

**REVENUE COLLECTION AND SERVICES DELIVERY
CASE STUDY OF MOGADISHU SOMALIA**

BY

**HASSAN ABDULLAHI AHMED
BEC/36189/122/DF**

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE
OF ECONOMICS AND MANAGEMENT IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF BACHELOR OF ARTS IN
ECONOMICS OF KAMPALA
INTERNATIONAL
UNIVERSITY**

OCTOBER, 2015

DECLARATION

I Hassan Abdullahi Ahmed, hereby declare that this research report is my original work arrived at through reading and research and has never been submitted to any university for any award.

Sign: 

Date:

APPROVAL

This research has been submitted to Kampala International University for the Examination purposes with the approval of supervisor.

DR. NAFIU LUKMAN ~~ABDUR~~ *ABUDUN*

Sign:.....*NAFIU*.....

Date:.....*15/10/15*.....

DEDICATION

I dedicated this research to my parents and my friend and family form different districts
Of Somalia in Mogadishu specially to my family how supported me throw my education

ACKNOWLEDGMENTS

First and foremost I thank Allah who has stood with me throughout my Studies and Equally enabling me to reach at this time of completion, praise is always Allah.

I would like to thank my father Mr. Abdullahi Ahmed and my mother Fowsiyo cali My brothers and sisters and all my good relatives.

I am indebted to my supervisor Dr. Nafiu Lukman Abdur form the Kampala International University Whose help stimulating suggestions and encouragement helped me in all the time of research and writing of this thesis and for correcting and offering suggestion for improvement.

TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	iii
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF ACRONYMS	ix
ABSTRACT	x
CHAPTER ONE	1
1.0 Introduction.....	1
1.1 Background of the study	1
1.2 Statement of the Problem.....	2
1.3 Purpose of the study.....	3
1.4 Objectives of the study.....	3
1.4.1 General Objective	3
1.4.2 Specific Objectives	3
1.5 Research Questions.....	3
1.6 Scope of the study.....	4
1.6.1 Geographical scope.....	4
1.6.2 Subject scope	4
1.6.3 Time scope.....	4
1.7 Significance of the study.....	4
1.8 Conceptual / Theoretical Framework.....	6
1.9 Definition of key terms Revenue collection	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.0 Introduction.....	8
2.1 Challenges in Local Revenue Collection.....	8
2.2 Strategies for improving Local revenue collection.....	10

CHAPTER THREE: METHODOLOGY	16
3.1 Introduction.....	16
3.2 Research design	16
3.3 Study population	16
3.4 Sampling and Sampling Design.....	17
3.4.1 Survey Population.....	17
3.4.2 Sample size	17
3.5 Sources of data.....	18
3.5.1 Primary Data	18
3.5.2 Secondary Data	18
3.6 Data collection methods.....	18
3.6.1 Questionnaire	18
3.7 Data Processing.....	19
3.8 Data Analysis	19
3.9 Ethical Consideration.....	19

CHAPTER FOUR: PRESENTATIONS, INTERPRETATIONS AND ANALYSIS OF DATA.....	20
4.0 Introduction.....	20
4.1 Demographic characteristics of respondents	20
4.1.1 Gender of Respondents.....	20
4.1.2 Age of the Respondents	21
4.1.3 Marital Status of the Respondents	22
4.1.4 Education Levels of the Respondents	22
4.2 Findings on the challenges faced in local revenue collection.....	23
4.3 Findings on the strategies for improving Local revenue collection towards service delivery	25
4.4 Findings on the relationship between revenue collection and service delivery.....	27

CHAPTER FIVE: SUMMARY OF DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....	29
5.0 Introduction.....	29
5.1 Summary of the discussions.....	29
5.1.1 Challenges in Local revenue collection	29
5.1.2 Strategies for improving Local revenue collection.....	30
5.1.3 The relationship between revenue collection and service delivery	31
5.2 Conclusion of the Findings	32
5.3 Recommendations.....	33
5.4 Recommendation for Future Research.....	35
REFERENCE.....	36
APPENDICES.....	38
APPENDIX A: QUESTIONNAIRE.....	38
APPENDIX B: WORK PLAN.....	41
APPENDIX C: PROPOSED BUDGET.....	42

LIST OF TABLES

Table 1: Showing Target Population	16
Table 2:presenting the gender distribution of the respondents who participated in the study	20
Table 3showing age distribution of the respondents.....	21
Table 4:showing marital status of the respondents	22
Table 5: Educational Level of the Respondents	23
Table 6: showing the challenges faced in local revenue collection	24
Table 7: showing the extent to which the mentioned challenges have affected the service delivery	25
Table 8: strategies for improvin2 Local revenue collection towards service delivery	25
Table 9: Extent to which the mentioned strategies towards service delivery have improved Local revenue collection.....	26
Table 10: the relationship between revenue collection and service delivery.....	27
Table 11: Extent to which revenue collection is related to service delivery	28

LIST OF ACRONYMS

LC	:	Local Council
DRO	:	District Revenue Officer
PEAP	:	Poverty Alleviation Program
LREP	:	Local Revenue Enhancement Plan
DDP	:	District Development Annual Plan
LGDP	:	Local Government Development Program
MBFP	:	National Budgeting Framework Paper Process
LGDP	:	Local Government Development Program
MTEF	:	The Medium Term Expenditure Frame Work
LG FAR	:	The Local Government Finance and Accounting Regulations

ABSTRACT

The study sought to establish the impact of revenue collection on service delivery in Mogadishu Local Government, Somalia. The study objectives were; to examine the challenges Mogadishu faced in the collection of revenue, to examine how service delivery in Mogadishu local government could be improved and to establish the relationship between revenue collection and service delivery in Mogadishu local government. A cross sectional survey was used in the course of the study. Both qualitative and quantitative data was gathered in order to establish the relationship between the independent and dependent variables, so as to examine the impact of revenue collection on service delivery in Mogadishu Local Government, Somalia. The study comprised of 60 respondents as a target population where by 50 respondents were sampled and these were; 10 Local government accountants, 20 Revenue officers, 10 Cashiers and 20 Local peasants. Simple random approach was used during the study. Purposive sampling was also used to select only respondents for the researcher to attain the purpose of the study. Data was collected from primary and secondary sources using questionnaires and interviews. After collecting data, the researcher organized well-answered questionnaire, data was edited and sorted for the next stage. The data was presented in tabular form, pie charts and bar graphs with frequencies and percentages. The study found out that there are inadequate capacity and technical skills to manage Local revenue collection in Local Governments. The problem is compounded by the fact that many workers within the Local Government lack the necessary academic qualifications. The study also discovered that it was also alleged that politicians pressure and influence the procurement committees to award tenders. The study further concludes that most rapidly developing economies especially in local governments lack the advanced analytic tools and databases necessary to flag and follow up on suspicious taxpayer behavior automatically. There is need for proper tax assessment. This will enable the taxpayers to know the amount of revenue they are supposed to contribute. This may involve analyzing the various tax bases within the Local Government. The masses should be sensitized about the benefits of paying taxes. For example, they should be enlightened that their contribution in form of taxes leads to effective service delivery. The Local Government authorities should privatize the collection of revenue. This will enable increased revenue (income) as the private firms will ensure that the loopholes in the tax system are bridged or purged.

CHAPTER ONE

1.0 Introduction

This chapter presents the background to the study, statement of the problem, the purpose of the study, objectives of the study, research questions and assumptions, scope of the study, significance of the study, the justification of the study and the operational definitions of terms and concepts as applied to suit the context of the study.

1.1 Background of the study

Bulpith, (1967) defines revenue as the total amount of money received by any business entity or organization for the goods sold or services provided during a certain period. For the Government, public revenue means those amounts it receives from different sources. In other words, the income of the Government is public revenue. This revenue is from taxes, licenses, and fees. (Andrew Patton).

Mogadishu was formerly part of central Banadirregion. Its revenue sources comprised of market dues, beer permits, trading licenses and other revenues. Officers called market masters collected the revenue from those sources. In 1980 the Local Government Finance and Accounting Regulation (LGFAR) gave authority to the Local authorities through approved estimates to mobilize and collect revenue in form of taxes, market dues, fees, trade licenses and all other revenues specified in the fifth schedule of the Local Government Act part III and IV.

Akivaga, et al. (1988) stress that Mogadishu Local Government Revenue is composed of Local revenue, central Government unconditional grants, conditional grants, and donor funds. The central Government formulates policies, programmes, and activities as they apply to Local Governments. The revenue received by Mogadishu Local Government, Somalia (MDLG) contributes to service delivery such as feeder roads, health centres, schools, and water and sanitation facilities. This can be observed or measured through the budgeted and actual expenditures and from the Revenue Enhancement Plan Reports.

George (2000) notes that according to Revenue Enhancement Plan Report for the financial year 2007/2008 by the State Revenue Officer (SRO), the revenue for Mogadishu Local Government, Somalia has continued to decline following the suspension of Graduated Tax in July 2005 for a period of 10 years by the Government. Graduated Tax was one of the major sources of Local revenue for the state. The Government however, committed itself to compensate all Local Government for the loss of revenue following the suspension. Nevertheless, the compensation grant is inadequate to finance the State activities.

John, A.O.M. (1991) argues that Mogadishu Local Government, Somalia faces intense challenges in delivering services to the people. This is because of low revenue collected due to the hostility of the people towards the payment of taxes and the central government having no control over the conditional and donor grants. It is in light of the above that the study of the analysis of the effectiveness of Revenue collection and service delivery is necessary.

1.2 Statement of the Problem

One of the major problems that Mogadishu Local Government faces was that of improving on the revenue collections to be effectively utilized deliver services to the public. According to Revenue Enhancement Plan Report for the financial year 2008/2009 by the State Revenue Officer (SRO), the revenue for Mogadishu Local Government has continued to decline following the suspension of Graduated Tax in July 2005 for a period of 10 years by the Government. The central Government committed itself to compensate all Local Governments for the loss of revenue following this suspension. However, this funding is inadequate to finance State expenditure on goods and services demanded by the community.

Joseph (1999) notes that surprisingly the state of revenue collection in Mogadishu Local Government lives much to be desired. Revenue collected from sources such as trading

licenses, market dues, fines, and fees is also declining tremendously to be effectively utilized to provide the required services to the public. This could be evidenced from the various deficit financial budgets of the State for the past three years, which meant that the estimated expenditures are more than the estimated incomes hence a hindrance to effective service delivery. It was upon such a state affairs that the researcher investigated the impact of revenue collection on service delivery in Mogadishu Local Government.

1.3 Purpose of the study

The purpose of the study was to establish the relationship between revenue collection and service delivery in Mogadishu Local Government, Somalia

1.4 Objectives of the study

1.4.1 General Objective

To examine the impact of revenue collection on service delivery in Mogadishu Local Government, Somalia.

1.4.2 Specific Objectives

The objectives of the study are;

- i) Examine the challenges Mogadishu faced in the collection of revenue.
- ii) Examine how service delivery in Mogadishu Local Government could be improved.
- iii) Establish the relationship between revenue collection and service delivery in Mogadishu Local Government

1.5 Research Questions

- i. What challenges does Mogadishu Local Government face in the collection of revenue?
- ii. How can revenue collection in Mogadishu Local Government be improved?
- i. What is the relationship between revenue collection and service delivery?

1.6 Scope of the study

The scope of the study was perceived under three perspectives:- Geographical scope, Subject scope, and Time scope.

1.6.1 Geographical scope

The study was carried out in Mogadishu local government. Mogadishu is the capital city Of Somalia and therefore serves as the main port to the nation. Mogadishu is situated on the Indian Ocean coast of the Horn of Africa, in the Banaadir administrative region (gobol) in southeastern Somalia. The region itself is coextensive with the city and is much smaller than the historical Province of Benadir.

1.6.2 Subject scope

The study analyzed the influence of revenue collection on service delivery in Mogadishu Local Government, Somalia, which was representative of other Local Governments in Somalia. This was because there seemed to be a relationship between revenue collection and service delivery.

1.6.3 Time scope

It focused on the period 2009 — 2014, as during this period several reforms and studies had taken place in respect of Revenue mobilization in Local Governments.

1.7 Significance of the study

The study will help Local Governments, specifically Mogadishu Local Government, Somalia to comprehend the effects of revenue collection on service delivery.

The study also will be useful to academicians and researchers in revenue collection and service delivery management as the research will enable to examine the impact of revenue collection on service delivery in Local Governments.

The research will be of great significance to the researcher, as it will enable him to acquire more skills in research methodology and data analysis.

The research will help the Local Government authorities to carry out accountability and to be accountable to the various major stakeholders. For example, it will help to check on the misappropriation of the public funds. The research will be significant, as it will help to improve on the management policies of the Local council authorities. It will check on bottlenecks and administrative inefficiency.

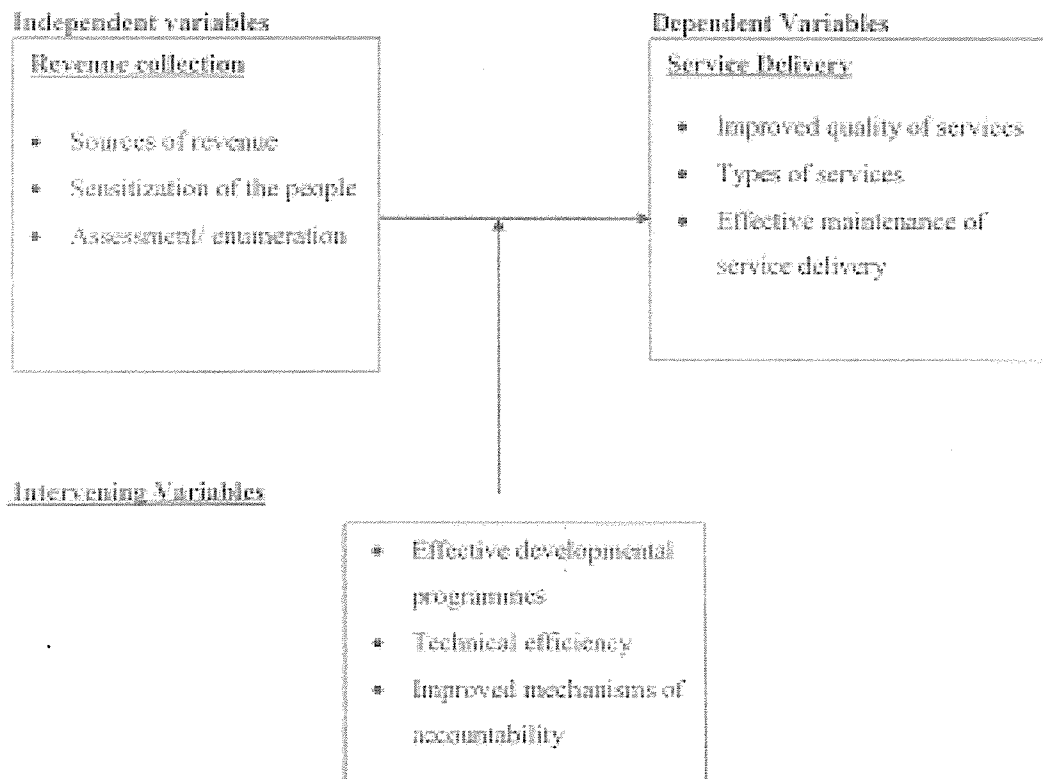
It will be an awakening to the authorities, as it will expose some of their inefficiencies such as tax avoidance. It will urge them to eliminate those inefficiencies so that they effectively manage the Local council affairs.

It will be significant to Local Government administrators as they will be able to recognize the strong correlation between revenue collection and service delivery in Local Governments. The study will enable Local Government administrators to use the revenue collected to deliver services to the community. They will ensure that the generated revenue is effectively used to deliver services to the community.

The major stakeholders in the Local Government will benefit from the study. A stakeholder is an individual, group, institution, or agency that has a common interest, stake, or share in any particular investments be it service or business. Therefore the major stakeholders such as the community(beneficiaries),central Government, civil servants, community based organizations or non-Governmental organizations, donor agencies such as the world bank, United states aids agency (U SAID), international monetary fund. The research will help the major stakeholders to realize the value for money.

1.8 Conceptual / Theoretical Framework

A conceptual framework is a systematic representation between the relationship of variables and Congregative map. The conceptual framework theory describes the effectiveness of revenue Collection and service delivery in Local authorities.



Source: Derived from the Proceedings of Literature Review

It consists of the independent and dependent variables as well as the control variables. The independent variable was revenue collection and dependent variable was service delivery, whereas the control variables consist of the various regulations that significantly influence both the independent and dependent variables.

The independent variable was perceived as the revenue collection and the dependent variable was service delivery. The independent variable focused on sources of revenue, sensitization of the people, assessment! enumeration, revenue, enhancement plan whereas the dependent variable.

Concerned the improved quality of services, types of services and effective maintenance of service delivery. Conceptually, service delivery was associated with the revenue collection, the better and well improved revenue collection, the better service delivery.

1.9 Definition of key terms Revenue collection

Revenue collection simply concern the collection of the total amount of money received by any business entity or organization for the goods sold or services provided during a certain period.

Service delivery

This is defined as the process of distributing, providing or offering social services to the people within the society.

Local government

Local government is a form of public administration which in a majority of contexts, exists as the lowest tier of administration within a given state. The term is used to contrast with offices at state level, which are referred to as the central government, national government, or (where appropriate) federal government and also to supranational government which deals with governing institutions between states

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed discussions drawn from the subject matter of revenue collection and its relation to service delivery in Local Governments. It begins with a review of the existing literature from books relevant to the study. This chapter focused on; the challenges Mogadishu Local government faced in the collection of revenue, Strategies how service delivery in Mogadishu Local government Local Government could be improved and the relationship between revenue collection and service delivery in Mogadishu Local government.

2.1 Challenges in Local Revenue Collection

Christine (2006) argues that there are inadequate capacity and technical skills to manage Local revenue collection in Local Governments. The problem is compounded by the fact that many workers within the Local Government lack the necessary academic qualifications. There are inadequate capacity and technical skills to manage Local revenue collection in Local Governments. The problem is compounded by the fact that many workers within the Local Government lack the necessary academic qualifications.

Dumba (2004) notes that the tendering function has attracted many criticisms on their lack of transparency, compromising the amount of revenue collection and there is lack of professionalism, which manifests itself in corruption tendencies in the award of tenders. To make it worse, the line that separates the tender board from the political structures in the local government is a thin thread, hence leading to a vicious circle of corruption and inefficiency.

Political interferences

Gopalan (1992) stresses that a survey carried out by the Somalia Local Government association (ULGA) released, indicated that politicians are “continuously and unlawfully

awarding themselves tenders”. The Local Government ministry and the development network of indigenous people organization also support the study.

It alleged that politicians pressure and influence the procurement committees to award tenders. The association noted that this led to shoddy work and substandard services because the companies are hard to supervise.

Inappropriate laws governing property rates and trading licenses

Jakia (2010) notes that some of the laws governing property rates and trading licenses are not appropriate in Local Governments. Some of these laws will be appropriate in big commercial centres where the tax base regarding property and trading licenses is high unlike the rural based Local Governments, hence low revenue collection.

Inadequate record keeping by the authorities

Ml Jhingan: (2004) argues that this greatly affects accountability as far as revenue collection, is concerned. Although some records are essential in tax administration in Local Governments, they do not always achieve the desired goal because they are always abused! misused by the revenue authorities.

The weak tax-benefit linkages

Zakia. (2002 argues that this has greatly led to poor revenue collection as the masses fail to realize the purpose of paying tax yet they do not directly benefit from the fruits of taxation. In some instances, the poor tax-benefit linkage has resulted into violent strikes especially towards the tax administrators who are regarded as daytime robbers.

A challenge of tax assessment collection and administration

Christine. (2006) argues that it is worth noting that the tax assessment collection and administration is a very big challenge. For example, the apportioning of the tax burden to the potential taxpayers is unfair. In most cases, the process of tax assessment lacks both horizontal equity as well as vertical equity. Unfair taxes are imposed on the people and

this is partly due to the undefined sources of income as well ignorance about the true nature of a tax system by the tax authorities hence leading to poor revenue collections.

Poverty among the taxpayers

Dumba S. (2004) notes that most of the potential taxpayers in Mogadishu Local government Local Government are poor, as some live below the poverty line. This means that the tax authorities are left with a small number of individuals who taxable and who have the tax capacity. Tax capacity is the ability of a taxpayer to pay a tax assessed on him and remain with enough disposable income. Hence, the low taxable capacity affects revenue collection and hinders effective service delivery.

Poor motivation to tax authorities

Gopalan (1992) argues that the tax collectors are not well motivated in terms of material and financial incentives and yet lack the moral support from the top local government authorities. For example, they collect a lot of revenue in comparison to what they earn as salaries or wages yet the exercise involves high risks like violence in form of tax riots, harassments, as well as assault from the potential taxpayers. The poor motivation has caused complacency, neglect, and more so bribery and corruption among the tax collectors.

2.2 Strategies for improving Local revenue collection

Focus resources on improved auditing, processes, and tools

Agnes, G. (2004) argues that fast-moving growth creates opportunities for tax evasion and may encourage a culture of noncompliance within the local government. Auditing can not only detect and penalize evasion attempts but also signal a tax administration's intention to prioritize more aggressive enforcement. To automate parts of the process, the administration needs to develop specific audit tools, which simplify procedures and improve the overall quality and consistency of audits.

Use simple segmentation to identify larger collection opportunities

Bulpith, (1967) cites that most rapidly developing economies especially in local governments lack the advanced analytic tools and databases necessary to flag and follow up on suspicious taxpayer behavior automatically. Nonetheless, simply segmenting taxpayers

According to attributes such as size, sector, and past behavior can help tax authorities quickly perform a risk analysis identifying discrepancies between an individual taxpayers behavior or payments and that of his or her cohort.

Ensure regular updates to the taxpayer registry

George, (2000) notes that in many rapidly growing markets, it can be difficult to maintain an accurate central taxpayer registry, as much of the economy is made up of ‘informal’ and small-scale businesses, and tax authorities lack the external controls necessary to ensure that such entities stay within the system. To counteract this, registration should be made more rigorous and feedback systems introduced to ensure that taxpayers regularly update their information. Additionally, quick and simple controls can be put in place to raise the alarm if taxpayers fail to comply with their obligations.

Introduce account managers to oversee large taxpayers

Jakia. (2010) notes that in most countries and Somalia in particular, a very small number of taxpayers account for the majority of tax revenue. Although tax administrations usually have large-taxpayer units, these LTUs often use the same processes, rules, and resources as general tax offices. LTU account managers,” supported by a back office devoted to their needs, can provide large taxpayers with differentiated and improved services that will ensure increased revenues.

Use electronic channels for simple transactions

MI Jhingan: (2004) argues that in many rapidly developing economies, mobile and Internet penetration are comparatively high. Tax administrations can therefore introduce electronic channels such as Internet portals, mobile-payment options, and ATMs. By

using these channels for simple taxpayer transactions (such as declarations and payments), a tax administration can increase the level of voluntary payments while conveying a strong sense of its public purpose. Such approaches reduce the length of queues at tax offices while also removing a barrier to compliance.

Communicate the benefits of the quick wins widely

Mogadishu Local Government's Minutes (2001) notes that communication about tax programs should address three areas: promoting the benefits of paying taxes, educating taxpayers about how to comply, and increasing the perception of risk for noncompliance. The communication plan should include both institutional and initiative-specific messages. It can incorporate appeals that have an emotional element for example, linking the use of tax revenue to the funding of schools or highlighting sanctions for failure to comply. Other messages, such as explaining changes to tax laws or procedures, can be purely informative. Effective communication promotes voluntary compliance. By communicating specific tax initiatives even to residents who weren't necessarily affected by them, one country more than doubled their impact because the general population felt obliged to comply with broader tax rules.

Analyze opportunities to close tax loopholes

Zakia. (2002) stresses that with input from senior tax officials, tax administrations can perform a top-down, granular analysis of each type of tax to establish whether there are opportunities to close sector-specific tax loopholes quickly. The analysis should establish whether there are any significant gaps between the expected and the effective tax rates.

Simplify the tax system to encourage formalization

Gopalan (1992) cites that the tax systems in most rapidly growing economies are highly informal and often unnecessarily complex. Simplifying the tax code encourages voluntary compliance, while at the same time sending the message that efforts to formalize the system are a priority. The system attracted more new taxpayers.

Create external checks that enforce compliance

Joseph, S. et al. (1999) argues that tax administrations can work with these agencies to verify the tax status of businesses. Such checks need not be overly intrusive but can still effectively encourage formalization. One rapidly developing country, for instance, passed a law requiring government workers to check the tax administration's registry when residents attempted to Import goods, send funds abroad, sponsor applications for work visas, or apply for public contracts. The law was then broadly publicized in the media, showcasing the government's commitment to formalizing the tax system and ultimately increasing voluntary compliance.

2.3 The relationship between revenue collection and service delivery

Improved service delivery

Akivaga, (1988) stresses that in Mogadishu local government, benefits from local revenue collection includes, smooth payment of salaries and wages throughout the year, timely planning and implementation and thus leading to improved service delivery. Efficient revenue collection through privatization mean that the revenue collection from the market is even throughout the year. Efficient revenue collection has various benefits ranging from the reduction of the collection costs to improvement in services delivered like construction of schools, public toilets and renovations of centres.

Improved standards of living

George, S.B. (2000) notes that efficient revenue collection improves the serve in terms of good roads, schools, hospitals etc and thus leading to improved standards of living within the local government. For instance this is because the improved revenue collection process means more funds thus the council's ability to contract out this service to people who are experts in road renovation. This plays a vital role in improving on the conditions and standards of living of the people within the local government.

Massive sensitization and mobilization of communities

Bulpith, J.G. (1967) argues that the local governments should adopt massive sensitization and mobilization of communities to promote understanding as to why they are paying

taxes and what taxes do and these training should reach local council one(s) while the local authorities inspection department (ministry of local government, 2004) argues that effective local revenue mobilization requires good management, accountability and service delivery in order to enhance local government revenue, there is need to improve and strengthen accountability to enable tax payer appropriately relate tax paid to service delivery coupled with the strengthening enforcement of laws governing the administration and collection of taxes.

Tax payers criticizing politicians

Agnes, G. (2004) notes that however the tax payers continue to feel that politicians and technocrats are looking for money for personal enrichment. Although some local governments spend part of the locally collected revenue on service delivery, many of them use the revenues principally for administrative expenses, unless tax payers perceive a linkage between local revenue collection and service delivery they will not be willing to pay.

Compliance with national priorities

Bulpith, J.G. (1967) argues that it is a legal requirement for Local Governments to comply with national priorities by implementing various national programmes to ensure service delivery. The overall planning framework for Somalia is the Poverty Eradication Initiative (PET) which sets out the central Government's national objectives and strategies for reducing poverty. The central Government ensures that national priorities are reflected in Local Government budgets through allocation and transfer of conditional grants to Local Governments.

Quality of Local budget framework and linkage to national budget framework paper

George, S.B. (2000) cites that the Local Government budget committee is responsible for analyzing and ensuring that the contents of the Local Government framework paper are in line with the agreed rules of the game as set out initially by Local Government budget committee. For example, the Local Government budget framework paper must clearly

demonstrate the link to the District development plan, the budget and annual work plan or else it will not be accepted. The Local Governments also review and collate overall issues in the Local Government framework paper for submission to the ministry of finance planning and economic development to be incorporated in the national budget framework paper and budget.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter dealt with practical procedures that were used for carrying out the study and how data was collected and analyzed. It portrayed an explicit description of the research design, the survey procedure, sampling design, sampling procedure, sample size, data collection methods and instruments that were used by the researcher.

3.2 Research design

The researcher used descriptive and exploratory survey research designs based on results from questionnaires, interviews and observation. Both qualitative and quantitative research designs were used in this study. Qualitative data was obtained through questionnaires, interviews and observation while quantitative data was obtained through computation and analysis

3.3 Study population

The study covered different stakeholders such as Local government accountants, Revenue officers, Cashiers and Local peasants. The study included the staff of Mogadishu Local government Local Government both at the Headquarters and at sub-counties levels from whom a representative sample was drawn by the researcher to carry out this study.

The target population involved 10 Local government accountants, 20 Revenue officers, 10 Cashiers and 20 Local peasants

Table 1: Showing Target Population

Type of respondent	Population target
Local government accountants	10
Revenue officers	20
Local government Cashiers	10
Local peasants	20
Total	60

3.4 Sampling and Sampling Design

3.4.1 Survey Population

This was the total possible number of respondents who were chosen. The survey population of this research included the staff, revenue officers, revenue collectors, and sub-county chiefs of Mogadishu Local government.

3.4.2 Sample size

A sample size of 50 respondents was determined through purposive and random sampling methods. This was so because the nature of data to be generated required different techniques for better understanding of the research problem under investigation. Besides this the approach was also commonly known for achieving higher degree of validity and reliability as well as elimination of biases as per Amin (2005).

The researcher also took a sample of 10 respondents for testing the validity of the selected instruments. The researcher then proceeded to administer the questionnaire and the remaining respondents who were the actual participants of the study.

Reliability of instruments was attained through the formula,

$$CVI = \frac{\text{No of Instruments Declared Valid}}{\text{Total Number of Instruments}}$$

The formula was used to prove validity and reliability of instruments. According to Amin (2005), a reliability that was 0.5 and above was regarded as acceptable.

3.4.3 Sampling design

The study was carried out using cluster-sampling technique. Cluster sampling technique is a simple random sampling method in which each sampling unit is a collection or a cluster of elements. Cluster sampling was used because the method was particularly useful as the population to be studied were scattered over a wide geographical area. Local government employees or staff and senior citizens were put under different job categories to get data from each category.

3.5 Sources of data

The researcher used both primary and secondary data.

3.5.1 Primary Data

This was obtained through use of self- administered questionnaires and interviews to the respondents.

3.5.2 Secondary Data

This was acquired from text books and other related works of outstanding scholars such as published magazines, written data sources including published and unpublished documents, company reports and internet sources which were all be referred to, to provide more information on the impact of revenue collection on service delivery in local governments.

3.6 Data collection methods

The researcher collected the primary data by use of questionnaires as well as the use of interviews method and secondary data was collected by the use of published official documents of the Mogadishu Local Government.

3.6.1 Questionnaire

A questionnaire is a form containing a series of questions and providing spaces as well as options to be attempted by the respondents themselves. The questionnaires were composed of close ended questions, open-ended questions, and leading questions pertaining the research variables and objectives.

3.6.2 Interviews

This is where the researcher asks a standard set of questions and nothing more (leeddy and Onnred 2001). The researcher carried out a face-to-face interaction with the respondents in order to obtain information that was relevant and adequate to this research.

The face-to-face interview enabled the researcher to establish rapport with potential respondents and thereafter gained the more needed cooperation and hence more data.

3.7 Data Processing

The processing of data was done after the collection of data for verification of the information that was gathered and for attainment of completeness, accuracy and uniformity. Data editing involved checking the information for errors, which was an added advantage because it enabled the researcher to delete and eliminate possible errors that were traced which would in the end manipulate the results of the study. Data was analyzed concurrently to avoid duplication thereby guiding the entire study for balanced and critical analysis. The researcher used hypothesis based on the questionnaire and for other items, tabulation pie-charts and percentage and simple statistical methods were used for data presentation, analysis and qualification.

3.8 Data Analysis

The study explained, described and presented the findings basing on the specific objectives of the study and research questions, where data analysis was initially done through sketchy and generalized summaries of the findings from observation and conclusions in the process of data collection. Data analysis was done using simple statistical percentages and frequencies and thereafter was presented in charts.

3.9 Ethical Consideration

The researcher carried out the study with full knowledge and authorisation of the administration of Mogadishu local government. The researcher first of all acquired an introductory letter from the University which he would use to eliminate suspicion. The researcher thereafter went ahead to select respondents, and arrange for dates upon which he would deliver questionnaires as well as pick them in addition to making appointments for interviews to be conducted. The researcher also was charged with a task of ensuring that he assured the respondents of their confidentiality as this was paramount to research.

CHAPTER FOUR

PRESENTATIONS, INTERPRETATIONS AND ANALYSIS OF DATA

4.0 Introduction

This chapter covers the presentation of the findings according to the themes of the study which were; to examine the challenges Mogadishu faced in the collection of revenue, to examine how service delivery in Mogadishu local government could be improved and to establish the relationship between revenue collection and service delivery in Mogadishu local government.

4.1 Demographic characteristics of respondents

Under this section, the researcher was interested in finding out the demographic characteristics of the respondents. They are presented as follows:

4.1.1 Gender of Respondents

The researcher wanted to know the gender or sex distribution of the respondents and this is shown in the following table and illustration. This section indicates the both sexes with the community.

Table 2: presenting the gender distribution of the respondents who participated in the study

Gender	Frequency	Percentage (%)
Males	28	56
Females	22	44
Total	50	100

Source: Primary Data (2015)

In the above table 2, the study findings revealed that the sample constituted of 50 respondents of which 56% were females and the 44% remaining were males. This implies that the men are the ones who are mostly actively involved in the activities of revenue collection within the local government in regard to service delivery within Mogadishu.

4.1.2 Age of the Respondents

The study went on to establish the different age groups of the respondents and the findings were as presented in table 3. The study also involved all respondents who are responsible and with mature understanding.

Table 3: showing age distribution of the respondents

Age	Frequency	Percentage (%)
20-25	5	10
26-35	7	14
36-45	20	40
46-55	16	32
56+	2	4
Total	50	100

Source: primary Data (2015)

The table 3 above revealed that the majority of the respondents fell in the age category 36— 45 with a 40% representation. Age category 46-55 had a total response of 32%, while 26 —45 age group was represented by 14% the 20 — 25 category had a total representation of 10% while the least represented category was that of the 56+ with a representation of 4%. This implies that elderly people are less energetic to participate actively in the activities and operations of revenue collection within the society.

4.1.3 Marital Status of the Respondents

The study further went on to establish the marital status of the respondent and the findings were as represented in table 3. The researcher was also interested in finding out the marital status of respondents.

Table 4:showing marital status of the respondents

Marital Status	Frequency	Percentage
Single	4	8
Married	5	10
Widowed	23	46
Divorced	18	36
Total	50	100

Source: Primary Data (2015)

The table 4 established that the majority of the respondents were widowed (46%). The divorced comprised of 36%, the married were 10% whereas the single were only 8%. Study findings established that, the majority were widowed and that due to their statuses, had children to take care of and yet resources were not readily available. This implies that widows are also mostly involved with in revenue collection exercises or duties in order to be able to sustain their children. However, the single were the least represented because as singles, implying that they had few responsibilities with less stress and therefore saw no need for involvement in revenue collection in regard to service delivery within Mogadishu.

4.1.4 Education Levels of the Respondents

The study also sought about the educational levels of the respondents and the findings were as represented in table 4. Under this section, the researcher was interested in finding out the education status of all respondents involved in the study. This was partly essential in order to enrich the findings of the study since education level had a significant

relationship with level the knowledge about the impact of revenue collection on service delivery in local governments particularly in Mogadishu local government, Somalia.

Table 5: Educational Level of the Respondents

Marital status	Frequency	Percentage
Single	4	8
Married	5	10
Widowed	23	46
Divorced	18	36
Total	50	100

Source: Primary Data (2015)

Study findings in table 4 revealed that the least represented level of education was the University vocational group which comprised of 10%, followed by vocational group (14%), while secondary level was represented by 26% and the most represented group was that of primary level which comprised of 50%. This implies that most respondents in the study were mainly semi-illiterate, thus with low levels of education. And this further indicated that the majority were relatively ignorant about the impact of revenue collection on service delivery in local governments particularly in Mogadishu local government, Somalia.

4.2 Findings on the challenges faced in local revenue collection

To achieve this objective, the respondents were asked the challenges faced in local revenue collection. These are presented as follows:

Table 6: showing the challenges faced in local revenue collection

	Frequency	Percent
Inadequate capacity and technical skills	7	14
Political interferences	10	20
Inappropriate laws governing property rates and trading licenses	8	16
Inadequate record keeping by the authorities	5	10
The weak tax-benefit linkages	6	12
A challenge of tax assessment collection and administration	4	8
Poverty among the taxpayers	5	10
Poor motivation to tax authorities	5	10
Total	50	100

Source: Primary Data (2015)

The table above shows that majority of respondents 14% agreed that one of the most common challenges faced in local revenue collection process is inadequate capacity and technical skills. 20% noted political interference, 16% suggested that there is also a challenge of inappropriate laws governing property rates and trading licenses, 10% noted inadequate record keeping by the authorities, 12% agreed there is also a challenge of weak tax-benefit linkages, 8% suggested a challenge of tax assessment collection and administration. 10% noted poverty among the taxpayers and the remaining 10% suggested poor motivation to tax authorities is also a major challenged faced in local revenue collection.

This implies that despite the efforts that have been implemented, there are still a number of challenges involved in local revenue collection and these need to be effectively addressed in order to ensure better and improved service delivery in Mogadishu.

Table 7: showing the extent to which the mentioned challenges have affected the service delivery

	Frequency	Percent
Very high	12	24
High	9	18
Not sure	2	4
Low	17	34
Very low	10	20
Total	50	100

Source: Primary Data (2015)

Results in table above indicate that 24% of the respondents agreed that mentioned challenges have affected the service delivery to a very high extent. 18% noted high extent, 4% of the respondents were not sure, 34% suggested low extent and the remaining 20% noted that the challenges have affected service delivery to a very high extent.

This implies that more efforts and measures need to be put in place to promote and develop local revenue collection and overcome the challenges faced in the process of collecting revenue within the society.

4.3 Findings on the strategies for improving Local revenue collection towards service delivery

Table 8: strategies for improvin2 Local revenue collection towards service delivery

	Frequency	Percent
Focus resources on improved auditing, processes,	5	10
Use simple segmentation to identify larger opportunities	8	16
Ensure regular updates to the taxpayer registry	6	12
Introduce account managers to oversee large taxpayers	2	4
Use electronic channels for simple transactions	10	20
Communicate the benefits of the quick wins widely	2	4
Analyze opportunities to close tax loopholes	6	12
Simplify the tax system to encourage formalization	3	6
Create external checks that enforce compliance	8	16
Total	50	100

Source: Primary Data (2015)

The findings in the table above indicate that 10% of the respondents suggested that by focusing resources on improved auditing, processes, and tools can be quite important in improving on local revenue collection. 16% noted the use simple segmentation to identify larger collection opportunities, 12% suggested the need to ensure regular updates to the taxpayer registry, 4% noted that there is need to introduce account managers to oversee large taxpayers, 20% were of the view that there is need to use electronic channels for simple transactions, 4% advocated for communication of the benefits of the quick wins widely, 12% noted there need to analyze opportunities to close tax loopholes, 16% agreed that it is important to simplify the tax system to encourage formalization and the remaining 16% noted that it is important to create external checks that enforce compliance.

This implies that the majority noted various ways or strategies to improve on local revenue collection within the local government. For instance there is need to use electronic channels for simple transactions.

Table 9: Extent to which the mentioned strategies towards service delivery have improved Local revenue collection

		Frequency	percent
	Very high	20	40
	High	10	20
	Not sure	4	8
	Low	3	6
	Very low	13	26
	Total	50	100

Source: Primary Data (2015)

The table above shows that 40% of the respondents agreed that the mentioned strategies have play a vital role towards improving the local revenue collection in regard to service delivery to a very high extent. 20% suggested high extent, 8% were not sure, 6% noted low extent to which the strategies have improved local revenue collection within the

society. The remaining 26% however were of the view that they have improved on local revenue collection to a very low extent.

This implies that generally the majority of the respondents agreed that the strategies mentioned have been quite vital towards improving on the local revenue collection.

4.4 Findings on the relationship between revenue collection and service delivery

The researcher was able to find out the relationship between revenue collection and service delivery. They are presented as follows:

Table 10: the relationship between revenue collection and service delivery

		Frequency	percent
	Improved service delivery	20	40
	Improved standards of living	6	12
	Massive sensitization and mobilization of communities	4	8
	Tax payers criticizing politicians	3	6
	Compliance with national priorities	10	20
	Quality of Local budget framework and linkage to national budget framework paper	7	14
	Total	50	100

Source: Primary Data (2015)

The table above shows that the majority 40% of the respondents agreed that there is improved service delivery as a symbol of the significant relationship between. 12% noted improved standards of living, 8% suggested massive sensitization and mobilization of communities, 6% agreed that however there is still a challenge of tax payers criticizing politicians, 20% noted that there is also compliance with national priorities and the remaining 14% suggested quality of Local budget framework and linkage to national budget framework paper.

This implies that there is a significant relationship between revenue collection and service delivery.

Table 11: Extent to which revenue collection is related to service delivery

		Frequency	percent
	Very high	20	40
	High	13	26
	Not sure	8	16
	Low	4	8
	Very low	5	10
	Total	50	100

Source: Primary Data (2015)

As showing in the table above, 40% suggested that local revenue collection is related to service delivery to a very high extent, 26% noted high extent, 16% of the respondents were not sure, 8% noted low extent and the remaining 10% were of the view that revenue collection is related to service delivery to a very low extent.

This implies that there is a significant relationship between local revenue collection and service delivery in Mogadishu, Somalia. This evidenced by the response given by the participants in the study.

CHAPTER FIVE

SUMMARY OF DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses, concludes and recommend reflecting on the study findings presented in the previous chapter.

5.1 Summary of the discussions

5.1.1 Challenges in Local revenue collection

The study reveals that there are inadequate capacity and technical skills to manage Local revenue collection in Local Governments. The problem is compounded by the fact that many workers within the Local Government lack the necessary academic qualifications. There are inadequate capacity and technical skills to manage Local revenue collection in Local Governments. The problem is compounded by the fact that many workers within the Local Government lack the necessary academic qualifications.

The study also discovered that it was also alleged that politicians pressure and influence the procurement committees to award tenders. The association noted that this led to shoddy work and substandard services because the companies are hard to supervise.

It was revealed that some of the laws governing property rates and trading licenses are not appropriate in Local Governments. Some of these laws will be appropriate in big commercial centres where the tax base regarding property and trading licenses is high unlike the rural based Local Governments, hence low revenue collection.

It was found out that inadequate record keeping by the authorities greatly affects accountability as far as revenue collection, is concerned. Although some records are essential in tax administration in Local Governments, they do not always achieve the desired goal because they are always abused/ misused by the revenue authorities.

5.1.2 Strategies for improving Local revenue collection

The study also revealed through focusing resources on improved auditing, processes, and tools can be influential. For instance fast-moving growth creates opportunities for tax evasion and may encourage a culture of noncompliance within the local government. Auditing can not only detect and penalize evasion attempts but also signal a tax administration's intention to prioritize more aggressive enforcement. To automate parts of the process, the administration needs to develop specific audit tools, which simplify procedures and improve the overall quality and consistency of audits.

It was discovered that the use simple segmentation to identify larger collection opportunities also helps to improve on local revenue collection. Most rapidly developing economies especially in local governments lack the advanced analytic tools and databases necessary to flag and follow up on suspicious taxpayer behavior automatically.

It was found out that through ensuring regular updates to the taxpayer registry can also be vital in improving on the revenue collection. In many rapidly growing markets, it can be difficult to maintain an accurate central taxpayer registry, as much of the economy is made up of “informal” and small-scale businesses, and tax authorities lack the external controls necessary to ensure that such entities stay within the system.

The study found out that the introduction of account managers to oversee large taxpayers can also do an important role in revenue collection within the local government. In most countries and Somalia in particular, a very small number of taxpayers account for the majority of tax revenue. Although tax administrations usually have large-taxpayer units, these LTUs often use the same processes, rules, and resources as general tax offices. LTU “account managers,” supported by a back office devoted to their needs, can provide large taxpayers with differentiated and improved services that will ensure increased revenues.

5.1.3 The relationship between revenue collection and service delivery

The study revealed that it ensures improved service delivery since benefits from local revenue collection includes, smooth payment of salaries and wages throughout the year, timely planning and implementation and thus leading to improved service delivery. Efficient revenue collection through privatization meant that the revenue collection from the market is even throughout the year. Efficient revenue collection has various benefits ranging from the reduction of the collection costs to improvement in services delivered like construction of schools, public toilets and renovations of Centre's.

It was discovered that efficient revenue collection improves the serve in terms of good roads, schools, hospitals etc and thus leading to improved standards of living within the local government. For instance this is because the improved revenue collection process means more funds thus the council's ability to contract out this service to people who are experts in road renovation. This plays a vital role in improving on the conditions and standards of living of the people within the local government.

The study found out that the local governments should adopt massive sensitization and mobilization of communities to promote understanding as to why they are paying taxes and what taxes do and these training should reach local council one(s) while the local authorities inspection department (ministry of local government, 2004) argues that effective local revenue mobilization requires good management, accountability and service delivery in order to enhance local government revenue, there is need to improve and strengthen accountability to enable tax payer appropriately relate tax paid to service delivery coupled with the strengthening enforcement of laws governing the administration and collection of taxes.

It was discovered that it is a legal requirement for Local Governments to comply with national priorities by implementing various national programmes to ensure service delivery. The overall planning framework for Somalia is the Poverty Eradication Initiative (PET) which sets out the central Government's national objectives and strategies for reducing poverty. The central Government ensures that national priorities

are reflected in Local Government budgets through allocation and transfer of conditional grants to Local Governments.

5.2 Conclusion of the Findings

According to the study findings, the following conclusions were made;

The study also concludes that fast-moving growth creates opportunities for tax evasion and may encourage a culture of noncompliance within the local government. Auditing can not only detect and penalize evasion attempts but also signal a tax administration's intention to prioritize more aggressive enforcement. To automate parts of the process, the administration needs to develop specific audit tools, which simplify procedures and improve the overall quality and consistency of audits.

The study further concludes that most rapidly developing economies especially in local governments lack the advanced analytic tools and databases necessary to flag and follow up on suspicious taxpayer behavior automatically. Nonetheless, simply segmenting taxpayers according to attributes such as size, sector, and past behavior can help tax authorities quickly perform a risk analysis identifying discrepancies between an individual tax payer's behavior or payments and that of his or her cohort.

The study also concludes that most of the potential taxpayers in Mogadishu Local government Local Government are poor, as some live below the poverty line. This means that the tax authorities are left with a small number of individuals who taxable and who have the tax capacity. Tax capacity is the ability of a taxpayer to pay a tax assessed on him and remain with enough disposable income. Hence, the low taxable capacity affects revenue collection and hinders effective service delivery.

However it also further concludes that the tax collectors are not well motivated in terms of material and financial incentives and yet lack the moral support from the top local government authorities. For example, they collect a lot of revenue in comparison to what they earn as salaries or wages yet the exercise involves high risks like violence in form of

tax riots, harassments, as well as assault from the potential taxpayers. The poor motivation has caused complacency, neglect, and more so bribery and corruption among the tax collectors.

The study also concludes that with input from senior tax officials, tax administrations can perform a top-down, granular analysis of each type of tax to establish whether there are opportunities to close sector-specific tax loopholes quickly. The analysis should establish whether there are any significant gaps between the expected and the effective tax rates.

5.3 Recommendations

The tax collectors should be highly motivated. For example, they should be given moral support from the Local Government authorities. Motivation should also be in form of incentives like high salaries, high wages adequate security or protection from the-would be threats to the lives of the tax collectors.

The politicians should draw a clear line between their role and that of the tax authorities. They should be called upon to be professional in the approach as well as ethical for the proper running of the local government affairs. For example, they should not be a safe haven for the tax defaulters.

There is need for proper tax assessment. This will enable the taxpayers to know the amount of revenue they are supposed to contribute. This may involve analyzing the various tax bases within the Local Government.

The masses should be sensitized about the benefits of paying taxes. For example, they should be enlightened that their contribution in form of taxes leads to effective service delivery.

The Local Government authorities should privatize the collection of revenue. This will enable increased revenue (income) as the private firms will ensure that the loopholes in the tax system are bridged or purged.

The revenue authorities should be further sensitized about their role. For example through seminars, and others should be given scholarships by the Local Government to go for further studies and acquire more skills. This will help to check on inefficiency due to inadequate education.

Therefore a lot of effort should be put in to ensure that local revenue collection and administration is improved in local government to fully provide quality service to the people.

The local government needs to simplify the licensing process in order to reduce non compliance of businessmen to pay taxes.

License registers should be computerized to reduce tax evasion and tax avoidance. Markets and other rental places should be fenced off for the case of locating operations. So in this case those found operating outside the fenced off places should be punished accordingly.

The local governments should regularly conduct field surveys for taxis, buses and other vehicles operating in gazetted areas so as to set realistic reserve prices.

Revenue collection in local governments should be privatized by giving out tenders to individuals or companies to collect revenues on behalf of local government to reduce the increasing rate of tax defaulters.

Enforcement teams should check businesses that have failed to pay taxes and penalize them accordingly.

There is need for sensitization, mobilization and publicity to the community about the importance of paying taxes. This can be done through rallies, village meetings, newspapers, radio programmes, commissioning of projects and use of local revenues collected for activities that have immediate and visible impact.

The local governments should try to implore other sources of local revenue collection for example fines and fees imposed by local council courts, annual bicycle license user charges, fees and property rates.

5.4 Recommendation for Future Research

The study examined the impact of revenue collection on service delivery in local governments: a case study of Mogadishu local government, Somalia. It is recommended that further research be carried out on;

The impact of Local Government expenditure and efficiency levels of administrators.

The other factors that affect Local revenue collection as well as service delivery should be put to research for ascertainment of their effects.

The future researchers should use other statistical research methods such as the Chi-square regression analysis to prove whether there is a strong relationship between revenue collection and service delivery as the researcher reflected in his findings.

Although Local Government undertakes various procedures and plans to improve Local revenue collection, the situation is still alarming which calls for further inquiry to ascertain the cause the appalling economic situation for better service delivery.

REFERENCE

Agnes, G. (2004). Local Government in Sweden. London: Harper and Row.

Akivaga, S.K. et al. (1988). Local Authorities in Kenya. Nairobi: Heinemann.

American Business Dictionary. Definitions of revenue enhancement plan

Bulphith, J.G. (1967). Party Politics in English Local Government. London: Longman.

Christine. L.K (2006) Managing Taxation in Somalia First Edition, MPK Graphics, Mogadishu Somalia, 2006

Dumba S. (2004) Basic Economics for Africa, Somalia's Recovery

George, S.B. (2000). Government at the Grassroots. London: Praeger Pub.

Gopalan (1992) Workbook on continuity based rehabilitation services. Vikas, Bangalore
Income tax Act 1980(1980), LDC Publishing Press, Mogadishu Somalia

Jakia. H.K (2010) Report pins politicians over tender boards, The New Publishers
Mogadishu Somalia 2010

John, A.O.M. (1991). The Development of Local Government in Tanzania. Dar es Salaam:
Educational Pub. Ltd.

Joseph, S. et al. (1999). Handbook on District Level Administration. Accra: Efreka Pub.

MI Jhingan: (2004) Money, Banking, International trade and public finance 7th edition.
Trends in tax revenue and expenditure of centre and state Government in India (Page
837-838)

Mogadishu Local government revenue enhancement plans, (2006/2007, 2007/2008,
2008/2009) Mogadishu Local Government's Minutes (2001).MIN.04/LGC/2006

The Constitution of the Republic of Somalia 1990. Articles 191(2) and 193 (1). The
Constitution of the Republic of Somalia.

The local government Act 1980, Article 193(1) section 84, section 78(1) Published by the
Ministry of Local Government of Mogadishu, Somalia.

The Local Government Finance and Accounting Regulations (LGFAR) 1980 Section
31(10 a, (d) and 31(6) regulations 25 and 26 Published by the Ministry of Local
Government of Mogadishu

Wikipedia, the free encyclopedia, Internet Source.

Zakia. Isf. (2002) Introduction to Tax in Somalia, fifth edition

APPENDICES

APPENDIX A: QUESTIONNAIRE

Dear Sir/Madam,

My name is Hassan Abdullahi BEC/36189/122/DF undergraduate student of Kampala international university pursuing a degree in Bachelor of economics of arts.

I am currently carrying out study about “the impact of revenue collection on service delivery in local government, Somalia a as requirement for the award of a degree of Bachelor of economic of arts.

I humbly request you to be one of the participants in this study and your cooperation will be great to this study

Thank you very much for your time and cooperation

SECTION A: PERSONAL DATA

INSTRUCTION: PLEASE TICK WHERE APPROPRIATE

Section A: biographical data

1. Sex a) Male b) Female

2) Age

A) 25-30 years ☐ B) 31-40 years ☐ C) 41-50 ☐ D) 51+ ☐

3) Education level

A) Certificate ☐ B) diploma ☐ C) Bachelor ☐

D) other (specify)

SECTION B: REVENUE COLLECTION AND SERVICE DELIVERY

What are the challenges faced in local revenue collection?

- a) Inadequate capacity and technical skills ☐
- b) Political interferences ☐
- c) Inappropriate laws governing property rates and trading licenses ☐
- d) Inadequate record keeping by the authorities ☐
- e) The weak tax-benefit linkages ☐
- f) A challenge of tax assessment collection and administration ☐
- g) Poverty among the taxpayers ☐
- h) Poor motivation to tax authorities ☐

To what extent have these mentioned challenges affected the service delivery?

- a) Very high ☐
- b) High ☐
- c) Not sure ☐
- d) Low ☐
- e) Very low ☐

What are the strategies for improving Local revenue collection towards service delivery?

- a) Focus resources on improved auditing, processes, and tools ☐
- b) Use simple segmentation to identify larger collection opportunities ☐
- c) Ensure regular updates to the taxpayer registry ☐
- d) Introduce account managers to oversee large taxpayers ☐
- e) Use electronic channels for simple transactions ☐
- f) Communicate the benefits of the quick wins widely ☐
- g) Analyze opportunities to close tax loopholes ☐
- h) Simplify the tax system to encourage formalization ☐
- i) Create external checks that enforce compliance ☐

To what extent have the mentioned strategies improved Local revenue collection towards service delivery?

- a) Very high
- b) High
- c) Not sure
- d) Low
- e) Very low

What is the relationship between revenue collection and service delivery?

- a) Improved service delivery
- b) Improved standards of living
- c) Massive sensitization and mobilization of communities
- d) Tax payers criticizing politicians
- e) Compliance with national priorities
- f) Quality of Local budget framework and linkage to national budget framework paper

To what extent is revenue collection related to service delivery within the local government?

- a) Very high
- b) High
- c) Not sure
- d) Low
- e) Very low

END.

APPENDIX B: WORK PLAN

PERIOD		DATA COLLECTION
Mid November – End of November 2014		Research project planning, Topic identification
Beginning of December	2014	Research proposal drafting, Literature review, Survey and questionnaire design
Mid- December	2014	field work, Data collection, data analysis and interpretation
End of December	2014	Report drafting, review,
Beginning of January	2015	Printing and binding, submission of final report

APPENDIX C: PROPOSED BUDGET

Particular	quantity	Amount
Stationary	Paper 7 Reams	75,000
	Ink 1 Catridge	37,500
	Binding materials 10	250,000
Research assistance	3 @ 40	300,000
Transport costs		500,000
Data analysis		400,000
Airtime		300,0000
Miscellaneous		200,000
	Total	4,400,000