracts they sign?

Impact

9. How would you compare the revenue collection performance of Makindye division before and after privatization?
10. Has privatization helped to reduce corruption in revenue collection?
11. For any answer in the above option, what are the indicators?
12. What has been the trend of revenue collection ever since private revenue collection was adopted in Makindye division?
13. What has been the attitude of the taxpayers since this policy was adopted

Challenges

14. What challenges do you think this system will pose to the private collectors?
15. What challenges do you think this system will pose to the taxpayers?
16. What challenges do you think this system will pose to the division?

17. To all the above challenges, suggest possible solutions?

Thank You So Much 110

Appendix 4: Copy of questionnaire for opinion, zone and parish leaders

I am a student of Makerere University on a Masters programme. I am currently out research on ***"Public-Private Sector Partnership in Uganda's Local Governments; A case study of revenue collection in Makindye Division, Kampala***." 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) Parish ……………………………………………

b) Zone …………………………………………….

c) Occupation ……………………………………..

d) Category of respondent:

Zone leader Parish leader Opinion leader

Reasons

1. Do you pay taxes?

Yes No

2. If yes what taxes do you pay?

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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?

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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?

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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?

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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?

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

Yes No

12. If yes, describe how?

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

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

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Impact 112

15. Are you aware of any observable changes in the revenue collection performance of Makindye division?

Yes No

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

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17. Has privatization helped to reduce corruption in Makindye division?

Yes No

18. If yes how and if no, why?

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

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Challenges

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

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

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

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23. To all the above challenges, suggest possible solutions?

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Thank You So Much 114

Appendix 5: Copy of interview guide for the other key persons

Reasons

1. Has the privatization of revenue collection been effected in Makindye?

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 the division 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 Makindye division 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 Makindye division?

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 115

Appendix 6: The selected parishes and zones for the study No.	Selected Parish		Zones in the selected Parish	Selected zones
1.	Gaba	1 2 3 4*** 5 6	Kalungu Kawuku Bunga Hill Bunga Trading Centre Gaba Mission Gaba Trading Centre	Bunga Trading Centre
2.	Kibuye I	1 2 3 4*** 5	Nkere Zone Nabisaalu Barracks Jjuujo Zone Wasswa	Jjuuko Zone
3.	Lukuli	1 2 3 4 5 6 7 8***	Kalule Water pump Tyaba Lower Konge Upper Konge Katimbo Zone Kizungu Zone 5	Zone 5
4.	Nsambya railway	1*** 2 3 4	Village „A‟ Village „B‟ Village „C‟ Village „D‟	Village „A‟
5.	Katwe I	1*** 2	Lufula zone Kasule zone	Lufula zone

6.	Makindye II	1*** 2 3 4 5	Madiriza Klezia Kipamba Muswangali Dubai	Madirisa
7.	Luwafu	1 2*** 3	Kirudu Nakinyuguzi Bukejje	Bukejje
8.	Kabalagala	1*** 2 3 4 5 6 7 8 9 10 11	Central Muteesaasira Nabutiti Pepsicola Diplomate Kataabu Wheeling Church Kiwafu Ssebukiba Kiwafu estate	Central
9.	Salama	1*** 2 3 4	Nakinyuguzi Kyamula Buziga Mulungu	Nakinyuguzi