

## **Factors affecting local revenue generation in Arua District between 1999 and 2005**

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The research is on factors affecting local government. The Local governments Finance Commission revealed in a study conducted in 2003 that local revenue performance declined by 20% in just four years. The objectives of the study were to identify the factors that have led to poor performance of local revenue, evaluate the Local Government's revenue generation efforts and assess the involvement of tax payers in tax revenue generation and utilization. Purposive sampling was used to key actors in local revenue generation. A combination of content analysis, interviews, observations and focus group discussion were used to collect the required data.

The findings reflect 30-50% increases in revenue realization with minor fluctuations ranging between 10-25% over the study period. It was however noted that the local government expenditure trends increased at a higher rate than the increase in local revenue. For instance in Koboko Town Council expenditures increased by 100% against 40% revenue growth in the same.

Recommendations presented in this study focus more on the need to improve service delivery and link it to revenue collection, commitment of political leaders to revenue enhancement and involvement of citizens in management of financial resources. As a recommendation to review the revenue sharing policy to match with service mandate is also proposed.

Local governments should come up with comprehensive revenue enhancement strategy. Establishment of local governments' tax authority at regional level (embracing the regional tier) should be considered. Its role would be, to optimize local revenue collected by administering and enforcing the law relating to the revenue assessment and collection.