

**FISCAL DECENTRATION AND THE ENHANCEMENT OF COUNTY OWN
SOURCE REVENUE: A STUDY OF THE DYNAMICS OF IMPLEMENTATION OF
BUSIA COUNTYCESS ACT**

**BY
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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF RESEARCH AND PUBLIC POLICY**

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DECLARATION

Student

I declare the ownership of this thesis research as my original work which has not been presented in any other University for examination. I take any responsibility for the errors which may still be in it.

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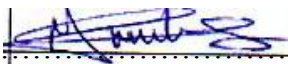
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DEDICATION

This Study is wholeheartedly dedicated in remembrance of my late parents, who were my source of inspiration and gave me strength when I thought of giving up, who continually provided their moral, spiritual and emotional support.

And lastly, I dedicate the book to my kids who gave me a humble time, and the Almighty God for the strength, power of mind, protection, guidance and a healthy life.

ABSTRACT

The devolved system of government introduced in Kenya in 2013 ushered in fiscal decentralization, granting counties the autonomy to collect and manage their own-source revenues (OSR). Embedded in the Constitution and supported by legislations, OSR was further guided by a National OSR Policy formulated by the Government of Kenya through the Commission for Revenue Allocation (CRA). This policy aimed to streamline county OSR processes, becoming crucial for sustained service provision by county governments, particularly as an alternative financing source when the equitable share disbursement faces challenges. Despite these initiatives, the anticipated benefits of fiscal decentralization have not been uniformly realized. A prime example is Busia County, where a mere 20 percent of the projected OSR was in collected in 2022, significantly below the national average. This declining trend over five years triggered the need for an in-depth examination of the factors impacting OSR implementation, focusing on the Cess Act – a legislative tool governing the collection and administration of agricultural product revenues. Given Busia County's agrarian economy, this study sought to assess OSR Policy implementation within the framework of the Cess Act. The study pursued three specific objectives: firstly, to scrutinize the legal and policy frameworks shaping the enactment of the Cess Act for agricultural produce collection within Busia County Government; secondly, to dissect the obstacles impeding effective administration and collection under the Cess Act in the county; and lastly, to evaluate the efficacy of the collection and administration strategies outlined by the Cess Act. Through a mixed-method approach, this research engaged diverse stakeholders engaged in agricultural revenue processes, spanning taxpayers to tax officers. Stratified into three tiers, these actors formed the analytical unit, facilitating a comprehensive understanding of challenges and dynamics. Data collection encompassed document analysis of pertinent county and national reports, quantitative data from semi-structured questionnaires, and qualitative insights from focus group discussions and key informant interviews. Study sample population encompassed 461 based on Fischer et al. 1998 adjusted 20% upwards to cater for unforeseen limitations to participation. The findings offered valuable insights into Busia County's OSR landscape. They uncovered legal and policy gaps, and operational challenges that hindered effective Cess collection and administration. Beyond the empirical results, the study's theoretical underpinning of fiscal decentralization shed light on the intricate interplay between policy intent and on-ground hurdles. In conclusion, this study's inquiry into OSR Policy implementation through the Cess Act within Busia County illuminates the intricacies of revenue collection and administration. It bridges the gap between policy aspirations and implementation realities, enriching the understanding of fiscal decentralization dynamics in the Kenyan context. The study underscores the urgency for coherent legal frameworks, efficient strategies, and meaningful stakeholder engagement to advance sustainable county development.

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LIST OF ABBREVIATIONS AND ACRONYMS

ASI	-	Adam Smith International
BCG	-	Busia County Government
BCIDP	-	Busia County Government 2018-2022 County Integrated Development Plan
CARA	-	County Allocation of Revenue Act
CG	-	County Governments
CoK	-	Constitution of Kenya 2010
CRA	-	Commission for Revenue Allocation
DI	-	Development Initiative
FGDs	-	Focus Group Discussions
GoK	-	Government of Kenya
KIIs	-	Key Informant Interviews
NACOSTI	-	National Commission on Science, Technology and Innovation
OSR	-	Own-Source Revenue
SDSS	-	School of Development and Strategic Studies
SGS	-	School of Graduate Studies
UN	-	United Nations
KII	-	Key Informant Interviews
FGD	-	Focus Group Discussions

OPERATIONLIZATION OF KEY TERMS

Own-source revenue: Refers to sources of revenue from within the County Governments as is provided in the Constitution of Kenya (2010) and other pieces of law at the national level such as the OSR policy, PFMA and CGA.

Cess Act: As part of implementing the National Policy on OSR, Busia County has implemented a Cess Act to guide collection of revenues concerned with agriculture, as detailed in the Busia County Cess Act No. 4 of 2017 (County Government of Busia, 2017). The Cess Act is not the only Act for OSR in Busia but one which guides collection and administration of agricultural revenue. As the county is dependent on agriculture, this study chose Cess and no other regulations for collections of taxes on other sectors.

Fiscal decentralization: A set of ideas that argue for the need to give revenue collection functions to subnational entities, as a means of achieving good governance. But also of a strategy to enable sustainable revenue collection by the subnational entities; which in Kenya are the County Governments.

Awareness in public policy studies: in this study awareness of policies and legislations relevant to Own Source Revenue (OSR) is a key enhancer of successful OSR policy implementation. Thus understanding the levels of awareness of stakeholders involved played a key part in understanding the overall complex dynamics of OSR implementation in Busia County.

Strategies for OSR collection and administration: This study builds on the scattered literature on strategies of enhancing revenue collection and administration in order to contextualize their applicability in Busia County, narrowing down to agricultural sector revenue for detailed analysis, and policy recommendations.

Effectiveness of OSR collection and administration strategies: effectiveness in this study relates to stakeholders own assessment and researchers interpretation through triangulation of data collected, of the extent to which applied strategies lead to collection of more revenues, or otherwise, as well more effective administration of collected revenues or vice versa.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

As per the World Bank report of 2018, during the last 25 years, more than 75 countries worldwide have undertaken the process of decentralizing their fiscal responsibilities to local or sub national governments (Word Bank, 2018; Oartes, 2006). By the late 1990s, it was estimated that over 80% of these nations were experimenting with different decentralization approaches. This strategic shift aimed to enhance the effectiveness of delivering public goods and services, aligning governance with the political and economic dynamics of the post-Cold War era (*Ibid*). Furthermore, according to research conducted by Munyua, Muchina, and Ombaka (2018) when it comes to fiscal decentralization, Europe has been at the forefront, followed by countries like Australia, Germany, Switzerland, Belgium, Italy, and Spain, among others; with developing countries lagging behind on qualitative aspects of this phenomenon (Bahl & Nath, 1986; Shah, 2004). Globally, fiscal decentralization is exemplified largely by the transfer of various public services to regional governments. These services encompass areas such as welfare, medical safety nets, legal services, housing, and job training, for example in the United States of America (Akai & Sakata, 2002).

However, UNDP (2015) and Akai & Sakata (2002) emphasize that the practice of the concept of decentralization does not simply entail the transfer of revues from central to local governments to facilitate their running. In cases where decentralization reforms result in genuinely local government structures, which is increasingly common in most countries (Masaki, 2018), it signifies that sub-national authorities have gained a substantial degree of independence from the central government. However, they are also held accountable to local citizens for the provision of public goods and services. To fully realize the potential benefits of decentralization, particularly in terms of poverty reduction, these local governments must be financially empowered (UNDP, 2015). In essence, fiscal decentralization can be seen as a means of empowering communities and citizens by providing financial autonomy to their local governments. In many cases, literature shows, fiscal decentralization is specifically viewed as fiscal devolution, with a number of studies perceiving fiscal decentralization in this context (Smoke, 2001; Bahl, 1999; Brueckner, 2000; Rondinelli, 2017; Bird & Vaillancourt, 1998).

A critical aspect of fiscal devolution is that local governments are entrusted with significant roles and discretionary authority in delivering services to their communities (Farvacque-Vitkovic & Kopanyi, 2014). The allocation of roles and responsibilities to local governments, essentially determining 'who will do what' within the public sector, raises the fundamental question of how these expenditure responsibilities will be funded (UNDP, 2015). Consequently, the assignment of expenditure, or 'functional,' responsibilities is regarded as the foundational "pillar" of fiscal decentralization reform (*Ibid*). Fiscal decentralization, on the positive side, extends beyond the mere transfer of resources to various levels of local government. It also delves into the extent of empowerment experienced by local governments and the degree of authority and control they wield in not only managing devolved financial resources, but also raising local taxes through innovative mechanisms from the local citizens. The extent to which local governments are empowered to undertake this role can be assessed by evaluating influence over three-domain scheme provided by UNDP (2015).

Firstly, it encompasses the ability of local governments to oversee the provision of a wide array of local services for which they are responsible, in Kenya these are set out in Schedule Four of the Constitution of Kenya (Government of Kenya, 2010). Secondly, it considers the significant role local governments play in determining local tax policies and revenues, including aspects such as tax bases, rates, and collection methods. This role is played by county governments in Kenya in a number of ways. Busia County does it, inter alia, through Cess/agricultural revenue collection, guided by the Cess Act. How this has manifested is the subject of this study. Lastly, fiscal decentralization emphasizes the capacity of local governments to have a say in the allocation and efficient utilization of grant resources, which are instrumental in financing the delivery of local public services. In essence, literature converge on the consensus that fiscal decentralization transcends the simple act of transferring funds; it revolves around the empowerment of local governments and their aptitude for governance, exercising authority, and astutely managing financial resources at the grassroots level (Farvacque-Vitkovic & Kopanyi, M. (Eds.). (2014; Masaki, T. (2018; Xie. Zou & Davoodi, 1999). This study delved into the second avenue to understanding extent of empowerment of county governments – the institutionalization of locally relevant policies to guide tax collection.

Nevertheless, the true impact of fiscal decentralization remains a subject of debate. Some scholars contend that the shift toward fiscal decentralization does not necessarily result in

economic development and advocate for a return to recentralization (Kessy & McCourt, 2010; Xie, Zou & Davoodi, 1999). For instance, these scholars do not find compelling evidence that the decentralization of fiscal responsibilities to federal states leads to economic growth in the USA. Conversely, other scholars make a compelling argument that decentralization indeed fosters economic growth. They emphasize its role in promoting participation-driven development, encouraging innovation, reaching previously underserved communities and groups, and, notably, expanding the tax base (Akai & Sakata, 2002). Generally, decentralization is seen as an innovation that thrives in mature democracies where both the political and economic spheres have robustly developed, and financial management systems operate with high levels of fiscal discipline and prudence, as witnessed in countries like Canada, Germany, the United Kingdom (UK), Australia, and particularly the United States of America (Alfirman, 2003; Farvacque-Vitkovic & Kopanyi, 2014; Masaki, 2018; Xie, Zou & Davoodi, 1999; Kipilimba, 2018).

Interestingly, Africa, including sub-Saharan Africa, has not lagged behind in this trend. Countries such as Botswana, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nigeria, South Africa, Tanzania, Uganda, and Kenya have all taken steps to decentralize fiscal responsibilities, primarily as a means of expanding the tax base and creating sustainability for provision of public services provision (Munyua, Muchina & Ombaka, 2018; Moyi & Ronge, 2006; Mathooko & Ogutu, 2015; Casey & Castro, 2015; Wunsch, 2001). Some observers argue that it is thanks to such strategies that "Sub-Saharan Africa has experienced remarkable economic growth, averaging 5.66% annually between 2004 and 2013" (Munyua, Muchina & Ombaka, 2018, p. 48).

According to Adam Smith International (2020), the substantial growth witnessed in East Africa has been linked to decentralized taxation policies that have reduced tax evasion and extended taxation coverage to areas that were previously overlooked. While studies on tax policies and revenue collection mechanisms in various jurisdictions have primarily focused on tax reforms (Odusola, 2006), the effects of these reforms (Nwanne, 2015; Odusola, 2006), challenges in their implementation (Bartle, Kriz, & Morozov, 2011), and the legislative processes involved (May, 2011), current research tends to overlook the challenges faced during the implementation stages of finance and taxation policies in generating own-source revenues. Key questions remain unanswered: to what extent do decentralized entities collect and manage their own-source revenue? How is this process carried out (what strategies are

put into place), and to what extent is it effective in fulfilling its intended goals, such as bridging financing gaps in decentralized entities and ensuring the sustainability of service provision to citizens? These questions have not been comprehensively explored in existing literature. This study attempted to pursue this lacuna by examining the dynamics decentralization through implementation of Cess act as strategy to enhance Busia County own source revenue collection through effective collection of agricultural revenue.

In March 2013, Kenya initiated a fundamental shift from a centralized system, which had been centered in Nairobi since the country's independence in 1963, by officially launching its devolved system of government. This transformation led to the establishment of 47 independent Local/County Governments alongside the national Government. Under Schedule Four of the 2010 Constitution of Kenya (CoK), significant functions, including decentralized fiscal responsibilities, were transferred to the County Governments. These local governments were endowed with executive and legislative authority to budget and enact legislation (Development Initiatives [DI], 2018; Simiyu, 2010; Fjeldstad & Heggstad, 2012; Ataro, Muturi & Wandera, 2016; Kimario, 2014; Kessy & McCourt, 2010). To effectively carry out these responsibilities, County Governments relied on funding from the national Government. However, this financial support often fell short of the requirements, necessitating the effective generation of own-source revenue (OSR) as a critical means to sustain the provision of public services at the county level (Ataro, Muturi & Wandera, 2016).

Article 202 of the Constitution of Kenya stipulates that nationally raised revenue should be distributed equitably to the County Governments, while Article 203 mandates that at least 15% of the revenue collected nationally should be allocated as equitable share to the County Governments. The actual equitable revenue allocation to each County in each fiscal year is determined by the County Allocation of Revenue Act (CARA), employing a formula crafted by the Commission for Revenue Allocation (CRA) (Government of Kenya [GoK], 2020; Gitaru, 2017). Beyond equitable share, County Governments secure funding for their projects from sources such as conditional and unconditional grants from the national government's revenue share, the Equalization Fund, loans and grants, and their own-source revenue (OSR) (Development Initiatives, 2020; CRA, 2019; Kimario, 2014).

According to Adam Smith International [ASI] (2018), the primary sources of funding for the Counties are equitable share and OSR. GoK (2020) contrasts this viewpoint by emphasizing that the future of County sustainability is uncertain without effective and efficient OSR

collection, especially in the face of challenges such as underfunding or inadequate disbursements from the national Government, delayed disbursements, the impact of events like general elections, pandemics such as COVID-19, natural disasters like droughts, and other factors that create pressures for emergency expenditures. These challenges are compounded by rising public debt and increasing expenditure needs (GoK, 2020).

Recognizing the critical importance of OSR as a national policy issue to address funding constraints faced by County Governments, the Commission for Revenue Allocation (CRA) took proactive steps. In August 2017, they proposed and launched the National Own-Source Revenue (OSR) policy, aiming to provide guidance on the effective administration of revenues at the County level (ASI, 2018; GoK, 2018). OSR administration is also guided by national legislations such as the County Governments' Act 2012 and the Public Finance Management Act 2012. Article 209 of the Constitution empowers counties to impose property tax, entertainment taxes, and any other tax authorized by an Act of Parliament, as well as charges for the services they provide (CRA, 2020). This legal framework has resulted in a diversity of revenue sources, varying from county to county.

In accordance with Development Initiatives (DI, 2018), OSR refers to the revenue generated by county governments from local sources, including taxes, charges, and fees (Ibid, p. 3). Properly mobilizing and administering this typology of revenue is crucial to enhancing counties' ability to provide a wide range of public goods and services, ultimately working towards the eradication of poverty and the achievement of development goals. DI (2018) asserts that;

Moreover, strengthening OSR mobilization can improve fiscal autonomy through more predictable access to revenue, thereby allowing counties to have greater ownership and control over their development agenda. OSR also has the potential to foster political and administrative accountability of county officials to their constituents (Ibid, p. 3).

Hence, Own Source Revenue (OSR) has emerged as a crucial financing strategy essential for attaining sustainable service delivery within Kenyan counties, even amid formidable financial obstacles emanating from the National Government, such as those induced by inflation and the COVID-19 pandemic (CRA, 2021). Notwithstanding this pivotal significance of OSR, numerous counties throughout Kenya continue to grapple with persistent issues concerning both the collection and effective administration of OSR (Casey

& Castro, 2015; Ataro, P. O., Muturi & Wandera, 2016; GoK, 2020; Development Initiatives, 2022).

The National OSR policy provides comprehensive guidelines to counties, outlining the procedures for both collecting and managing Own Source Revenue (OSR). Based on an analysis of OSR practices spanning from 2013 to 2017, the policy enumerates a minimum of eight distinct types of taxes that counties are expected to collect as part of their OSR initiatives. These categories encompass property-related revenue, entertainment tax, business licensing fees, liquor licensing fees, agricultural produce cess, other user fees and charges, tourism sector levies, and licensing of outdoor advertising (GoK, 2017, p. 8-21). These represent the specific tax categories that counties are presently tasked with collecting and administering as components of their OSR.

As an illustrative example, in the fiscal year 2015/2016, the figure below depicts the distribution of revenue across these various tax categories at the national level, shedding light on the relative contribution of each category to the overall OSR collection efforts nationally.

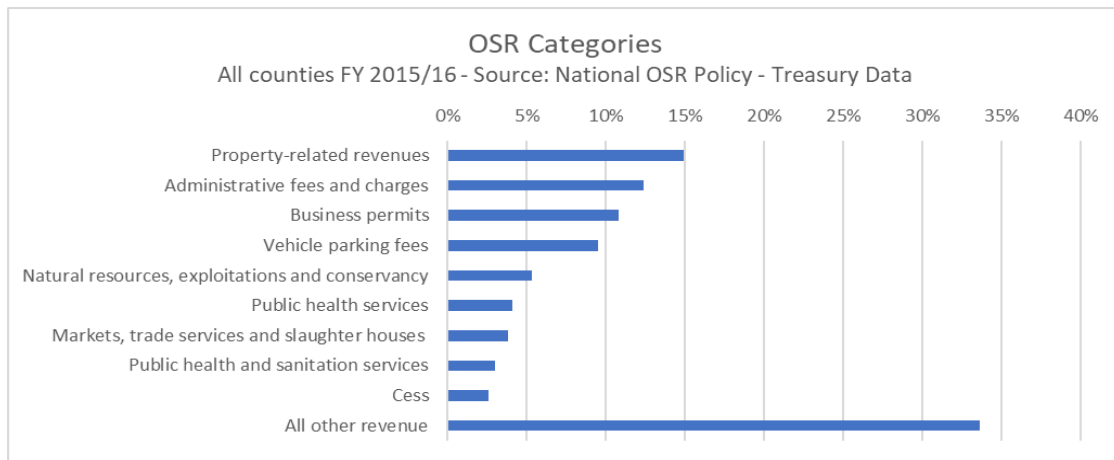


Figure 1.1: Contribution of OSR nationally per category

Source: GoK (2017)

To undertake a systematic analysis of the dynamics of Cess Act implementation as a determinant of fiscal decentralization, the current study revolves around three critical themes relevant to discussions of fiscal decentralization in the context enhancement of OSR; awareness of policy and legislative frameworks put into place to facilitate seamless implementation of Cess Act in Busia County; strategies put into place facilitate the

collection of Cess; and the hindrances that stymy fiscal decentralization ability to deliver efficient collection of Cess revenues in Busia County.

To begin with policy and legislative frameworks, the National OSR enhancement policy argue that the greatest impediment to successful OSR revenue administration hitherto was lack of policies and legislations, national and at county level to guide the process. While the National OSR Policy, filled the gap at the national level, it remains unclear the extent to which Counties have utilized the policy guidelines to promote good governance principles in the administration of OSR. This study examined the extent to which agricultural revenue is collected in Busia County, as guided by the Cess Act. Busia County is composed of largely rural areas, and whereby majority of the constituents are dependent on agriculture as their main lifeline. The agricultural potential the Busia County therefore portends immense opportunity to enhance revenue collection in the county and promote services delivery and sustainability of the county as an autonomous development entity. The levels of awareness of the policy and legal frameworks influencing the collection implementation of Cess Act, the strategies used to collect and administer the agricultural revenues effectively, and the factors hindering the process were be explored extensively in this study.

Adenya& Muturi (2017) in their study of factors affecting revenue collection in Kiambu County further posit that among other factors, that poor enforcement of revenue laws had a significant negative impact on collection of the County. Hence, despite the availability of the Cess Act, implementation could be a challenge which may be evidenced by the low levels of collection of OSR, especially agricultural OSR in the county. ASI (2018) further adds that contradicting laws and legislations also form part of policy and regulatory gaps at the county levels ability to collect and administer OSR effectively. However, progress in terms of formulation of laws and policies related to OSR has been tremendous (CRA, 2022). Counties and the national governments for formulated issue-based policies and legislations in line with national policies and laws to guide their OWR procedures. Despite this progress, however, there is a dearth of empirical inquiries into stakeholders' awareness of these frameworks. UNDP (2015) aver that successful fiscal decentralization hinges on the empowerment of both the local government and the local people who are the very stakeholders in fiscal decentralization. The UNDP' Human Rights approach calls on local governments to ensure that duty-bearers create mechanisms for communication policies, getting feedback, and using such feedback to make governance more responsive to the

stakeholders. Indeed a past research, established that education and awareness creation had an impact on tax compliance (Gitaru, K. (2017). Who are aware of the key policies guiding Cess revenue collection? Who are not aware and how do these scenarios impede the collection of Cess to enhance Busia County OSR? Existing works have not explored these questions within the scope of Busia County OSR and this study aimed to attempt to fill these gaps.

Development Initiatives (2018) in their study on how to strengthen subnational own source revenue mobilization in Kenya established three important signposts from which this study builds on. First, that despite counties having tried to localize national policy on enhancement of OSR, that is not enough because OSR collection and administration processes are a function of other policies and regulations which counties should adhere to. Secondly, they find out that there is a direct positive relationship between implementation of OSR related policies and the quantity of OSR mobilizable by sub-national entities. Thirdly, and building from the first two assertions above, the study found that Counties were yet to implement critical provisions in existing law and policies leading to reduced mobilization output of OSR. For example, the study found that the provisions for public participation through public consultation forums as provided for in the Public Finance Management Act, 2012 (hereafter PFMA) have not been implemented in most counties leading to lack of ownership of OSR collection models, as well as willingness to be taxed by county residents. This study aims to unpack how these nuances play out and affect the collection and administration of one aspect of OSR, agricultural cess, within Busia County Government. In this regard, an important first objective scope of this study interrogated the dynamics of policy and regulatory frameworks that underpin the agricultural cess collection and administration. These were examined both through document analysis and fresh primary data generated from different stakeholders that have engaged in the collection and administration of agricultural revenues.

Other than policies and legislations as determinant factors for successful Cess revenue collection, the strategies or revenue collection models also play a critical role. Current studies show that most counties are trying to apply the Mpesa technology (Development Initiatives, 2-18; GoK, 2017; GoK, 2020). This is enabled through a Pay Bill technology platform, whereby tax collectors do not interact with hard cash collected from taxpayers but only give them a Pay Bill number registered in the name of the County where tax-payers in this case farmers of different formations can send their taxes. In a statistical test study,

Adenya & Muturi (2017) found a significant correlation ($\beta=60.174$) with P Value < 0.05 at .000) between successful use of relevant technology and OSR collection in Kiambu County. How does this apply in Busia and on the particular case of agricultural products? In a County like Busia where OSR has been exhibiting a downward turn, this question remains an answered yet a pertinent public policy question. This study pursued this gap by examining the extent to which a technology driven model enhances or not agricultural revenues collection and administration.

Other models/strategies being used across Kenya include contracting (outsourcing) private sector to undertake revenue collection on behalf the county in question (see, e.g., ASI, 2018; Namuju, 2021; Odusola, 2006). The Commission for Revenue Allocation has, however, warned that this approach must be used cautiously since counties employing it end up collecting less since the cost of collection becomes higher, even unnecessarily (GoK, 2021). These warning are also shared by studies in other contexts. Fjeldstad, O. H. (2006). For example in his analysis of *Local revenue mobilization in urban settings in Africa* find that in many of his country case studies, some local governments lost revenues hugely because of ineffective outsourcing mechanisms which led to huge sums of collection fees making it a business loss for such subnational actors. A third strategy has been the adoption of uniform training manual for all tax collectors to improve efficiency. In their study, Adenya& Muturi found a significant correlation between capacity of revenue collection personnel and success of revenue collection in Kiambu County. From their study, technical capacity is key determinant of both collection and administration of OSR and has been treated as such by the national concerned institution, the CRA. The CRA through the Joint Devolution Programme (JDP) in collaboration with United Nations Capital Development Fund (UNCDF) has developed Own Sources Revenue Training Guidelines. This acts as a tool “for strengthening their technical capacity on OSR administration to improve performance”. CRA further argues:

Seven partner counties were among the 13 counties nationally that recorded increase in OSR in FY 19/20 and OSR increased by 33% for Lamu and Mandera counties in 2019/20 compared to 2018/19 while more modest increased were attained in Tana River, Marsabit, Garissa, Turkana and Wajir Counties as a result of targeted OSR capacity building (CRA, 2020, p. 14).

This study examined the strategies employed by the Busia County Government in a bid to implement the OSR policy effectively. The study was particularly be interested in understanding the linkages between the strategies employed and the outcomes of OSR

collection and administration in the County. Other than the policy and legal frameworks and the OSR collection strategies/models as factors affecting collection of OSR, this study's final objective investigated the challenges that accompany the process of OSR in Busia County through the lens of agricultural cess. One challenge facing OSR across Kenya is the issue of electioneering period. Analysis of OSR County Governments receipts point to a reducing level of collection particularly toward and during election years (GoK, 2017; GoK, 2020; GoK, 2021). This trend shows some underlying challenges with the OSR collection and administration, whose nature warrants investigation. The national OSR policy argues that there are at least twelve (12) challenges that impede County Governments in light of OSR: illegal issuance of waivers and variations, multiplicity of county fees and charges, weak understanding of County revenue costs, challenges related to financing of urban areas and cities, human resources capacity and enforcement issues, low automation and integration of revenue administration, inappropriate institutional arrangements, weak capacity for revenue forecasting and analysis, expenditure of local revenue at source, lack of effective internal controls and audit mechanisms, cash handling, and invalidation of sharing of revenue from court fines (GoK, 2017). This study explored these challenges, to understand their relevance to downward trend in OSR collection in Busia County, within the purview of agricultural Cess to make in-depth contribution to the debate, as opposed to studying OSR in its entirety which is a gap in current literature.

1.2 Statement of the Problem

The effectiveness of fiscal decentralization in Kenya depends on various factors, including the ability of counties to address the inadequacies of equitable shares, conditional and unconditional grants, and other income sources from the National Government and donors. In response to this challenge, there is a strong emphasis, both in law and policy, on the importance of Own Source Revenue (OSR) for counties as a means to bridge fiscal gaps at the local level. The National Government has established an overarching policy framework to enhance OSR collection at the county level. However, despite OSR being considered a crucial source of funding for county public goods and services, there has been a concerning downward trend in its collection.

For instance, in Busia County, only 20 percent of the projected total revenue targets were collected in 2021, and this trend has persisted from 2017 to 2022 according to reports from the Commission for Revenue Allocation (CRA). Given that sustainable public service

provision at the county level relies on effective OSR collection and utilization, it is imperative to investigate how the national OSR policy is being implemented to improve devolved governance in Kenya. A policy-oriented study examining the implementation of the national OSR enhancement guideline at the county level can shed light on the intricacies of OSR and potential pathways to enhance its collection and administration.

The declining trend in OSR collection in Busia County has significant implications. For example, a prominent policymaker recently expressed concern about the county's revenue collection, highlighting the challenges faced by Busia County Government in achieving effective service delivery. Despite these signs indicating challenges with OSR, there is a scarcity of studies that have delved into the dynamics of localizing the national OSR policy. Moreover, the existing studies tend to have a national focus and lack an in-depth examination of county-specific scenarios.

Specifically, there are three notable gaps in the current literature that inform the objectives of this study. Firstly, existing research does not explore the connections between stakeholders' awareness of policy and legal frameworks, with a specific focus on OSR collection and administration, particularly in the context of Busia County. This study narrows its focus to the Cess Act as an aspect of OSR, specifically within the geographical scope of Busia County Government. Secondly, previous studies have not thoroughly investigated the effectiveness of OSR collection strategies implemented by a county concerning the objectives of OSR, particularly within the context of a specific aspect of OSR. Lastly, there is a dearth of literature on county-specific challenges related to the collection and administration of OSR within the framework of the national OSR policy, especially concerning a specific aspect of OSR. Therefore, this study aims to address these knowledge gaps by closely examining the experiences of Busia County through the lens of the Cess Act enacted in 2017. Busia County presents an intriguing case because, despite having the Cess Act in place since 2017, it has witnessed a decline in OSR collection.

1.3 Objective of the Study

The primary objective of this study was to evaluate the factors influencing the successful localization of Own Source Revenue (OSR), with a focus on the Cess Act governing the collection and administration of agricultural products in Busia County.

1.3.1 Specific Objectives

- i. To examine the stakeholders' levels of awareness of legal and policy frameworks underlying the enactment of the Cess Act on collection of agricultural produce in Busia County Government;
- ii. To assess the status of the Cess revenue collection strategies to enhance Busia County's own source revenue and;
- iii. To establish the factors that hinder effective collection of Cess revenue to enhance Busia County's own source revenue from the perspectives of the key stakeholders.

1.4 Research Questions

The main research question was: to what extent has Busia County implemented her Cess Act to support the enhancement of her own-source revenue?

1.4.1 Specific Research Questions

- i. What are the levels of stakeholders' awareness of legal and policy frameworks underpinning the enactment of the Cess Act on collection of agricultural produce by Busia County Government?
- ii. What is the efficacy of the collection strategies of Cess in Busia County to enhance her own source revenue collection?
- iii. What factors hinder effective collection of Cess in Busia County to enhance her own source revenue?

1.5 Significance of the Study

The insights from this study may contribute to policy/empirical debates and initiatives, normative debates as well as enrich policy academic work on fiscal decentralization and how empirical evidence can increase OSR implementation processes.

In the realm of academic discourse, your study addresses a critical research gap concerning fiscal decentralization and revenue administration. The dearth of empirical investigations into the specific mechanisms of own-source revenue (OSR) collection at the subnational level, particularly in the context of agricultural Cess, is a noteworthy void in existing literature. By delving into this underexplored area, your research offers a fresh perspective on the practical dynamics of fiscal decentralization. This empirical focus differentiates your study from theoretical discussions and contributes to the academic discourse by providing valuable insights into the complexities of revenue collection in Busia County.

The study's significance extends to the realm of policy reform and change. It offers actionable insights that can guide policymakers and county officials in making informed decisions to improve own-source revenue administration. The identification of challenges and the exploration of effective strategies provide a roadmap for policy reforms aimed at enhancing revenue collection at the county level. This, in turn, has the potential to bolster the financial resources available to local governments, which are crucial for sustaining public service delivery. Furthermore, the research's emphasis on empirical evidence positions it as a valuable resource for policymakers seeking evidence-based solutions to the intricate issues of fiscal decentralization and revenue administration.

From a normative perspective, the study aligns with principles of equity, equality, and localized decision-making. It underscores the significance of empowering local governments to make decisions that align with the unique needs and priorities of their communities. Through improved own-source revenue administration, the research contributes to the normative ideals of equity in resource allocation. It advocates for fairer distribution of resources, ensuring that counties like Busia have the financial means to address disparities and promote equitable development. Moreover, by highlighting the role of revenue collection in fostering accountability and participation, your study aligns with the normative principles of accountable and responsive governance.

Philosophically, the study resonates with key values and principles. It aligns with the philosophy of decentralization, emphasizing the importance of local decision-making and governance. By exploring how fiscal decentralization and effective own-source revenue administration can empower local governments, your research supports the philosophical value of localism and self-determination. Moreover, the study incorporates the concept of economic justice by showcasing how improved revenue administration can lead to a more just distribution of resources, addressing economic disparities within Busia County. Additionally, the research embodies participatory democracy by engaging stakeholders and integrating their perspectives into the study, aligning with the philosophical value of citizen participation in governance processes. In summary, the study's robust integration of these details and narratives underscores its significance in academic discourse, policy reforms, normative principles, and philosophical values, making it a comprehensive and impactful contribution to the complex domain of fiscal decentralization and revenue administration in Busia County.

1.6 Scope and Limitations of the Study

was to evaluate the factors influencing the successful localization of Own Source Revenue (OSR), with a focus on the Cess Act governing the collection and administration of agricultural products in Busia County. t 2017- 2022. Since the OSR policy became operational in in the post-August 2017 elections, 2018-2022 was chosen as the appropriate period of analysis. Because the Cess revenue collection has been ongoing even before the Cess Act, that is during the Municipal era before the county government came into being, this may serve as a limitation of the study. To ensure that the periodization does not lead to any confusion in data collection, the researcher tried to focus research participants on the period from 2017-2022. The institutional data collected from such departments as revenue were also be sorted within this period of concern.

Secondly, since the OSR Policy borrows heavily from the CoK (2010), the PFMA, and the County Governments Act (hereinafter CGA), these policies formed part of the assessment only to the extent that they are relevant to the subject. Busia County was chosen as it one of the counties that have experienced downward trend in the generation of OSR. Busia County Government is also ahead of others, and has enacted a Cess Act to guide collection of agricultural related taxes (DI, 2018). Moreover, due to the political nature of the research (see, Development Initiatives, 2018; Munyua, Muchina & Ombaka, 2021), the researcher chose Busia where she is an employee and has the contacts for key informants she would engage. The unit of analysis of the study will be the respondents drawn from the relevant departments of the Busia County Government such as Planning and Vision 2030.

Selective bias is often unavoidable in case studies. The Busia County Government, however was not simply biased toward while choosing the research site but was due to the fact that it has a CessAct and CRA shows that the county has been on a downward trend during the selected period. Hence this was not be much of a limitation of this study.

1.7 Theoretical Framework: The theory of fiscal decentralization

This study is underpinned by the Theory of Fiscal Decentralization (TFD), as articulated by Professor Wallace Oates in his seminal work, "Theory and Practice of Fiscal Decentralization" (Oates, 2006) and UNDP (2015). While a wealth of literature exists on TFD (Courchene et al., 2006), this study specifically adopts Oates' (2006) perspective due to its comprehensive consolidation and analysis of the theory and practice of fiscal

decentralization. Oates (2006) presents four foundational assumptions of TFD that provide the theoretical basis for justifying fiscal decentralization:

i) Adaptation to Local Preferences: According to this assumption, regional or local governments are better positioned to tailor the provision of public services to the preferences and unique circumstances of their constituencies. This stands in contrast to a centralized approach, which assumes a one-size-fits-all solution. UNDP (2015) adds that a decentralized fiscal function enables local entities to design policies that better meet the local needs, and further a human rights based approach, which prioritizes stakeholders' engagement, empowerment, inclusion of vulnerable cohorts of citizenry through educational and awareness/sensitization creation. This tenet thus is important in operationalizing the first objective of this study that examines dynamics of Cess related OSR from the angle of actors awareness with key policy instruments.

ii) Mobility of Households: Both Oates (2006) and UNDP (2015) assert that in settings with mobile households, individuals have the freedom to seek out jurisdictions that align with their preferences, leading to increased potential gains from decentralized provision of public services. This mobility enables individuals to choose jurisdictions that offer services more suited to their tastes. This assumption is key to studying this subject in Busia which hosts an East African One Stop Border Shop (OSBS) and where taxpayers are not only permanent residents but also Ugandans, and citizens from other counties. Additionally, an important cohort of the population is the long distance truck driver passing through border point. This tenet thus enabled a holistic involvement of both mobile and immobile households, actors.

iii) Competition, Budget Constraints and Encouragement of Innovation: Decentralized governments face competition from neighboring jurisdictions. This competition acts as a constraint on budgetary growth and exerts pressure for the efficient delivery of public services. Unlike a central government, which operates as a monopolist, decentralized levels of government operate within a competitive environment. Thus, argues UNDP (2015) FDT implies that local governments have to be innovative in their tax administration and collection to meet the pressure of competing for resources from central government. For Kenya, this is clear in the endless struggles for delayed disbursements of equitable shares as well the protracted battles at the national assemblies on revenue division formulae. Oates (2006) adds that fiscal decentralization may stimulate experimentation and innovation as

individual jurisdictions are free to adopt new approaches to public policy. This allows decentralization to serve as a laboratory for fiscal experiments.

These three assumptions are highly pertinent to this study, as they provide a framework for exploring the strategies employed at the local county level in the operationalization of Own Source Revenue (OSR) policies. The emphasis on innovative mechanisms aligns with the study's focus on the passage of Cess revenue and how these mechanisms can be explored within the context of TFD to achieve the specific objectives of the research. Moreover, in implementing the Constitution of Kenya (CoK) in 2010, along with related laws and policies, especially the OSR Policy, counties have had the flexibility to customize their revenue collection and administration processes. This includes the creation of legislations that are relevant to the specific products and economic activities within their jurisdictions. It is in this context that Busia County Government (BCG) enacted the Cess Act to guide the revenue collection and administration of agricultural products. This move is particularly significant considering that agriculture serves as a pivotal source of revenue and economic activity for the majority of the population residing in rural areas, making the TFD a valuable theoretical framework to explore the dynamics of OSR policy implementation in this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed relevant journal articles and County and National Government documents; legislative and policy in nature. The review shed light on the study objectives and key concepts, identify current gaps in existing works, and finally ground the study on what is already known about the problem being investigated. To achieve these, the section has been categorized according to the study objectives. 2.2 reviewed literature, legislations and policies in order to crystalize on the research question of what legal and policy frameworks underpin the enactment of the Cess Act on collection of agricultural produce Busia County Government? Factors that hinder effective collection of Cess levies in Busia County Government (BCG) hence impeding her capacities to meet budgetary needs and provide public goods and services to her constituents. Such literature shed light on concepts related to objective two hence crystalize on the question: what factors hinder effective collection and administration of Cess Levy in Busia County Government? Lastly section, 2.4 set the ground to explore final research question: how effective are the Cess collection and administration strategies in Busia County Government?

2.2 Unpacking Own Source Revenue

Own Source Revenue (OSR) is a fundamental concept in the context of decentralized systems of governance, particularly within the framework of devolved government structures (Masaki, 2018). It refers to the revenue or income that subnational entities, such as counties, states, provinces, or municipalities, generate independently within their territorial jurisdictions to finance their operations and provide public goods and services to their constituents (Farvacque-Vitkovic & Kopanyi, 2014). OSR is a key element of fiscal decentralization, which aims to enhance local autonomy, promote efficient resource allocation, and improve the delivery of public services (Xie, Zou & Davoodi, 1999).

Oartes argues that OSR underscores the financial self-sufficiency of subnational governments. It means that these entities have the authority and capacity to generate revenue from sources within their jurisdiction, such as taxes, fees, fines, licenses, and other income-generating activities. This financial independence reduces their reliance on transfers or grants from higher-level governments (UNDP, 2015). Fjeldstad (2006) assert that OSR implies resource mobilization. In this sense OSR serves as a means for subnational governments to

mobilize resources to meet their financial needs. By collecting revenue locally, these governments can fund various programs and services, including education, healthcare, infrastructure development, and public safety, tailored to the specific needs and preferences of their constituents (Henry, Yongsheng & Jun, 2006). UNDP add that OSR objective is to enhanced autonomy. One of the primary objectives of fiscal decentralization is to empower subnational entities with greater decision-making authority over their fiscal affairs. OSR gives these entities the discretion to determine tax rates, impose fees, and establish revenue policies, allowing them to respond more effectively to local demands and priorities. Writing in the context of USA, Akai & Sakata (2002) that OSR is a development imperative. Here, OSR links revenue generation with local development. Subnational governments are accountable for utilizing the revenue they collect to fund essential services and infrastructure projects that directly benefit their communities. This accountability fosters a sense of ownership and responsibility for local development outcomes.

Furthermore, successful OSR systems often involve diversifying revenue sources to reduce dependency on a single income stream. This strategy can include tapping into various economic activities within the jurisdiction, such as agriculture, tourism, real estate, and trade, to create a stable and sustainable revenue base (Ngigi & Busolo, 2019). While OSR empowers subnational governments, it also presents challenges, such as the need for capacity building in revenue administration, tax collection, and financial management (*Ibid*). Effective OSR systems require the development of skilled personnel, robust financial systems, and transparent governance mechanisms. Henry, Yongsheng & Jun (2006) further this assertion that critical consideration in decentralized systems is ensuring that the distribution of revenue among subnational entities is equitable (Kipilimba, 2018). Mechanisms may be established to redistribute resources to address fiscal disparities, particularly when some regions have more significant revenue-generating potential than others. Finally, OSR is also often discussed side-by-side with the concepts of accountability and transparency (Bahl, 1999; Brueckner, 2000; Rondinelli, 2017). OSR systems demand transparency and accountability in revenue collection, allocation, and utilization. Local governments are often required to report on their financial activities, budgets, and expenditure to ensure that resources are used efficiently and in accordance with legal and policy frameworks (Brueckner, 2000).

Generally, Own Source Revenue is a vital component of decentralized governance, enabling subnational governments to generate revenue independently, make autonomous fiscal

decisions, and finance local development initiatives. It fosters the principle of subsidiarity by allowing decisions to be made at the most local level feasible, aligning resources with local priorities and needs. However, the successful implementation of OSR requires effective governance, capacity building, and mechanisms to address fiscal disparities and ensure equitable resource distribution. This study examined the practice of the concept of OSR in from the perspective of Cess sector in Busia County. The revelations as such a informative on the extent to which OSR in Busia aligns with these convention conceptualization regarding revenue generation independence, resource mobilization, enhanced autonomy, responsibility for local development, diversification of revenue sources, challenges and capacity building, equity and redistribution, and accountability and transparency.

2.3 Legal and policy frameworks on own-source revenue collection

The first objective of this study examined the levels of stakeholders' levels of awareness with key policies and legislations. It is important to review what key policies concerned with OSR are in place and issues related to awareness and public education and their relationship with effectiveness of OSR collection. Academic and policy perspectives on own source revenue tend to converge that own source revenue is a critical asset to ensuring sustainability of decentralized systems (Abdile, 2022). But sustainability is a factor of many other factors; including training on revenue collection, revenue collection and administration skills enforcement, and more critically, awareness of policy and legal frameworks guiding the processes of collection, regular training, and administration (Casey & Castro, 2015; Wunsch, 2001; Menon, Macharia & Mutero, 2008).

Own-source revenue collection is enshrined in the Constitution of Kenya (CoK) 2010. Schedule Four of the CoK (2010) lays the basis for devolved functions, and enumerates the functions to be performed by the County Governments. Article 209 of the CoK provides the avenue upon which to implement these devolved functions providing for avenues for resource mobilization by the County Governments. Hence, Article 209 (3) contains the constitutional basis for fiscal decentralization in Kenya and allows counties to impose property tax, entertainment taxes and any other tax authorized by an Act of Parliament. Counties are further allowed to charge for the services they provide.

Article 209(5) of the CoK obligates "County Governments to impose taxes, levies and charges in a way that does not prejudice national economic policies, economic activities across county boundaries or the national mobility of goods, services, capital and labour"

(Development Initiative, 2018, p. 4-5). “However, in a bid to increase their OSR, county governments have created several regulations to enable them to collect more revenue through multiple licenses and permits” (*Ibid*). To give effect to Article 209(3) of the CoK, counties enact specific laws such as the annual county finance acts that authorize tax collection and receipt of other revenues. Counties also enact sector or source specific legislation such as trade licensing, liquor control and property rating/valuation laws that allow them to regulate various sectors through licensing and permits that are acquired at a fee. There is therefore the need to scientifically explore the dynamics awareness of stakeholder of these provisions. UNDP (2015) aver that stakeholders empowerment hinge on their awareness and education on the given public policy that tries to respond to their demand. Despite being there from 2017, this dimension of Cess Act underpinning frameworks, such as Constitution of Kenya remain unknown.

The Public Finance Management Act (PFMA) of 2012 constitutes another pivotal piece of legislation deeply intertwined with the realm of Own Source Revenue (OSR). According to the insights provided by Namuju in 2021, the PFMA orchestrates provisions that revolve around parallel yet convergent planning and budgeting processes at both the county and national levels, with the pivotal juncture being the division of national revenue. The PFMA from 2012 plays a guiding role in these multifaceted processes and is armed with specific regulations tailored to oversee the intricacies of county-level Public Finance Management (PFM) arrangements (Namuju, 2021, p. 3). Simultaneously, within each county, a crucial entity called the County Revenue Fund (CRF) assumes the role of a central hub for pooling together diverse resources. The primary contributors to this fund remain the equitable share, conditional grants, and, notably, OSR. It is noteworthy that the PFMA extends its jurisdiction to furnish detailed guidelines for the management of county revenues, including aspects such as banking arrangements and the appointment of revenue receivers and collectors, as reported by Development Initiatives in 2018 (Development Initiatives, 2018, p. 8). The specification in the PFMA are key for a citizen-driven revenue discourse, but this depends on their awareness of these provisions, in order to call on duty-bearers to undertake do the needful and also to play their parts as right0bearers (here as taxpayers) (UNDP, 2015).

Furthermore, the County Government Act of 2012 and the Urban Areas and Cities Act of 2011 spring forth to enforce the stipulations laid out in Article 209(3) of the Constitution of Kenya (CoK). In response, counties wield their legislative authority to craft specific laws,

such as annual county finance acts, which authorize tax collection and the receipt of other revenues. In the pursuit of more granular governance, counties also draft legislation tailored to particular sectors or revenue sources, encompassing areas like trade licensing, liquor control, and property rating/valuation laws, thereby empowering them to regulate various sectors via licensing and permits that are subject to corresponding fees. However, it's worth noting that not all county governments have adopted these legislative measures. For instance, a report from May 2017 reveals that only eight counties had taken the initiative to enact rating and valuation laws, which are pivotal for facilitating the collection of property rates (Namuju, 2021).

The anticipated County Governments (Revenue Raising Regulations Process) Bill of 2017 was projected to address some of the lingering challenges in this landscape. This bill was poised to provide a robust legal framework governing the processes employed by counties for imposing, modifying, or waiving taxes, fees, levies, and other charges. Nevertheless, its realization hinges on political goodwill at the executive and parliamentary levels, along with the support of county governors, who play a pivotal role in expediting its enactment and operationalization (Namuju, 2021). According to Section 120(1) of the County Governments Act of 2012, counties are legally mandated to devise tariffs and pricing policies. These policies are designed to offer guidance on the imposition of fees and charges for public services. Moreover, county governments are empowered to enact complementary laws and regulations to facilitate the effective implementation of these tariff policies. The overarching objective of these tariff and pricing policies is to promote equity in the application of fees and charges, extend access to basic services to vulnerable groups through mechanisms like special tariffs, and ensure the long-term financial sustainability of public services and resource utilization. However, it's pertinent to acknowledge that many counties have yet to develop and operationalize these essential tariff and pricing policies, leaving the setting of fees and charges for services without a clear, objective foundation. This lack of effective policies can lead to scenarios where county fees and charges are either punitive to the economically disadvantaged or generate insufficient revenue, ultimately hampering the provision of quality services.

Citizens' rights to participate in county management and decision-making processes are enshrined under Section 88(1) of the County Government Act. Consequently, counties are obligated to craft legislation that gives effect to this constitutional provision. Moreover,

Section 87 of the County Government Act delineates the fundamental principles guiding the engagement of the public in county decision-making processes. The PFMA, in line with these constitutional and legislative provisions, also sets forth provisions for public participation in the management of county resources. These provisions extend to the establishment of a forum for public consultation. The underlying rationale of public consultation is to ensure that taxpayers are well-informed and feel a sense of ownership over county revenue-raising measures, thereby enhancing compliance and willingness to pay. However, it's imperative to recognize that not all county governments have enacted public participation laws, policies, or guidelines, leading to suboptimal consultations on matters related to OSR mobilization. This study examined the interaction between public participatory laws and policies with stakeholders awareness and participation in Cess revenue collection.

The proposed Public Participation Act of 2018 carries the potential to foster more effective public engagement, aligning with the vision set forth in the CoK. Beyond legislation, it is essential to cultivate trust between county governments and citizens to ensure meaningful and impactful public participation. In conclusion, various legislations and policies at both the national and county levels have been devised to fortify the mobilization of Own Source Revenue (OSR). Nevertheless, the lacunae in the existing legal and policy framework, as outlined above, have the potential to steer counties off-track in achieving their OSR mobilization targets. Astonishingly, despite the existence of these frameworks, only a limited number of studies have conducted a comprehensive cross-sectional analysis to gauge the perspectives of different stakeholders on the implementation of these policies. Consequently, this study cast a spotlight on Busia County Government as a compelling case study to deepen our understanding of this multifaceted subject matter.

2.4 Own source revenue collection strategies

The effective collection of Own Source Revenue (OSR) lies at the very heart of county performance in Kenya. Within the context of decentralized governance, innovations aimed at enhancing OSR collection efficiency assume paramount importance as they underpin the successful execution of devolved functions by county governments (Simiyu, 2010; Menon, Macharia & Mutero, 2008). One of the primary objectives of this study is to delve into the myriad strategies employed by Busia County to operationalize the National OSR policy, with a particular focus on the implementation of the Cess Act pertaining to agricultural products (Kimario, 2014). The adoption of automated systems has emerged as a potential game-

changer, ushering in substantial efficiencies in business processes and, consequently, augmenting revenue collections (Fjeldstad, 2006; Alfirman, 2003; Mikesell, 2007; Gideon & Alouis, 2013). Busia County has also embraced such systems, as documented by the Government of Kenya (2020). However, the extent to which these automated systems are currently operational and contributing to the effective collection and administration of OSR, especially under the purview of the Cess Act, remains relatively obscure within the existing literature. This study attempted to fill this gap.

The growing interest in bolstering revenue mobilization is becoming increasingly palpable, particularly in developing countries. Many of these nations find themselves emerging from crises with their fiscal prospects relatively intact, yet still grapple with the fundamental imperative of augmenting revenue generation from their own financial bases (Kessy, A. T., & McCourt, W. (2010; Ataro, Muturi & Wandera, 2016; Kimario, 2014). Consequently, the pursuit of enhanced revenue collection efficiency assumes paramount significance in ensuring that counties meet or even exceed their projected revenue targets, thereby elevating their overall revenue collection performance. As underscored by Visser and Erasmus (2005), the principles of equity, ability to pay, economic efficiency, convenience, and certainty should underscore revenue collection efforts. These principles are further reinforced by the National OSR policy, which stipulates that revenue collection strategies should not impose an additional burden on the existing capacities of County Governments (CGs) in terms of cost-benefit analysis. Additionally, these strategies should align seamlessly with the national laws already in place. These represent crucial benchmarks against which National OSR policies, such as the Cess Act implemented by the Busia County Government (BCG), ought to be meticulously evaluated (Gideon & Alouis, 2013). Such an assessment holds the potential to unearth invaluable insights that are presently lacking, providing a valuable compass to guide policymakers and fortify the existing strategies for Cess Collection (Mikesell, 2007). In a parallel vein, Tetteh (2012) posits that for a government to align its performance with the evolving needs and expectations of its citizenry, it must bolster its fiscal depth without incurring the burden of prohibitively expensive recurring overheads (Mikesell, J. L. (2007). To facilitate good governance and the effective delivery of services, county governments necessitate access to a steady stream of sufficient and reliable revenue sources. The Constitution of Kenya 2010 furnishes a well-defined framework for county funding through Own Revenue (Ataro, Muturi & Wandera, 2016)

2.5 Challenges hindering collection and administration of own source revenue

Different scholars (Odanga, 2019; Abdille, 2022; Munyua, Muchina, Ombaka, 2021) and policy analyses (ASI, 2019; GoK, 2017; GoK, 2020) agree that OSR is an important avenue to increase service delivery at the sub-national levels; hence the need to diversify OSR and increase chances of attaining the wanted financial sustainability. The process of diversifying, and trying to legalize the same, however, has not been without challenges (Abdille, 2022; Odanga, 2019). A systematic approach to understanding the dynamics of shortcomings experienced by counties within a single form of OSR may help to prescribe solutions to limiting such challenges and improve OSR collection and administration at the devolved systems of governance. This study will attempt to meet this aim.

Revenue collection performance is vital in promoting efficiency in the service delivery and economic development of county governments. However, most county governments face serious challenges in their revenue collection performance as noted by Balunywa, Nangoli, Mugerwa, Teko and Mayoka (2014), where governments are not able to collect sufficient funds to cover their budget expectations. Furthermore, for many years, revenue collectors have not been channeling all the amount of money they collect to the County Treasury (Ngotho & Kerongo, 2014). Local revenue collection helps to achieve service delivery in county governments by co-funding development projects, hence an increasing need by the county government to collect much revenue to face the increasing financial expenditures budgeted for.

Owuor, Chepkuto, Tubey & Kuto (2012) note that revenue collection in developing economies like Kenya has not always been as effective as it should be. There are various challenges in revenue collection performance, where counties are not able to collect sufficient funds to cover their budget expectations and thereby causing huge local revenue collection gaps. Ismail (2016) indicates that the main challenges in revenue collection rotate around revenue collection system. The performance of revenue collection in County governments is deteriorated by corrupt practices issues which result into tax evasion through corruption by corrupt revenue collection officers (Balunywa et al., 2014) and other actors (Munya, Muchina & Ombaka, 2021; GoK, 2017; Adenya & Muturi, 2017).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study utilized a case study design. This is because it focused on the generation of own revenues by Busia County and particularly the Cess revenues. The experience in Busia is unique in the sense that the County Government passed the Cess Act which provides the mechanisms through which the county would generate own revenue. This made the case relatively unique hence attracting attention on its own (Bryman, 2012). Similarly, Stake (1995) has observed that, the particularities and complexities of the nature of the research object always informs the choice of this design. He has further observed that the need to illuminate the unique features of the research object further calls for the adoption of this design. This is what some scholars have referred to as an idiographic approach (Yin, 2009). In the same breath, Kothari (2004) pointed to the adoption of a case study design in studies whose problems are still under-explored. This design is therefore appropriate to the study of the generation of own revenue by Busia county government by providing the unique ways in which the Cess Act has been adopted, managed and controlled in increasing the generation of the own revenue.

Further, this design was appropriate for this study because it allowed for the collection of both qualitative and quantitative data. For instance, it has been averred that “The case study design often favor qualitative methods, such as participant observation and unstructured interviewing, because these methods are viewed as particularly helpful in the generation of an intensive, detailed examination of a case” (Bryman, 2012, p. 68). However, case studies are frequently sites for the employment of both quantitative and qualitative research (Ibid). This permitted this study to sought gather both quantitative and qualitative data in meeting its objectives.

3.2 Study Area

This study will be undertaken in Busia County. Busia County is County number 40 as listed in Schedule of the CoK (2010); positioned between Bungoma (39) and Siaya (41). The County covers 1, 696km², has a population density of 526.8/km² and 1.9% in annual population change (Busia County Government 2018-2022 County Integrated Development Plan [BCIDP], 2018). The County has a total of 893, 681 of whom 426, 252 are females, 467, 401 males and 28 intersex persons (Kenya Bureau of Statistics [KBS], 2019). Most of the

people (779, 928) live in rural areas with only 113, 753 being urban dwellers. Hence, the county is largely a rural county with agriculture in its different forms being the mainstay economic activity for the majority of the residents (KBS, 2019). This is perhaps why a Cess Act was the most urgent OSR legislation to be enacted in the County in order to take advantages of agriculture as the key revenue source. Therefore, in undertaking this study, the researcher will be contributing to a subject that is of concern to over 87% (779, 928) of the people in Busia since most people are farmers.

Further, Busia County Government has witnessed a downward trend in OSR collection. Busia County Government OSR collection has been shrinking over the last six years. In the first year 2013-14, the revenue collection was Kshs 329 million, and it declined to Kshs 315 million in the subsequent year. In 2015-16, the revenue collection increased from the previous year raising Kshs 334 million. The downward trajectory continued in 2016-17 and 2017-18 with the county collecting kshs 257 million and Kshs 176 million respectively. In 2018-19 the collection increase from the previous year raising Kshs 299 million. The county's revenue enhancement efforts have been short-lived and unsustainable (BCG Website, 2022).

3.3 Study Population

The County has a total of 893, 681 of whom 426, 252 are females, 467, 401 males and 28 intersex persons (Kenya Bureau of Statistics [KBS], 2019). Most of the people (779, 928) live in rural areas with only 113, 753 being urban dwellers. The majority of the individuals whose agricultural produce are being taxed. The study also targeted tax revenue collectors and administrators, with a special focus on those concerned with Cess and related Levies in the ministry of finance. Hence the study population was stratified as follows:

Table 3.1: Study Population Strata

TIER/STRATA	Target	Disaggregation of the Target & just rationale
Tier 1	Busia residents trading in agricultural products; and taxpayers who are on transit	To understand and document a balanced perspective of those being taxed, the study this tier will include: traders in livestock products, traders in plant products, and traders in aquaculture
Tier 2	Tax Revenue Collectors	Collectors of livestock, plant and aquaculture related Cess and any other that may emerge
Tier 3	Tax Revenue Enforcement Officers, and Revenue Administration officers	Director Finance, Director Revenue, Officer responsible for Cess department and any other relevant actors

3.4 Sample Size and Sampling Techniques

The significance of sample size in research cannot be overstated, primarily owing to the inherent constraints related to time and resources that accompany research endeavors. Consequently, this study utilized Fischer's formula, specifically tailored for extensive population samples, as elucidated by Fischer et al. in 1991. Fischer's formula introduces a threshold where any population exceeding ten thousand individuals is considered to be of infinite size, prompting the utilization of the formula for sample size calculation.

In this formula, denoted as $n = \frac{z^2 \cdot p \cdot q}{d^2}$, various variables come into play. Here, 'n' signifies the sample size, 'z' represents the value corresponding to the chosen confidence level, which, in this instance, is 1.962, corresponding to a confidence interval of 95%. The parameter 'p' stands for the estimated population with attributes of interest, which is considered infinite, and is set at 0.5, while 'q' is derived from 'p' as its complement, equaling 1-p. Lastly, 'd' is indicative of the desired level of precision, set at 0.052.

Calculating these values, the sample size 'n' is determined as follows: $n = \frac{1.96 \times 1.96 \times 0.5 \times 0.5}{(0.05 \times 0.05)}$, resulting in $n = 384.16$. Rounded up, the required sample size amounts to 384 households. To cater for eventualities that might have affected reaching to the target sample, an upward adjustment of 20% (or 77) was done given a sample of 461. The decision was taken as Busia is such a busy cross-border town and researchers can face really hard time if not well prepared including through adjusting sample sizes to meet any unforeseen eventualities. This number was deemed sufficiently representative for the generalization of findings, given that the Fisher's formula was chosen due to the expansive nature of the population engaging in agricultural activities and paying the Cess in Busia County. With over 85% of the county's residents participating in agricultural endeavours and contributing to the Cess, the applicability of this formula is well-founded

After this first procedure, a second one then followed. To select a representative sample from all the wards of Busia County, Stratified Sampling was used. Stratified sampling is a probability procedure in which the target population is first separated into mutually exclusive segments and then a simple random is used to select from each segment (Bryman, 2012). This study used the stratified sampling strategy by developing the strata based on the different categories of individuals dealing in different taxable agricultural commodities as well as those involved in the implementation of the Cess Act as provided under table 3.1. Once the sample was stratified, simple random sampling procedure was employed to obtain a

sample from each category. The survey sample drawn based on proportionate numbers in each tier. The formation of focus group discussions was based on the familiarity, interaction and engagements with the application of Cess Act within the county. Purposive sampling was used in the identification of the key informants based on their knowledge and role in the operationalization, management and administration of the Cess Act in the county.

3.5 Data and Data Collection Techniques

The study adopted a mixed-method research strategy that uses both qualitative and quantitative methods. This was in tandem with the case study design adopted which allowed for the collection of both quantitative and qualitative data. The qualitative data was collected through key informant interviews, in-depth interviews and focus group discussions. The quantitative data was collected through the use of individual survey questionnaires. Secondary data will be retrieved from desktop and library reviews of existing publications that revolve around OSR in Busia County.

3.5.1 Secondary Data

Relevant extant studies came handy. These included but not limited to; relevant theses, policy and legal documents, UN and other international fiscal and related studies on Kenya, national and county governments documents from archives, relevant journal articles, institutional documentations from national advocacy organizations, BCG relevant reports and any other that was found relevant to ground the study and refine conceptualization. These were collected through documentary analysis.

3.5.2 Primary Data

This consisted of both qualitative and quantitative data. The qualitative data was collected through key informant interviews, in-depth interviews and focus group discussions while the quantitative data will be collected through the use of individual survey questionnaires. The nature of data that was collected through the questionnaires was categorical. Question Pro (2023) gives five characteristic of a categorical data, namely, first, it has two categories – nominal and ordinal data. Nominal data is named data, data used to name variables while ordinal data refers to scales or ordered data such as small, medium and large. Secondly, categorical data is qualitative in nature, and wherever presented in numbers such as birthdate, does not have any numerical connotations, that is, cannot be averaged. Thirdly can be binary and non-binary. Binary has only two categories such the traditional sense of gender – male and female; yes, no questions etc., while non-binary has more than two categories such as

maybe. Fourthly, categorical data can be numerical but does not have any arithmetic connotations or functions. Fifth is what they call graphical analysis whereby categorical data can be analyzed through graphically through pie chart and bar charts. Sixthly, QuestionPro (2023) argues that the mode of analysis of categorical data is through simple descriptive statistics, using mode and median tools. Therefore because this study only asked questions which yield categorical data in its different characteristics, the method of analysis was simple descriptive using the SPSS v.27, Descriptive Statistic Function.

3.5.3 Questionnaires

Closed open-ended questionnaires were used to gather statistical information from the taxpayers tier 1 of the study population. For economic and time constraints, the questionnaires administered through the help of two research assistants after two days of training. This reduced errors related to: incomplete questionnaires, storage challenges, among others. Open-ended questionnaires were useful for this study as it enabled the researcher gather quantitative data while seeking explanations simultaneously from the same from the same respondent. Based on Fischer et al. (1991), the number of participants to be surveyed through this tool will be 385 (see section 3.4 above).

3.5.4 Qualitative Methods

Focus Group Discussions (FGDs), and Key Informant Interviews (KIIs) are important techniques of gathering qualitative data and have their own strengths. FGDs provided an opportunity to gauge 6-15 (at least 6 per FGD) (Bhattacharjee, 2012) to discuss focused questions on the research subject. Principles of homogeneity and dialogue (Creswell, 2008) underpinned the processes of FGDs to ensure a conversational environment is provided to the participants. Homogeneity was realized by ensuring that each FGD is composed of persons of same or near-same power relations and are members of a similar sub-group. This method was applied on tier 1; tax-payers, hence six (6) FGDs were conducted among each sub-groups in tier I as show in section 3.3 above. That is to say two (2) FGDs with livestock traders, two (2) with plant agriculture dealing tax-payers and a final round of two (2) among aquaculture tax-payers in Busia. These gave enough qualitative data, and reflected saturation.

Key Informant Interviews is another important approach of gathering qualitative information. According to Creswell (2008) it enables the researcher to come up with balanced perspectives of both the beneficiaries and the policy makers as well as the implementers, since this method usually targets people with in-depth administrative/policy-level information on a given

subject being studied. KIIs in this study were targeted at the policy makers and implementers of OSR (Cess Act) in BCG, and tax collectors. These included Tiers two and three cohort of the study population. This is to say that this technique targeted tier 3 and 2 of the population category. A total of 6 KIIs were held with collectors and 9 with policy makers and implementers from each of the relevant departments with OSR, and particularly Cess Act.

3.6 Reliability

Reliability is the consistency of a measure, that is, the same results can be produced under the same conditions. To get reliable information requires successful data collection, which requires proper planning. To plan and undertake successful data collection, the study undertook a pre-test, especially on the questionnaire. This enabled the researcher to redefine the questions, understand participant needs and plan for the actual study as appropriately as possible.

Ecological issues also relate to questions of reliability because failing to get the intended persons to answer research questions will mean that results accruing from the study will not be reproducible by other others as they were not results from the actual people who are affected by the phenomenon. According to Bryman (2012) ecology in social science relates to the ease of getting and interviewing or administering questionnaires to the target audience. The researcher, being an employee of BCG at the County Assembly was able to navigate the ecological challenges through her contacts with county employees in other departments key to the study. Further, the issues of revenue are a highly political and a corruption-related issue across Kenyan Counties (CRA, 2019). This may lead to suspicions. The contacts the researcher had, enabled her to build trust with key informants and get needed information. To avoid biases in the study possible with such networks, the researcher avoided direct interactions with key informants and utilized the help of qualified, non-BCG employees as research assistants. To further ensure reliability; the study collected both QUANT and QUAL and triangulate the data in order to make nuanced discussions of the findings – highlighting consistencies and convergence between data from Cess policy makers and the Cess tax payers. Further, different categories of population concerned by the issue of Cess were reached out and sampled as participants so that the results being reported are representative, therefore reliable, of the stakeholders concerns on the issue of Cess Act implementation as a measure to localizing the National OSR policy.

3.7 Validity

Is the accuracy of the measure. Whether the results really do represent what they are supposed to measure. To ensure validity, this study undertook a pre-test study at Kisumu Central Constituency, the headquarters of the Kisumu County Government (KCG). This process involved testing the questionnaire tool on randomly selected residents under the tier - 3 category of the population. This pre-test helped the researcher to realize those constructs which did not measure the objectives accurately in order to revise them or discard them altogether to make the tool precise, shorter and containing only those questions which yield accurate results. Prior to the pre-test, the questionnaire, FGD schedules and KI guides formulated by the help of university assigned supervisors, further ensuring that each of the qualitative and quantitative questions are those that yielded valid results.

3.8 Data Analysis and Presentation

This study adopted different strategies in data analysis depending on the type of data collected. Qualitative data was analyzed using thematic content analysis where data collected was first sorted and coded based on similarities in generating categories. The categories then would be further analyzed and themes generated. The themes were discussed as results and findings of the study as per the objectives. The qualitative data was presented as verbatim quotes with location and dates inserted. Quantitative data was analyzed using a computer data processing program, the Statistical Package for Social Scientists (SPSS) version 21). The was presented through frequency tables, graphs, and pie charts cross-tabs and histograms. Both quantitative and qualitative data were triangulated and findings discussed in meeting the key objective guiding this study.

3.9 Ethical Considerations

The study was guided by the following ethical considerations guiding social research. Due Authorization: The researcher sought authorization from Maseno University before proceeding to collect data. The authorizing institutions were School of Development and Strategic Studies (SDSS), School of Graduate Studies (SGS), and Maseno University Scientific and Ethics Review Committee (MUSERC). The final authorization was sort from the nation science and research regulatory body, the National Commission on Science, Technology and Innovation (NACOSTI).

Do no harm: To ensure the do no harm principle, the researcher a) trained research assistants thoroughly on issues of research, field conduct etiquette and when and how to record or

document while at the field. Moreover, the assistants were trained on how to handle sensitive information that may be given by research participants and how to manage emotional participants, in a way that avoids psychological and emotional harm.

Confidentiality and anonymity: The researcher was aware that revenue studies face serious political suspicions especially on the part of implementers/policy makers. The researcher assured respondents of the confidentiality measures to be taken to ensure that whatever information they give only serve the research purpose. Such measure included: a) no mentioning participants names anywhere in the research report or any publications that may emerge from the study; b) careful handling of confidential departmental information and not making any leading references to persons concerned; c) working with the heads of the departments to introduce the researcher and the assistants on the real intensions of the study in order to avoid/reduce any suspicions that may hinder giving of information on the part of participants on the problem being investigated.

Beneficence: this study did not have any direct economic benefit to those who participated in it or even the entire population targeted. However, the benefits that were expected to emerge from the results/findings of this study were of immense benefits to not just the participants but to the humanity as well. For example, by showing the policy and legal gaps related to Cess, the study informed policy reforms evidence-based policy interventions to improve Cess-related OSR hence improving available taxes to Busia County, and improving the services delivery. This benefit is to a greater population beyond the Busia residents because Busia hosts a one stop border point (OSBP) which supports transit of Cess (and other forms of taxation) and business by East Africans. Effective, flawless administration of Cess also enhance trade in East Africa as a whole.

CHAPTER FOUR
LEGAL AND POLICY FRAMEWORKS UNDERLYING THE ENACTMENT OF
THE CESS ACT ON COLLECTION OF AGRICULTURAL PRODUCE IN BUSIA
COUNTY GOVERNMENT

4.1 Introduction

In the pursuit of effective local governance and revenue generation, the awareness of policies regulating agricultural products and their implications play a pivotal role in shaping policy adaptation, implementation, and community engagement. This chapter investigated the awareness levels of different stakeholders groups regarding agricultural policies, aligning the findings with the theoretical framework of fiscal decentralization. As proposed by Professor Wallace Oates, and UNDP (2015) fiscal decentralization emphasizes the adaptability of public services to local circumstances, fostering competition, efficient service provision, and community participation.

This chapter unfolds through various sections, each shedding light on distinct aspects of policy awareness among participants. It began by contextualizing the agricultural sub-sectors from which participants hail, setting the stage for understanding the diverse economic landscape. Drawing insights from the theory of fiscal decentralization, this section explores how tailoring revenue collection and administration strategies to different agricultural sub-sectors can contribute to more effective outcomes.

Building upon this foundation, the chapter moves to investigate variations in awareness of general policies or legislations regulating agricultural product collection and administration. The alignment of these findings with the theory underscored the importance of informed decision-making and competition among decentralized government levels, emphasizing the need for heightened awareness to facilitate effective policy implementation. Continuing the exploration, the chapter delved into variations in awareness of the National OSR Enhancement Policy among different respondent designations. The implications of these awareness disparities are examined through the lens of fiscal decentralization, highlighting the significance of targeted communication strategies to enhance awareness, promote informed decision-making, and encourage engagement within local communities. Furthermore, the chapter examines respondents' awareness of the Busia County Cess Act and its implications for fiscal decentralization. The theory's emphasis on customizable revenue collection and administration strategies underscores the importance of stakeholders'

awareness of county-specific policies, driving the need for innovative communication approaches to ensure comprehensive understanding among diverse groups. Finally, the chapter delves into participants' involvement in general county development processes, aligning these findings with fiscal decentralization's core principles of inclusive decision-making and community engagement. The implications of varying participation rates are discussed within the framework of fostering efficient policy implementation through holistic local governance. Before presenting the findings for this chapter, socio-economic variables of respondents are presented to contextualize the further analyses.

4.2 Socio-demographic Variables

The sub-section on socio-demographic analysis provides a comprehensive exploration of the diverse characteristics and backgrounds of the study participants, as elucidated by the frequency tables. These indicators, including gender distribution, respondents' designations, marital status, sub-county representation, disability status, employment status, monthly income, level of education, and access to government support, collectively form a rich collection of insights that are pivotal for contextualizing and understanding the nuances surrounding the implementation of the national policy on enhancing county governments' own-source revenue in Busia County. The demographic composition of the respondents, captured through these indicators, holds immense significance in illuminating the varied perspectives and experiences that shape individuals' interactions with revenue policies. This sub-section thus serves as a foundational cornerstone for interpreting the subsequent analysis of the study's objectives and research questions, ensuring that policy recommendations and insights are well-informed and considerate of the multifaceted socio-demographic dimensions that influence policy implementation and outcomes within the county.

4.2.1 Gender of Respondent

The distribution of gender among the respondents in this study revealed an interesting demographic aspect. The results showed that there was a higher participation of female respondents, accounting for 60.7% of the total sample, while male respondents constituted 39.3%. This gender distribution highlighted the inclusion of a diverse range of perspectives, crucial for a comprehensive analysis of the implementation of the national policy on enhancing county governments' own-source revenue. The higher participation of females reflected broader trends in the county or the specific roles and responsibilities within the domain of revenue generation and administration. However, a balanced representation across

genders was essential to ensure policy recommendations and conclusions are sensitive to the needs and perspectives of all stakeholders.

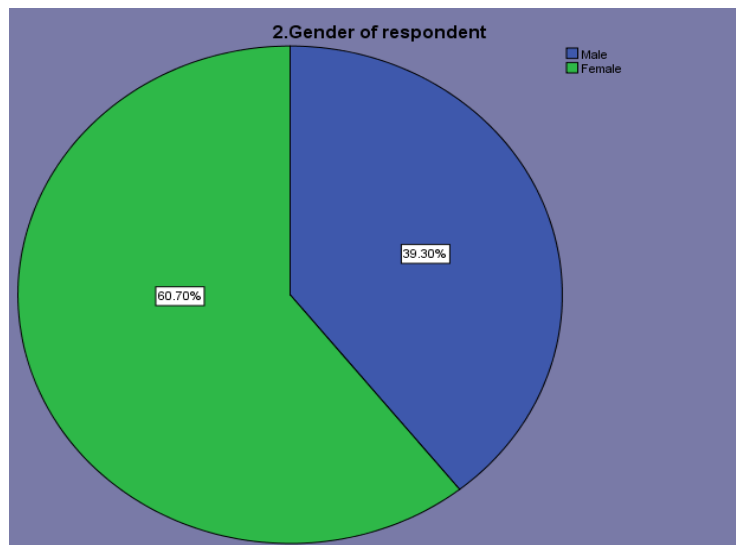


Figure 4.1: Gender of Respondent
Source: Survey Data (2023)

4.2.2 Designation of Respondent

The designations of respondents provide a glimpse into the professional diversity of those engaged in this study. The distribution across different designations revealed that a significant portion (65.1%) of respondents identified as "Taxpayers - non-transit," indicating a substantial involvement of individuals who were not directly part of the revenue collection process within the county government. Meanwhile, 24.7% of respondents were "Revenue collection officers," and the remaining respondents represented other roles such as "Revenue collection enforcement officer," (3.49%) "Revenue Administrator," (1.86%) and "Taxpayers - transit" (4.88%). This varied representation underscored the importance of considering insights from both those directly involved in revenue collection and administration and those impacted by these policies as taxpayers. The differing perspectives of these groups contributed to a more holistic understanding of the implementation challenges and opportunities related to enhancing county governments' own-source revenue.

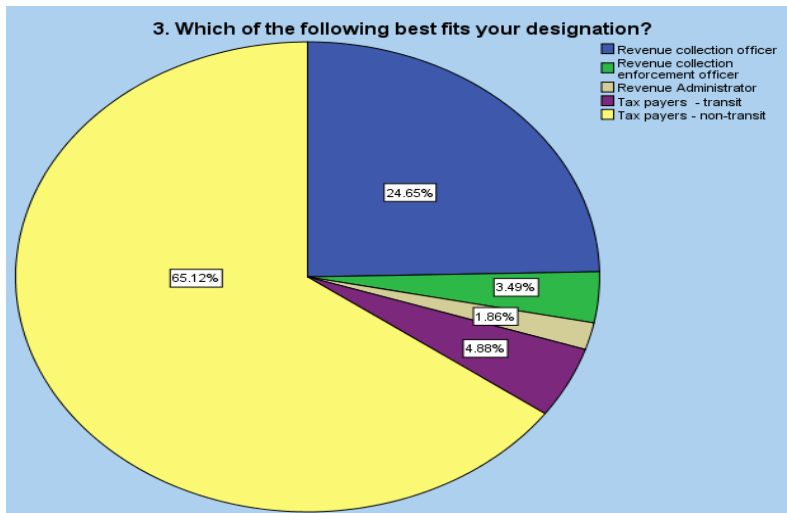


Figure 4.2: Designation of Respondent

Source: Survey Data (2023)

4.2.3 Marital Status of Respondent

The marital status of the respondents showcased a balanced distribution between married and single individuals. With 49.3% of respondents identifying as "Married" and 48.8% as "Single," the study captured insights from individuals with varying family responsibilities and commitments. This distribution suggested that the study was representative of individuals from different marital statuses, which had implications for how they perceive and engage with county government policies, including those related to own-source revenue. Additionally, the small percentages of respondents identified as "Widowed" (1.2%) or "Separated" (0.7%) indicated a smaller proportion of individuals who may face unique economic and social circumstances that could influence their perspectives on revenue policies.

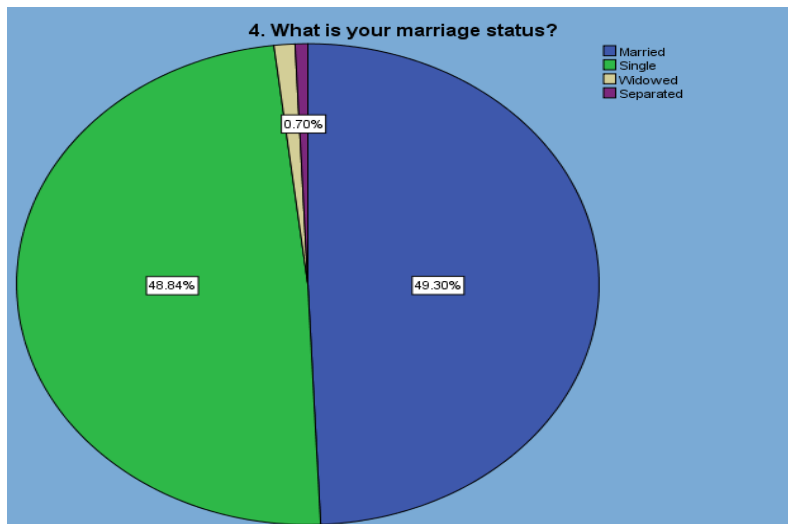


Figure 4.3: Marital Status of Respondent

Source: Survey Data (2023)

4.2.4 Sub-County of Respondent

The distribution of respondents across different sub-counties reflected an attempt to capture perspectives from various administrative divisions within Busia County. The sub-county distribution appeared relatively even, with the highest representation in "Teso South," "Teso North," and "Bunyula" sub-counties, each accounting for around 14% of the total sample. This balanced representation was crucial for providing a comprehensive view of the implementation of the national policy on enhancing county governments' own-source revenue, as it ensured that insights are not skewed towards a particular sub-county's experiences or challenges. The inclusion of a "Non-resident" category (3.7%) also suggested that the study acknowledges individuals who may have affiliations with the county but reside outside of its administrative boundaries, potentially bringing diverse perspectives shaped by their interactions with the county's revenue policies.

Table 4.1: Sub-County of Residence

5. What is the Name of your sub-county					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matayos	62	14.4	14.4	14.4
	Teso North	58	13.5	13.5	27.9
	Teso South	61	14.2	14.2	42.1
	Nambale	58	13.5	13.5	55.6
	Butula	57	13.3	13.3	68.8
	Samia	57	13.3	13.3	82.1
	Bunyula	61	14.2	14.2	96.3
	Non-resident	16	3.7	3.7	100.0
	Total	430	100.0	100.0	

Source: Survey Data (2023)

4.2.5 Disability Status of Respondent

The table revealed that 19.8% of respondents identified themselves as persons with disabilities, while the majority (80.2%) did not report having a disability. This distribution reflected a commitment to inclusivity in the study, providing a platform for voices that might otherwise be marginalized or underrepresented in policy-related research. By acknowledging and involving individuals with disabilities, the study had the potential to uncover insights into how the implementation of the national policy on enhancing county governments' own-source revenue impacts this particular group. The findings from this group highlighted areas where revenue policies need to be more inclusive and considerate of the needs and challenges faced by persons with disabilities. Furthermore, this representation contributed to a more comprehensive understanding of the overall effectiveness and equity of revenue policies within Busia County.

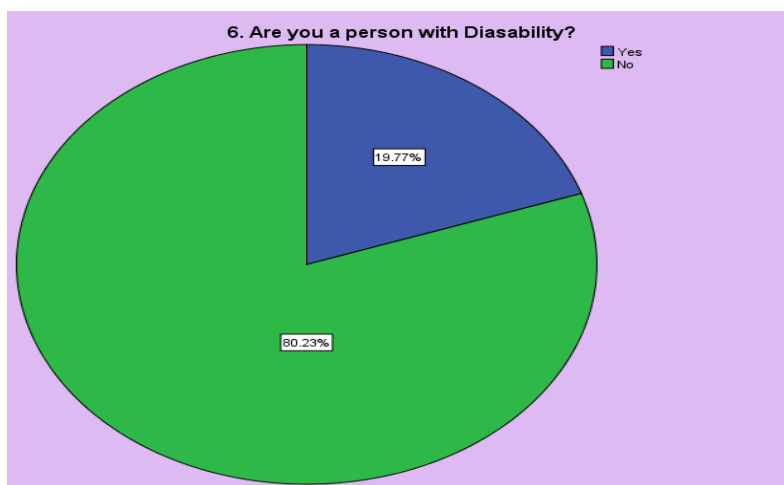


Figure 4.4: Disability Status of Respondent

Source: Survey Data (2023)

4.2.6 Type of Disability

Among those respondents majority had no disability (80.7%). However, within the specified types of disabilities, "Physical" disabilities were the most prevalent (9.8%), followed by "Hearing" disabilities (8.6%). This distribution implied that individuals with physical and hearing disabilities felt more comfortable or empowered to disclose their specific disability type. The information collected from individuals who did specify their disability types could potentially shed light on how specific types of disabilities intersect with the implementation of revenue policies, contributing to a nuanced understanding of inclusivity and accommodation in revenue-related activities.

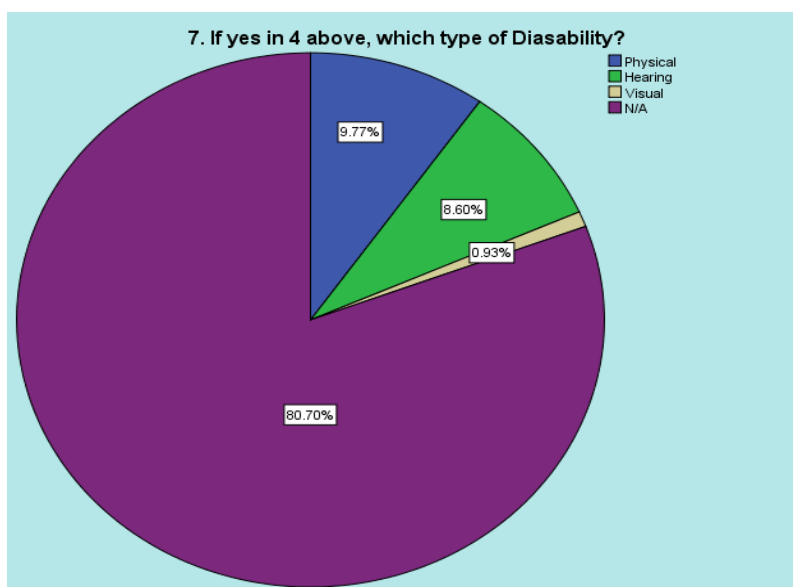


Figure 4.5: Type of Disability

Source: Survey Data (2023)

4.2.7 Employment Status of Respondents

The distribution of respondents across various employment statuses revealed a diverse range of occupational backgrounds. Notably, the largest proportion of respondents engaged in the "Informal/Juakali Sector" (33.7%), followed by "Farming" (21.2%) and "Salaried but on Contract" (20.9%). This diverse distribution indicated that the study captured insights from individuals with varying economic backgrounds and employment arrangements. The inclusion of informal sector workers and farmers was particularly significant, as they often form a substantial portion of the county's population and contribute to economic activities that could be affected by revenue policies. Moreover, the varying employment statuses could

influence how respondents perceive the impact of the national policy on enhancing county governments' own-source revenue, based on their economic stability and livelihood sources. This diversified perspective enriches the study's ability to provide nuanced insights into the broader socioeconomic implications of revenue policies.

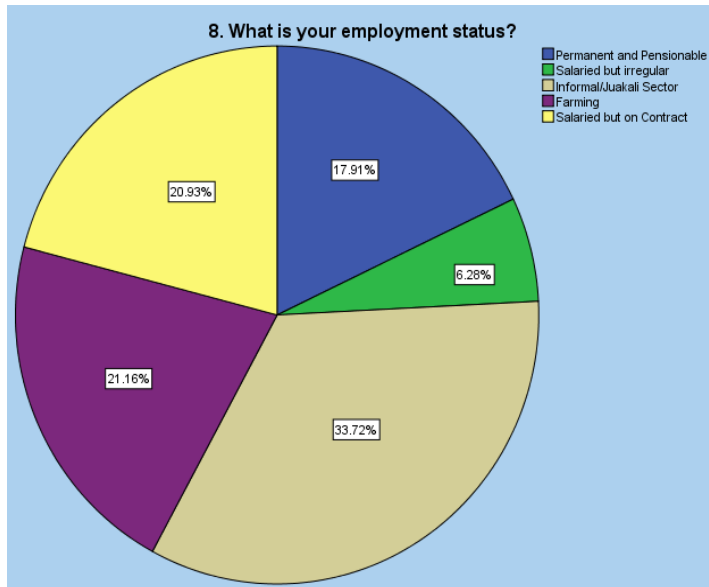


Figure 4.6: Employment Status of Respondents

Source: Survey Data (2023)

4.2.8 Monthly Income of Respondents

The distribution of respondents' monthly income underscores the economic diversity among study participants. The majority of respondents fell within the income range of "10001 - 30000" KES (37.7%), followed by "5001 - 10000" KES (32.6%) and "0 - 5000" KES (13.0%). This distribution reflected the economic realities within Busia County and provided context for analyzing how revenue policies impact individuals across different income brackets. The prevalence of respondents within the "10001 - 30000" KES income range suggested that a significant portion of the population were within the middle-income bracket. This income distribution was essential for understanding the financial capacity of individuals to pay taxes or contribute to own-source revenue initiatives. It also highlighted potential challenges faced by lower-income individuals in meeting revenue obligations, and the study's findings provided insights into equitable revenue collection strategies that consider various income levels. This was summarized below.

Table 4.2: Monthly Income of Respondents

9. What is your monthly income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 5000	56	13.0	13.0	13.0
	5001 - 10000	140	32.6	32.6	45.6
	10001 - 30000	162	37.7	37.7	83.3
	30001 - 40000	32	7.4	7.4	90.7
	40001 - 100000	32	7.4	7.4	98.1
	100001 - 300000	8	1.9	1.9	100.0
	Total	430	100.0	100.0	

Source: Survey Data (2023)

4.2.9 Level of Education of Respondents

The distribution of respondents' level of education demonstrated the educational diversity within the sample. Notably, "Primary completed" (29.3%) and "Secondary completed" (27.4%) were the most common educational levels, followed by "College/university completed" (17.2%). This distribution signified a relatively broad range of educational backgrounds, reflecting the diverse educational landscape in Busia County. The higher prevalence of individuals with primary and secondary education suggested that the study captured insights from individuals with varying degrees of formal education. The inclusion of respondents with college or university education is crucial, as they may offer more specialized perspectives on revenue policies and their impact. The educational diversity presented in figure 4.9 enhances the comprehensiveness of the study's analysis, enabling a multi-dimensional exploration of the relationship between education levels and perceptions of the implementation of the national policy on enhancing county governments' own-source revenue.

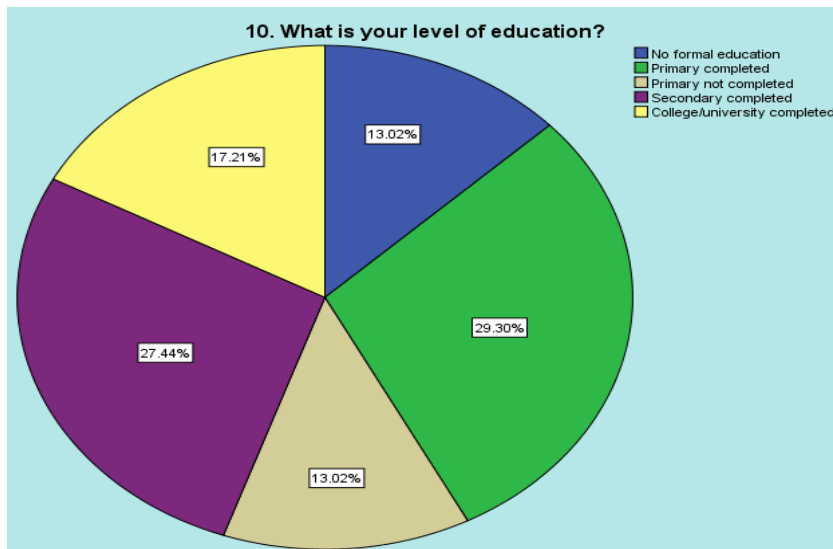


Figure 4.7: Level of Education of Respondents

Source: Survey Data (2023)

4.2.10 Ownership of a Permanent Shop

The distribution of respondents' access to a permanent agricultural shop provided by the county government provided insights into the availability of government support for specific economic activities. Notably, the majority of respondents (52.1%) indicated that they did not have access to such a shop, while 13.0% reported having one. Additionally, a considerable portion of respondents (34.9%) did not respond to this question. This distribution highlights the variations in access to government-provided resources among the sample. The disparities in access could influence how respondents perceive the effectiveness of revenue policies, particularly those related to agricultural produce. These insights contributed to a deeper understanding of how government support mechanisms align with revenue policies and how equitable access to resources might impact revenue generation among different groups.

Incorporating these insights from the frequency tables and figures provided a comprehensive and nuanced understanding of the respondent profiles, shedding light on various demographic and contextual factors that could influence their perceptions of and interactions with the national policy on enhancing county governments' own-source revenue. These findings served as a foundation for the subsequent analysis of the study's specific objectives and research questions, enabling a holistic examination of the policy's implementation within the unique context of Busia County.



Figure 4.8: Ownership of a Permanent Shop

Source: Survey Data (2023)

4.3 Awareness of Policies Regulating Agricultural Products

This section marks the beginning of presentation of findings. It encompasses analysis and discussions of the levels of awareness of policies and legislative framework that are in place to reinforce collection of own source revenue and lead to functional fiscal decentralization.

4.3.1 Agricultural Sub-Sector and Designation

To set the stage for this objective, the study endeavored to underscore the agricultural subsectors participants came from. The majority of participants came from the "Plant" 182(42.3%) agricultural sub-sector, followed by "Livestock"49(11.4%), general sales/transport 21(4.9%) and "Aquaculture." 14(3.3%). To Revenue collection officers, Revenue collection enforcement officers and Revenue Administrators, this was not applicable question. Different agricultural sub-sectors were represented among the participants, with the "Plant" sub-sector being the most prominent. This finding implied to actions for Cess policy tailoring revenue collection and administration strategies to different agricultural sub-sectors can lead to more effective results. Secondly, effort should be made to ensure accurate categorization to better target policies and strategies.

Table 4.3: Respondents Designation by Sub-sector

Agricultural Sub-Sector	Revenue Collection Officer	Revenue Collection Enforcement Officer	Revenue Administrator	Tax Payers - Transit	Tax Payers - Non-Transit	Total
Livestock	0 (0%)	0 (0%)	0 (0%)	0 (0%)	49 (11.4%)	49 (11.4%)
Plant	0 (0%)	0 (0%)	0 (0%)	0 (0%)	182 (42.3%)	182 (42.3%)
Aquaculture	0 (0%)	0 (0%)	0 (0%)	0 (0%)	14 (3.3%)	14 (3.3%)
N/A	106 (24.7%)	15 (3.5%)	8 (1.9%)	0 (0%)	35 (8.1%)	164 (38.1%)
General Sales/Transport	0 (0%)	0 (0%)	0 (0%)	21 (4.9%)	0 (0%)	21 (4.9%)
Total	106 (24.7%)	15 (3.5%)	8 (1.9%)	21 (4.9%)	280 (65.1%)	430 (100%)

Source: Survey Data (2023)

Table 4.3 presents a breakdown of respondents' designations by different agricultural sub-sectors, offering insights into the alignment of roles with various agricultural domains. Within the context of the theory of fiscal decentralization, which emphasized the adaptability of public services to local circumstances, the distribution of respondents across sub-sectors became crucial. Notably, a substantial portion of Tax Payers - Non-Transit (65.1%) are engaged in the Plant sub-sector, this suggested that the Plant sub-sector may hold a significant role in contributing to revenue and fostering economic activity, underpinning the rationale for its focus. Busia County Government therefore has the responsibility to adapt innovative tax collection strategies that are aligned to the socio-economic profile of the majority stakeholders concerned with Cess collection, the farmers, resident at the County.

Additionally, the relatively low engagement of respondents in the Livestock, Aquaculture, and General Sales/Transport sub-sectors indicated areas where there was untapped potential for revenue collection and economic growth. Since fiscal decentralization encourages competition among decentralized levels of government, there's an opportunity for Busia County to harness the potential of these sub-sectors by promoting policies that stimulate their development and align with local preferences. In line with the theory's emphasis on efficient service provision through decentralization, policymakers should consider tailored strategies to engage stakeholders within specific sub-sectors, fostering innovation and competition while catering to localized needs. Simiyu (2010) agrees with these findings when she shows that in Nairobi County, untargeted turn-over tax collection has led to tax evasion and corruption. This reinforces the need for properly targeted approaches to collecting Cess tax from the different categories that obtain in Busia County.

4.3.2 Variations in Awareness of General Policies or Legislations and Designation

The summary table 4.4 below, shows that a significant portion of 171(39.8%) participants were aware of policies or legislations that regulate the collection of agricultural products, while 259 (60.2%) participants were not aware. All 106(24.7%) Revenue collection enforcement officers were aware, all 8(1.9%) Revenue administration were aware. On the other hand, only 5(1.2%) of revenue collection enforcement officers were not aware, 254(59.1%) Tax payers' non transit were not aware. Awareness levels vary among participants, with a notable number being aware of such policies. However, a considerable number of participants were not aware of these policies. These findings post two key implications for Cess policy in Busia County: strengthening communication and training initiatives can increase awareness of policies related to agricultural product collection and administration, and targeted awareness campaigns can help bridge the gap in awareness among different groups. This study examined if the respondents were aware of any policies or legislation that regulate the collection of agricultural products. It was found out that a majority of 259(60.2%) were not aware as a handful of 171(39.8%) were aware.

Table 4.4: Variations in Awareness of Policies or Legislations and Designation

Are You Aware of Policies?	Revenue Collection Officer	Revenue Collection Enforcement Officer	Revenue Administrator	Tax Payers - Transit	Tax Payers - Non-Transit	Total
Yes	106 (24.7%)	10 (2.3%)	8 (1.9%)	21 (4.9%)	26 (6.0%)	171 (40.0%)
No	0 (0%)	5 (1.2%)	0 (0%)	0 (0%)	254 (59.1%)	259 (60.0%)
Total	106 (24.7%)	15 (3.5%)	8 (1.9%)	21 (4.9%)	280 (65.1%)	430 (100%)

Source: Survey Data (2023).

The cross-tabulation provided above examines the awareness of policies among different participant categories, aligning with the theory of fiscal decentralization's assumption of competition and efficient service provision through informed decision-making. It's evident that a substantial proportion of Tax Payers - Non-Transit (59.1%), who were also the majority of the tax-payers cohort, hence a critical category, were not aware of policies, potentially limiting their capacity to make informed decisions or engage in processes that contribute to effective policy implementation. This contrasts with Revenue Collection Officers (24.7%), Revenue Collection Enforcement Officers (2.3%), and Revenue Administrators (1.9%), who exhibit higher levels of awareness, implying that these roles are

more connected to policy-related information, aligning with the theory's idea of decentralized decision-making.

The theory's emphasis on adapting services to local circumstances was reflected here, as awareness of policies is essential for counties like Busia to effectively tailor policy implementation to the specific needs and preferences of their constituents. The observed disparities in awareness highlighted a potential need for targeted training programs to ensure equitable dissemination of policy information among all stakeholder groups. Such efforts could bridge the gap between those who are informed and those who are not, fostering competition between counties through well-informed decision-making, and ultimately leading to the more efficient and locally-responsive provision of public services. Incorporating the theory's assumptions of experimentation and innovation, informed stakeholders are more likely to engage in policy discussions, propose innovative solutions, and experiment with new approaches, thereby contributing to a valuable "laboratory for fiscal experiments" (UNDP, 2015) However, the findings indicated that a significant portion of Tax Payers - Non-Transit lacked this awareness. Policymakers should consider targeted awareness campaigns to ensure all stakeholders are informed, creating an environment where diverse perspectives can contribute to more effective policy implementation, thus aligning with the theory's principles of fiscal decentralization.

Kimario (2014) in his PhD thesis entitled the *Challenges Faced by Local Government Authorities (LGAs) in implementing strategies to enhance revenues: The case of Dar es Salaam Municipal Councils*, helps us to further make the point being made from this finding. Kimario finds that innovation methods in tax collection in Tanzania local authorities that were proposed by elites and not involved the tax-payers themselves were meant to fail, compared to situations where the reverse was the case. Further, UNDP (2015) underscores the point of empowerment as an underlying goal of fiscal decentralization. Empowerment, both UNDP and Oartes perspectives of fiscal decentralization agree, should encompass inclusion of views of the stakeholders, in general, including the vulnerable. As the socio-demographic variables showed, while the tax-payers non-transit in plant were the majority, they had the lowest levels of income, education, and awareness levels. This calls upon policymakers to target this category.

4.3.3 Variations in Awareness of the National OSR Enhancement Policy by Designation of Respondents

Investigating awareness on the National OSR Enhancement Policy, the study findings illustrates the variations in awareness of the National Cess Policy among different designations of respondents. The data reveals interesting insights into the levels of awareness among various groups. Among Revenue Collection Officers, majority were aware of the National OSR Policy, resulting in a 78% (83) awareness rate within this category. Similarly, for Revenue Collection Enforcement Officers, the awareness rate was also 89% (13) indicating a good level of knowledge about this policy aspect among these professionals. Among Revenue Administrators, a minor level of awareness was evident, with 100% (8) indicating that they were all aware of the Policy.

Surprisingly, among Tax Payers - Transit, there was a complete absence of awareness (0%) suggesting a need for targeted efforts to disseminate information about the National Cess Policy among this particular group. Similarly, among Tax Payers - Non-Transit, the awareness rate was 0%. This showed that the guiding national policy for OSR enhancement was only known to the tier two and three (administrative and collection officials) and not to the taxpayers. This discrepancy was important because it highlighted the model of OSR localization in Busia. For example, during the interviews, the study established that the tax collectors and administrators were trained and taken through the National OSR policy while the same was not done to the taxpayers. The assumption was that this elite category was the most critical in understanding the policy basis upon which the county would later create her Cess Act.

However, such elitist-driven fiscal decentralization model stands against the principle of tax revenue collection autonomy as Ataro, Muturi & Wandera (2016). These scholars, supported by others (UNDP, 2015) assert that there is positive correlation with inclusive policy communication and tax revenue collection. The principles of taxation and the responsibilities it gives both to the taxpayers and tax administrations and collectors, are important to both the payers and collectors and such information need to be systematically passed to the taxpayers.

4.3.4 Awareness of the Busia County Cess Act by Respondents' Designation

This table 4.5 presents a comprehensive overview of the awareness levels among respondents from various designations regarding the Busia County Cess Act. The data shaded light on the

extent to which different groups within the study population were informed about this specific county-level policy. Among the revenue collection officers, 22.6% demonstrated awareness of the Busia County Cess Act, suggesting that a significant proportion of those responsible for revenue collection are knowledgeable about this local policy. However, a notable portion of this group (24.2%) was not aware of the policy, underscoring the need for focused efforts to bridge the awareness gap. For the revenue collection enforcement officers, 3.5% were aware of the Busia County Cess Act, while the remaining individuals in this category did not possess knowledge of this policy. The relatively low level of awareness among this designation highlighted a potential gap in information dissemination or training efforts, requiring targeted interventions to enhance their understanding of county-specific policies. However, all the revenue administrators showed full awareness of the Busia County Cess Act, with all of them (1.9%) indicating familiarity with the policy. The presence of awareness within this group was noteworthy, suggesting that there might be opportunities in effectively communicating county-level policies to key administrative personnel.

Among the tax payers on transit, none of the respondents' reported awareness of the Busia County Cess Act, whereas 4.9% were aware of the National OSR Policy. This discrepancy emphasizes the need to address the lack of awareness about local policies within this category, especially given their apparent familiarity with broader national policies. Among the taxpayers' non-transit, respondents also displayed a lack of awareness of the Busia County Cess Act, with 65.1% being unaware of both national OSR Policy of the county-specific policy. This substantial difference highlights the challenge of ensuring that stakeholders were informed about both national and local policies, particularly among groups that might be more familiar with broader policy discussions.

In total, 10.9% of the respondents across all designations demonstrate awareness of the Busia County Cess Act, while a substantial majority (89.1%) lack knowledge of this policy. The findings underscore the importance of tailored communication strategies, especially targeting Tax Payers - Non-Transit, to ensure that county-specific policies are well understood and effectively communicated across all relevant stakeholders.

Table 4.5: Awareness of the Busia County Cess Act by Respondents' Designation

Awareness of County Policies	Revenue Collection Officer	Revenue Collection Enforcement Officer	Revenue Administrator	Tax Payers - Transit	Tax Payers - Non-Transit	Total
Yes	24 (22.6%)	15 (3.5%)	8 (1.9%)	0 (0%)	0 (0%)	47 (10.9%)
No	82 (24.2%)	0 (0%)	0 (0%)	21 (4.9%)	280 (65.1%)	383 (89.1%)
Total	106 (24.7%)	15 (3.5%)	8 (1.9%)	21 (4.9%)	280 (65.1%)	430 (100%)

Source: Survey Data (2023)

4.3.5 Awareness of Public Finance Management Act

The Public Finance Management Act (PFMA) 2012 is the key law of Kenya that spell out procedures, issues, actors and institutions concerned with finances. It spells out the relationship of the central and county governments on financial matters, and calls for public participation in County development processes by all those concerned, and the public themselves. Awareness of this key policy is therefore a big thing as regards the success of fiscal decentralization. The study thus endeavored to explore the levels of awareness of this framework by stakeholder concerned with Cess in Busia County. The findings revealed a significant contrast in involvement. Out of the total 430 participants, 275 individuals (64.0%) acknowledged that they were not aware, while 155 participants (36.0%) confirmed their awareness of the provisions of this policy. The cross-tabulated analysis, presented in Summary Cross Table 4.5, shedded further light on this distribution across different participant categories.

Remarkably, all 106 (24.7%) of the Revenue Collection Officers were aware, indicating their active involvement in shaping local development initiatives. Similarly, the entire cohort of 15 (3.5%) Revenue Collection Enforcement Officers reported awareness, demonstrating their commitment to contributing to county development efforts. Furthermore, all 8 (1.9%) Revenue Administrators have participated, underlining their integral role in the decision-making processes that influence county development. However, the dynamics shift when considering the taxpayer categories. Notably, none of the Taxpayers in the transit category indicated awareness, whereas only 26 (6.0%) of the Taxpayers in the non-transit category have been involved. This discrepancy suggests a potential gap in engaging taxpayers, particularly those in the transit group, in county development processes.

Most strikingly, a significant portion of 254 (59.1%) Taxpayers in the non-transit category have never heard of this policy. This finding underscores the need to cultivate greater awareness and active involvement among this taxpayer segment, potentially through targeted outreach initiatives and inclusive platforms for engagement on key policy and legal tools such as this. In sum, the results highlighted the diversity in awareness levels across different participant groups, with Revenue Collection Officers, Enforcement Officers, and Administrators showing higher engagement compared to the taxpayer segments. This insight accentuated the importance of inclusive strategies to involve all stakeholders, particularly taxpayers, in county development processes for more holistic and effective local governance.

During the key informant interviews, the study found that most taxpayers felt that if they were aware of these policies and legislations, they would stand in a position to hold the duty-bearers accountable, form community bargaining groups, and push through their common agendas through structured forums such as women groups. As at present, they reported a lack of organization among themselves, first and foremost because they are not aware of platforms through which they should participate. For example, none of the respondents from the tax-payers non-transit cohort were aware of the County Budgeting and Economic Forum (CBEF), and the criticality of this platform in enhancing citizen participation through holding the counties responsible for their inclusion.

Gitaru (2017) found that citizens who are vulnerable will likely participate in county governance. However, with targeted public education and awareness creation, the scholar finds that taxpayers are more empowered to begin not only holding the institutions concerned accountable about the use of their monies, but also their enhanced participation.

4.3.6 Awareness, Training, and Sensitization of Key Sectors on Cess-specific Issues

The solution to low awareness of legal and policy frameworks taxpayers' awareness creation, and training of key stakeholders. In the context of empowering stakeholders involved in the collection of taxes, payment of taxes, and administration of taxes in local governments, sensitization, awareness, and training are distinct concepts, each with its own purpose and approach (UNDP, 2015). Sensitization is aimed at creating an initial understanding and consciousness about a particular issue or process. In the context of tax collection and administration, sensitization efforts seek to make stakeholders, such as taxpayers or local government officials, aware that there is a need for effective tax collection and the proper

management of tax revenues (Fjeldstad,2006). Sensitization often involves basic awareness campaigns, public announcements, or simple informational sessions. It doesn't necessarily delve into detailed information or skill-building but aims to spark interest and concern regarding the topic. Assessing whether sensitization has been undertaken to familiarize the stakeholder of Cess with the policies and legislations pertaining to Cess as a source of OSR in Busia, the study found an additional explanation for low levels of awareness among the taxpayers' cohort. For example, while 80% of Tax Collectors, 83% of Revenue Collection Enforcement Officers, 92% of Revenue Administrators, had been sensitized, only 2% of the taxpayers non-transit, and 0% of transit reported to have received some sort of sensitization. UNDP (2015) and Gitaru, K. (2017) advices that the need to target the most vulnerable with this information because most often than not they are the ones affected in terms of lack of awareness and motivation to participate in revenue-related activities.

Awareness on the other hand, goes a step further than sensitization. It involves providing stakeholders with more comprehensive knowledge about tax-related matters. The goal is to ensure that individuals and entities have a clear understanding of their tax obligations, the benefits of paying taxes, and the implications of tax evasion or non-compliance (Therkildsen, (1993; Alfirman, 2003). Awareness campaigns may include workshops, seminars, informational brochures, and community outreach programs. These efforts aim to equip stakeholders with the necessary knowledge to make informed decisions regarding their tax responsibilities. Trends in awareness creation are more similar to sensitization with 82% of Tax Collectors, 87% of Revenue Collection Enforcement Officers, 97% of Revenue Administrators, had been sensitized, while only 3% (meagre 8 out of 280) of the taxpayers non-transit, and 0% (0 out of 21).

Lastly, training is a systematic and structured process aimed at developing specific skills and competencies related to tax collection, payment, and administration. Training programs are designed to enable tax officials, auditors, and other relevant personnel to perform their duties effectively and efficiently (Xie, D., Zou, H. F., & Davoodi, H. (1999; Farvacque-Vitkovic & Kopanyi, 2014; Akai & Sakata, 2002). Training involves in-depth education, often provided through formal courses, workshops, and on-the-job training. The study found that this was mainly done to the collectors, reinforcement officers and administrators, and involved training at Kenya School of Government (KSG), short 2-3 days training, orientation of new officers, and so on. The quantitative results showed more or less similar trends. It covered

topics such as tax laws, accounting procedures, audit techniques, and customer service skills. The objective is

to build expertise and competence in tax-related tasks. On the other hand, taxpayers. As shown in table 17 below, it was found out that majority 335(77.9%), had never been trained as only 95(22.1%) had been trained on the agricultural processes. The summary cross tab 17 below shows, however, that this position varied with according to the strata. 49(11.4%) Revenue collection officers have been sensitized/trained of county policies/legislation on agricultural processes as 57(13.3%) have never. 2(0.5%) of Revenue collection enforcement officers have been sensitized as 13(3.0%) have never been sensitized. Revenue Administrators all 8(1.9%) have been sensitized. None of the 21(4.9%) of the Taxpayers transit have been trained/sensitized. Only 36(8.4%) of Tax Payers non-transit have been trained as 244(56.7%) have never been rained/sensitized.

Generally, while literature acknowledges that sensitization initiates the process by raising general awareness, awareness builds a deeper understanding of tax-related matters, and training imparts practical skills and knowledge required for effective tax collection and administration and these three components can be integrated into a comprehensive strategy to empower stakeholders and enhance the overall tax system in local governments, the County of Busia prioritizes the professional cohorts.

Table 4.6: Training, Sensitization, and Awareness Creation on Key Cess-specific Issues

17. Have you ever been trained/sensitized/made aware of any county policies, legislations, etc., on Cess-specific policies? * 3. Which of the following best fits your designation? Cross-tabulation						
Count						
Ever Been Trained/Sensitized/Aware of County Policies?	Revenue Collection Officer	Revenue Collection Enforcement Officer	Revenue Administrator	Tax Payers - Transit	Tax Payers - Non-Transit	Total.
Yes	49 (46.2%)	2 (13.3%)	8 (100%)	0 (0%)	36 (12.9%)	95 (22.1%)
No	57 (53.8%)	13 (86.7%)	0 (0%)	21 (100%)	244 (87.1%)	335 (77.9%)
Total	106 (24.7%)	15 (3.5%)	8 (1.9%)	21 (4.9%)	280 (65.1%)	430 (100%)

Source: Survey Data (2023)

In our discussions with revenue administrators and revenue enforcement officers, it became evident that the theory of fiscal decentralization underscores the importance of local governments' capacity to tailor public services according to the unique preferences and local

conditions. However, our findings revealed a noteworthy discrepancy in the awareness levels of county policies, particularly those pertaining to agricultural processes. This disparity in awareness has the potential to impede the effective adaptation of policies at the local level. As emphasized by the theory, this adaptability is crucial for the efficient delivery of services that cater to the specific needs of communities, in this case the tax-payers.

Aligned with the theory's principle of fostering competition and promoting efficient service provision, it is imperative to address the prevailing disparity in access to information and training related to agricultural policies. To fully realize the potential benefits of fiscal decentralization, concerted efforts must be directed towards ensuring that all stakeholders have an equal opportunity to comprehend and contribute to policy development. Our findings underscore the necessity for policymakers to initiate targeted training initiatives. These programs would not only facilitate comprehensive understanding but also empower all relevant actors, including revenue administrators and enforcement officers, to actively participate in local policy adaptation and innovative strategies.

Drawing on the theoretical framework of fiscal decentralization, our study highlights the need for substantial improvement in achieving uniform awareness of county policies across various participant groups. It is essential to recognize that addressing this imbalance has the potential to enhance the efficiency of policy implementation. By promoting an equitable understanding of policies among different stakeholders, local communities can better harness the principles of fiscal decentralization, leading to a more adaptive and effective policy landscape that aligns with the unique context of each county.

4.3.7 Chapter Four Summary

Chapter 4 of the research study examined the crucial aspects of policy awareness and training among stakeholders in the context of fiscal decentralization, with a focus on Busia County, Kenya. The chapter begins by exploring the awareness levels of policies and legislative frameworks pertaining to own-source revenue (OSR) collection and fiscal decentralization. It underscores the importance of understanding these policies to enhance revenue collection efficiency. The chapter also examines the impact of sensitization, awareness campaigns, and training on key stakeholders involved in tax collection, payment, and administration within local governments.

The section on delves into the analysis of participant awareness regarding policies and legislative frameworks. It emphasizes the significance of categorizing stakeholders accurately based on their involvement in different agricultural sub-sectors, as tailoring revenue collection strategies to these sectors can yield more effective results. Furthermore, study reveals disparities in policy awareness among various participant categories, underscoring the need for targeted awareness campaigns and training programs to bridge these gaps.

The chapter concludes with insights from "Awareness of the Busia County Cess Act by Respondents' Designation" and "Awareness of the Public Finance Management Act." It highlights the need for equitable awareness distribution across different stakeholder groups, especially taxpayers, to fully harness the principles of fiscal decentralization. The findings suggest that inclusive strategies, such as targeted training initiatives, can empower all stakeholders to actively participate in local policy development, leading to more efficient and adaptive governance in the context of fiscal decentralization.

CHAPTER FIVE
AN ANALYSIS OF THE STATUS OF STRATEGIES EMPLOYED IN
COLLECTION AND ADMINISTRATION OF CESS REVENUES IN BUSIA
COUNTY

5.1 Introduction

Chapter Five, of this thesis dealt into the analysis of the revenue collection strategies employed in Busia county to collect Cess taxes. Through an empirical analysis of survey data, focus group discussions, and key informant interviews with taxpayers and revenue officers from Busia County, the chapter examines the strategies employed, such as manual and digital collection, tax holidays, physical shop provision, and outsourcing. The evaluation scrutinizes their effectiveness in revenue enhancement and local economic development, assessing their congruence with FDT's principles of adaptability, competition, and innovation. By investigating the interplay between theory and practice, the chapter offers insights into policy implications, missed opportunities, and the need to bridge theory and effective revenue administration for sustainable growth

5.2 Types of Strategies Used to Collect Cess Revenue in Busia County

The summary cross-bale (table 5.1) below illustrates the diversity of revenue collection strategies employed as perceived within the context of different designations. All (100%) revenue collectors revealed that Cess tax revenues are collected through a mix of Mpesa (digital) and physical strategies; the revenue collection reinforcement officers were divided between mixed methods (1.9%) and purely digital (1.6%) showing that both these methods obtain in Cess tax collection; for taxpayers – transit, majority from this cohort revealed that taxes were collected from them without receipts, while 5(1.2%) said it was collected through Mpesa method; finally, for taxpayers non-transit, majority (34.9%) reported a dangerous trend toward manual collection without receipts (30.1%), In the first sight, this diversity may be seen to align with the core principles of the theory of fiscal decentralization (TFD) as proposed by Wallace Oates (2006) and UNDP (2015). TFD posits that regional or local governments possess the ability to adapt public service outputs, catering to the preferences and circumstances of their constituencies. In this light, the table reveals that no uniform strategy exists for revenue collection. Instead, there's a spectrum of approaches, reflecting the adaptation principle of TFD.

Table 5.1: Types of Strategies Used to Collect Cess Revenue in Busia County

Designation	Manually without receipts	Digitally through Mpesa	Simultaneously physical and/or Mpesa	Total Count	Percentage (%)
Revenue collection officer	0 (0%)	0 (0%)	106 (100%)	106	24.65%
Revenue collection enforcement officer	0 (0%)	8 (1.9%)	7 (1.6%)	15	3.5%
Revenue Administrator	0 (0%)	0 (0%)	8 (100%)	8	1.9%
Tax payers - transit	16 (3.7%)	5 (1.2%)	0 (0%)	21	4.9%
Tax payers - non-transit	150 (34.9%)	130 (30.1%)	0 (0%)	280	65.0%
Total	166 (38.6%)	143 (33.3%)	121 (28.1%)	430	100.00%

Source: Survey Data (2023)

However, the predominant claim that the method of tax collection is manual without receipts raises intriguing questions when considered within the framework of TFD and juxtaposed with the fact that Busia County has been on downward trend in terms of collection of OSR. While TFD advocates for adaptability, it also emphasizes efficiency, competition, and innovation. The prevalence of the manual method, particularly when juxtaposed with claims that arose during the interviews with tax administrators of completely standardized digital collection, prompts an examination of whether this diversity signifies an efficient adaptation or a concerning shortfall in revenue management. Indeed, to the tax collectors, this approach was taken to avoid responsibility through the self-accountable digital platform and was an opportunity for open corruption as monies collected by hand were likely not rendered to the locations they needed to be rendered. One woman selling agricultural products said:

When they collect monies manually, it is no doubt they are going to use that money for themselves and not surrender it to the county (Women Respondent to an open-ended Survey Question, Matayos SUB-County, March 2023).

On one hand, the persistence of manual methods could be seen as a reflection of local governments' capacity to tailor strategies to unique economic activities and preferences. This aligns with TFD's emphasis on adapting public services to specific circumstances. For instance, the "Tax payers - transit" designation, primarily utilizing manual methods, might suggest a context where adaptability to varying circumstances is crucial. On the other hand, the theory of fiscal decentralization also warns against inefficiencies and suggests that competition among local governments should lead to more effective service provision. The

claim that "Tax payers - non-transit" largely thought Cess taxes were collected from them employ manual methods despite the availability of digital alternatives might raise further concerns about the competitive pressures outlined by TFD. The theory proposes that competition should drive efficiency, but the table might suggest a lack of this desired outcome.

The claim that tax collection is predominantly manual could also be interpreted in light of the theory's innovation aspect. TFD suggests that decentralization encourages experimentation and innovation. In this context, the absence of digital collection might signal missed opportunities for local governments to innovate and enhance efficiency in their revenue collection processes. However, it's essential to critically assess the implications of these claims. The assertion that manual methods are widely prevalent, coupled with concerns about untraceable avenues for mismanagement, aligns with TFD's competition principle. If competition indeed drives efficiency, the prevalence of manual methods could be indicative of a lack of competitive pressure to modernize and standardize collection approaches. The table's entries provide a rich canvas to evaluate revenue collection strategies in light of the theory of fiscal decentralization which help us to contextualize and begin to take home some cause-effect for the downward trend in OSR collection in Busia County. While the varying responses reflect adaptation and potential innovation, the persistence of manual methods raises questions about efficiency, competition, and the integrity of revenue management. The theory's emphasis on adaptability, mobility, competition, and innovation offers a lens to analyze these strategies and their implications for effective revenue administration. The findings suggest a need for further exploration to understand the motivations behind these varied approaches and to assess whether they align with the desired outcomes of fiscal decentralization.

These findings sit well previous studies. For example, Brueckner (2000) in his seminal piece, *Fiscal decentralization in developing countries: The effects of local corruption and tax evasion*, finds that across the developing countries of sub-Saharan Africa, lack of modernization of the tax collection strategies and the continued reliance of non-self-accountable systems like manual/hand collection were the greatest cause for loss of taxes within devolved systems.

5.3 Professionalism of Tax-collectors

Table 5.2 below speaks volumes about Cess tax collection and administration in Busia County. In the context of Busia County's downward trend in tax collection, the treatment of taxpayers by tax collectors plays a crucial role. Professionalism in tax collection is not just a matter of ethical behavior; it directly affects compliance rates, revenue collection, and overall economic development. The data provided indicates variations in how different designations perceive how tax payers are treated by tax collectors. The table shows that other than the tax collectors themselves rating themselves as professional, majority of each of the cohorts for tax payers (6.44% and 87% of transit and non-transit tax payers respectively) rated them as very unprofessional in their approach. The analysis of FGD interview data from taxpayers revealed the following themes. First was the issues of trust and compliance.

Table 5.2: Professionalism of Tax Collectors

3. Which of the following best fits your designation? * 19. When the collectors come to gather taxes, do they treat you as professionals? Crosstabulation				
Count				
		19. When the collectors come to gather taxes, do they treat you as professionals?		
		Yes	No	N/A
3. Which of the following best fits your designation?	Revenue collection officer	92(52%)	14(6%)	0(0%)
	Revenue collection enforcement officer	0(0%)	0(0%)	15(6.44%)
	Revenue Administrator	0(0%)	0(0%)	8(3.47%)
	Tax payers - transit	6(3.34%)	15(6.44%)	0(0%)
	Tax payers - non-transit	77(44.00%)	203(87.50%)	0(0%)
Total		175(100%)	232(100%)	23(100%)

Source: Survey Data (2023).

From FGDs, most participants reported that unprofessional treatment erodes trust between taxpayers and tax collectors. Taxpayers are less likely to cooperate and willingly fulfill their tax obligations if they perceive unfair treatment. In this light the study found that when tax collectors fail to treat taxpayers with professionalism and respect, it can lead to resistance, evasion, and non-compliance. The second theme that emerged from interviews with reinforcement officers and administrators was the economic impact of tax evasion resulting from this mistrust. Administrators were straightforward that a decline in tax collection can have severe economic consequences for Busia County. Reduced revenue collection limits the county's ability to invest in infrastructure, public services, and development projects. Unprofessional behavior may discourage potential investors and hinder economic growth,

perpetuating the downward trend. Another thematic issue that emerged during the study was the issues on corruption among those entrusted with tax collection and administrators. Most tax payers and even collectors themselves expressed that unprofessional conduct can be interpreted as corruption or favoritism. For example, the taxpayers believed that tax collectors are treating certain groups unfairly or engaging in corrupt practices including certain tax payers to pay manually less than expected amounts and be exempted from, it undermines the legitimacy of the tax system. This perception can discourage voluntary compliance and exacerbate the decline in tax collection. Distorted revenue allocation was another issue. Effective fiscal decentralization, as highlighted in the FDT theory, requires resource allocation that considers local preferences and circumstances. Unprofessional treatment was seen to distort this allocation by deterring taxpayers from engaging in productive economic activities due to fears of mistreatment. This hampers economic diversification and growth.

A second last theme that emerged entailed discussions around the role of policy implementation. Participants in FGDs and KIIs showed that the Policy Framework for Revenue Collection and Administration, the Cess Act, and other relevant policies play a pivotal role in shaping tax collection practices. If there is a gap between policy intent and implementation, unprofessional behavior could be an unintended consequence. Effective policy implementation requires training, monitoring, and enforcement mechanisms to ensure professionalism. The last discussion on this issue was around how to address it. To reverse the downward trend, Busia County should prioritize addressing the issue of unprofessional treatment by tax collectors. Suggestions included: training and capacity building, transparent compliance mechanism, incentives for professional conduct, and public awareness campaigns, to detect, report, and shame unprofessional officers. These study findings in this section confirms earlier assertions. Bird & Vaillancourt (1998) makes similar assertions in their assessment of fiscal decentralization in Africa finding that tax collection was hampered by the lack of training and availability of needed tools tax collectors. Generally, Fiscal decentralization theory underscores the importance of efficient public service provision and competition among local jurisdictions. Unprofessional treatment contradicts these principles, leading to inefficiencies and hampering the county's growth prospects. The unprofessional treatment of taxpayers by tax collectors is a critical factor that could explain Busia County's downward trend in tax collection. It undermines trust, economic growth, and compliance. Addressing this issue is vital for restoring confidence in the tax system and achieving

sustainable revenue collection, aligned with the goals of fiscal decentralization and local economic development.

5.4 Time Period Taxes are Paid

As shown in table 9 below, the study examined the duration in which taxes are paid, it was found out that majority/all non-transit 280(65.1%) pay daily, to 129(30.0%) this was not applicable as a handful/all taxpayer on transit 21(4.9%) do pay each trip as they cross the border.

Table 5.3: Time Period Taxes are Paid

3. Which of the following best fits your designation? * 21. After how long do you pay your taxes? Cross-tabulation				
Count				
		21. After how long do you pay your taxes?		
		Daily	N/A	Each Trip
3. Which of the following best fits your designation?	Revenue collection officer	0(0%)	106(82%)	0(0%)
	Revenue collection enforcement officer	0(0%)	15(12%)	0(0%)
	Revenue Administrator	0(0%)	8(6%)	0(0%)
	Tax payers - transit	0(0%)	0	21(100%)
	Tax payers - non-transit	280((100%)	0	0(0%)
Total		280(100%)	129(100%)	21(100%)

Source: Survey Data (2023)

Fiscal decentralization theory emphasizes the adaptability of local governments to tailor public services to local preferences. Encouraging taxpayers, both transit and non-transit, to pay in a “one-off” strategy aligns with this notion. By motivating them to pay, local governments like Busia County can generate revenue that directly supports local development initiatives and close opportunities for siphoning collected taxes as previous studies have shown (Shah, 2004; Gadenne & Singhal, 2014). The data indicates that taxpayers, especially those in the "Tax payers - non-transit" category, have not embraced this initiative fully, with a 100% paying only on a daily basis. This matches with the previous finding in the section above, where payments for taxes among this category was largely manual. This could reflect negative responsiveness to local policies and a desire for more efficient payment methods. Secondly, tax administrators interviewed expressed that fiscal decentralization should promote competition and innovation among local jurisdictions and that encouraging taxpayers to pay lumpsome electronically aims to mitigate corruption-oriented methods like manual strategies, an assertion which has been consistently made in the

literature (Rondinelli, 2017; Gadenne & Singhal, 2014). For example Bahl (2008) asserts that automating tax payment processes reduces opportunities for bribery and enhances transparency. This aligns with the theory's emphasis on efficient service provision and competition among local governments. However, the data show that the county remains wide off the mark in this measurement method. Moreover, study found that while daily payments might seem attractive due to their potential to ensure consistent revenue, they pose significant dangers. Daily payments could burden taxpayers, especially small-scale traders, who might find daily payment schedules unsustainable. This approach contradicts the theory's assumption of accommodating local preferences and circumstances. It could lead to resistance, evasion, and inefficiency if taxpayers perceive daily payments as excessive or unfair.

Based on the theory's concern with innovation, which suggests that fiscal decentralization encourages innovation and experimentation, daily payments might hinder innovation by imposing rigid payment structures. It limits the flexibility of taxpayers to choose when and how they pay, which is essential for accommodating their preferences. Overly strict payment methods might discourage experimentation with new approaches and technological solutions, undermining the theory's assertion on innovation nonetheless, the challenge lies in striking a balance between encouraging innovation and practicality, an argument also made by Kelly (2000). While the theory supports innovation, it's important not to implement strategies that inadvertently hinder taxpayers' ability to comply due to practical constraints.

This sub-section shows that while the goal is to align with fiscal decentralization principles, policies must consider local economic realities. Striking a balance between innovative methods and practicality ensures that local preferences and circumstances are respected while maximizing revenue collection efficiency. Motivating taxpayers to pay one-off aligns with fiscal decentralization theory's principles of adaptable public services and efficient resource allocation. However, caution must be exercised with daily payments, as they can lead to burdensome compliance and hinder innovation. Striking a balance between practicality and innovation is essential to fully realize the potential benefits of fiscal decentralization and promote sustainable Cessrevenue collection. Indeed when asked how they would like to pay taxes, the study established that majority would like to remit daily 212(49.3%), while 36(8.4%) preferred to remit monthly, semi-annually were 32(7.4%) and finally the least were those who remit annually 21(4.9%). This shows that context matters even as innovation get

pushed. But also, that control mechanism must be put into place to close opportunities for siphoning taxes collected.

Table 5.4: Preferred Cess Taxes Payment Duration.

22. How often would you like to remit your taxes?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Daily	212	49.3	49.3	49.3
	Monthly	36	8.4	8.4	57.7
	Semi Annually	32	7.4	7.4	65.1
	Annually	21	4.9	4.9	70.0
	N/A	129	30.0	30.0	100.0
	Total	430	100.0	100.0	

Survey Data (2023)

5.5 Utility of Tax Holidays

Table 5.5 below shows that tax holidays is not something that has been taken seriously as a strategy for enhancing Cess revenue collection in Busia County. It shows tax holidays have not been adopted as a strategy to enhance Cess revenue collection as all taxpayers both all transit (21) and non-transit (280) reported to not have enjoyed it.

Table 5.5: Tax Holiday Strategy

3. Which of the following best fits your designation? * 23. Have you ever had any tax holidays?				
Cross tabulation				
Count				
		23. Have you ever had any tax holidays?		Total
		No	N/A	
3. Which of the following best fits your designation?	Revenue collection officer	0(0%)	106(63%)	106(63%)
	Revenue collection enforcement officer	0(0%)	15(9%)	15(9%)
	Revenue Administrator	0(0%)	8(5%)	8(5%)
	Tax payers - transit	21(7%)	0(0%)	21(7%)
	Tax payers - non-transit	280(93.0%)	0(0%)	280(93%)
Total		302(100%)	168(100%)	430(100%)

Source: Survey Data (2023).

The concept of offering tax holidays as incentives to motivate Cess revenue remission still holds merit, despite the data indicating that all taxpayers (both transit and non-transit) have never been granted tax holidays. Dahliah & Aulia (2022) finds that tax holiday’s concept is a force multiplier, and enhances tax collection twofold from current collection when properly implemented. The potential positive impact of tax holidays aligns with the core principles of

fiscal decentralization theory. Tax holidays, when thoughtfully implemented, can serve as powerful tools to encourage taxpayer compliance and stimulate local economic growth. Even though the reality doesn't currently reflect the application of tax holidays, the notion of using them as a means of fostering compliance and bolstering economic activity remains relevant (for similar arguments also see Tanzi & Zee, 2001; Asmah, Andoh & Titriku, 2020).

The absence of actual tax holidays among all taxpayer designations doesn't invalidate the theory's emphasis on tailoring policies to local preferences and economic activities. Fiscal decentralization theory underscores the importance of governments adapting policies to suit the specific needs of their constituents. In the case of Busia County, this adaptation could involve designing tax holidays that cater to the unique economic landscape of the region. While not currently implemented, the potential to align tax holidays with local economic activities is a strategic consideration that adheres to the theory's principles and could be holding the key to unlocking sustainable revenue collection especially in the agricultural sub-sector. Despite the lack of tax holidays in the data, the FDT theory's assertion that competition among local jurisdictions encourages efficient service provision and economic growth remains valid. Tax holidays, if strategically introduced, have the potential to attract businesses, stimulate investment, and consequently enhance revenue collection (see also, e.g., Arnold, 2012). The absence of this practice doesn't diminish the theory's underlying message that local governments can use innovative policies to promote growth, provided these policies are implemented with careful consideration of their potential impact. The fact that no tax holidays have been offered to any taxpayer designation underscores a potential policy gap. This data could serve as a clarion call for Busia County to explore the viability of introducing tax holidays as a strategic tool for incentivizing compliance and promoting local economic activities.

The theory's principles suggest that innovative solutions, like tax holidays, are avenues that local governments should explore to address policy shortcomings and foster growth. However, care need be taken. The absence of tax holidays prompts a critical consideration of how such incentives can be introduced without compromising long-term revenue goals. Careful policy design becomes paramount in ensuring that short-term benefits do not outweigh long-term financial sustainability. The challenge lies in aligning the theory's principle of encouraging innovation with the need for consistent revenue streams. Striking this balance is imperative to ensure that while short-term gains are achieved, they do not

come at the expense of future fiscal stability. In sum, the absence of tax holidays among all taxpayer designations doesn't negate the potential positive impacts that align with fiscal decentralization theory. This situation prompts a critical evaluation of how such incentives can be introduced while maintaining long-term revenue stability. The potential for future implementation underscores the importance of strategic policy design and innovation in local governance, in accordance with the theory's principles.

5.6 Outsourcing Cess Revenue Collection

The table 5.6 below shows that Busia County has not as yet applied outsourcing as a strategy to enhance Cess revenue collection and bolster her OSR. All collection officers, enforcement officers and administrators agreed that collection was only done by relevant county departments.

Table 5.6: Tax Administration Outsourcing Strategy

3. Which of the following best fits your designation? * 25. Does the county outsource Cess revenue collectors? Crosstabulation				
Count				
		25. Does the county outsource cess revenue collectors?		Total
		No	Don't Know	
3. Which of the following best fits your designation?	Revenue collection officer	106(75%)	0(0%)	106
	Revenue collection enforcement officer	15(11%)	0(0%)	15
	Revenue Administrator	8(6%)	0(0%)	8
	Tax payers - transit	0(0%)	21(7%)	21
	Tax payers - non-transit	12(9%)	268(93%)	280
Total		141(100%)	289(100%)	430

Source: Survey Data (2023)

The responses from revenue collection officers, enforcement officers, and revenue administrators, all of whom indicated that the county doesn't outsource cess revenue collection, raise critical considerations in the context of fiscal decentralization theory. Outsourcing presents an opportunity for improved efficiency and a potential avenue for public-private partnerships (PPPs) to enhance revenue collection processes (Odusula, 2016; Fjeldstad, Katera & Ngalewa, 2009; Mgonja & Poncian, 2019; Jang & Eger, 2019). The absence of outsourcing within Busia County's revenue collection strategy could signal a policy gap, particularly in light of the county's downward trend in Own Source Revenue (OSR). Fiscal decentralization theory underscores the importance of innovative approaches to

revenue collection and local governance. The lack of outsourcing within Busia County's cess revenue collection process might indicate a missed opportunity to align with the theory's principles of efficient resource allocation and local adaptation. By not exploring outsourcing options, the county could be inhibiting its potential to enhance revenue collection mechanisms and deliver more effective public services to its constituents (to see expanded arguments: Beeri, Zaidan & Zeedan, 2022).

Outsourcing revenue collection to private entities could foster collaboration between the public and private sectors, an essential tenet of PPPs (Fjeldstad, Katera & Ngalewa, 2009). Such collaboration can lead to the infusion of private sector expertise, technology, and efficiency into revenue collection processes. However, the absence of outsourcing in Busia County's approach reflects a potential gap in capitalizing on this partnership opportunity, which could otherwise be a means to enhance revenue generation while sharing responsibilities between public and private entities (see also, e.g., Kipilimba, 2018; Lai, Riezman & Wang, 2009).

While the survey results indicate a lack of outsourcing, the insights from revenue administrators during interviews revealed a nuanced situation. For example, the engagement of a private digital service provider to enable Mpesa collections suggests a form of PPP. However, it is crucial to note that this partnership, while existing, does not necessarily adhere to the highest standards of quality control. This underscores the potential policy gap in the county's approach to outsourcing, as the use of private entities should ideally be guided by robust quality assurance mechanisms. The reported incident of taxes being improperly diverted to the wrong hands through the digital service provider highlights the risks associated with insufficient quality control. This incident underscores the need for diligent due diligence, oversight, and risk management when entering into PPPs. It raises concerns about the potential repercussions of poorly executed outsourcing arrangements and emphasizes the significance of transparent and accountable practices. In light of this dynamics, interviews also delved into what policy options the county can pursue to reinforce its outsourcing strategy. Three key suggestions can be summed as follows:

- Busia County should consider formulating a comprehensive outsourcing strategy that aligns with fiscal decentralization theory's principles. This strategy should weigh the potential benefits of outsourcing against associated risks and challenges.

- If outsourcing is pursued, strict quality control mechanisms and rigorous oversight procedures should be established. The incident involving improper diversion of taxes highlights the critical need for diligent supervision of PPPs to prevent misuse of public resources.
- While private engagement, as seen in the digital service provider example, is present, it is essential to ensure that such partnerships are guided by clear policies and agreements that safeguard the interests of both the public and private sectors.

To sum this sub-section, the absence of outsourcing cess revenue collectors within Busia County's revenue collection strategy reflects a potential policy gap in light of fiscal decentralization theory's principles. The opportunity for public-private partnerships remains relevant, with the digital service provider serving as an example. However, quality control and careful policy considerations are paramount to ensure that PPPs align with transparency, accountability, and the overall objectives of efficient resource allocation and local economic development, as advocated by fiscal decentralization theory.

5.7 Provision of Physical Shops/Business Premises to Taxpayers

The provision of physical shops to tax payers (data summarized in table 14 below), as evidenced both by the insights from focus group discussions (FGDs) with tax payers and KIIs with revenue officers, underscored a multifaceted approach that aligns with the county's revenue collection goals. This provision serves as a tool that not only generates revenue directly but also addresses challenges related to tax evasion, predictability, and trackability of revenue collection. However, the data survey data presents a paradox, revealing that despite these opportunities, a significant number of tax payers (68% or 189 out of 280) in the non-transit category were not provided with shops, thereby indicating a missed opportunity that requires attention. The provision of physical shops as a revenue collection strategy resonates with certain principles of fiscal decentralization theory. By adapting policies to local preferences and economic circumstances, counties can devise innovative solutions to revenue challenges. The notion of offering tax payers physical spaces aligns with the theory's principle of catering to local needs. A study by Kelly, Montes, Maseya, Nkankha & Tombere (2001) showed that offering business premises to vulnerable taxpayers increased tax revenues immensely in Malawi, creating an opportunity for sustaining local and by extension, national public goods and services provision.

In-depth interviews with revenue administrators revealed three interrelated opportunities for a Cess revenue strategy that encompasses provision of physical shops. Firstly, the provision of physical shops presents an innovative approach to revenue generation. Tax payers occupying these premises remit payments for the use of the space, adding to the county's coffers. This aligns with fiscal decentralization theory's emphasis on efficient resource allocation and adapting policies to enhance revenue collection. Secondly, permanent establishment in the form of a physical shop reduces opportunities for tax evasion. The presence of a tangible business location discourages underreporting of revenue and promotes compliance. This addresses a key challenge in revenue collection and resonates with the theory's focus on local adaptability. Thirdly, the provision of physical shops allows for more predictable and trackable revenue collection. Fixed locations enable revenue officers to monitor and account for payments with greater accuracy. This transparency in revenue collection aligns with fiscal decentralization theory's principle of local governance efficiency.

Generally, the provision of physical shops to tax payers represents an innovative revenue collection strategy that aligns with the principles of fiscal decentralization theory. However, the reality of a significant number of non-transit tax payers not having access to these shops reveals a missed opportunity that requires urgent attention. By strategically addressing this gap and considering the broader policy landscape, Busia County can capitalize on the advantages of providing physical shops while navigating the limitations of fiscal decentralization theory.

Table 5.7: Provision of a Physical Business Premise/Shop

3. Which of the following best fits your designation? * 27. Do you have a physical Shop Provided for by the County? Cross tabulation				
Count				
		27. Do you have a physical Shop Provided for by the County?		
		Yes	No	N/A
3. Which of the following best fits your designation?	Revenue collection officer	0(0%)	0(0%)	106(82%)
	Revenue collection enforcement officer	0(0%)	0(0%)	15(12%)
	Revenue Administrator	0(0%)	0(0%)	8(6%)
	Tax payers - transit	0(0%)	21(10%)	0(0%)
	Tax payers - non-transit	91(100%)	189(90%)	0(0%)
Total		91(100%)	210(100%)	129(100%)

Source: Survey Data (2023)

5.8 Chapter five Summary

Chapter Five unearthed the strategies employed in the collection and administration of Cess revenue in Busia County, using insights from a comprehensive survey and qualitative interviews. The chapter critically examined the strategies employed by revenue collection officers, as perceived by themselves, enforcement officers, administrators, and the majority taxpayers, extrapolating the results from the findings with the core principles of fiscal decentralization theory.

The analysis of these strategies sheds light on their availability and the manner in which they occur in the context of collecting Cess tax in Busia County. In the process a number of themes emerged and have been analyzed, including tax compliance and how to encourage the compliance, and promoting local economic growth, corruption and how to deal with it among others. It becomes evident that the diversity of strategies employed aligns with fiscal decentralization's adaptation principle, reflecting the county's attempt to cater to the unique circumstances of its constituencies. However, the predominant use of manual collection methods, especially the claims that such strategies are not accompanied with provision of receipts, raises questions about the county's efficiency, competitiveness, and innovation, especially considering the downward trend in Own Source Revenue (OSR) collection. The findings also underline the critical role of professionalism in tax collection of Cess taxes, highlighting the impact on compliance rates, revenue collection, and overall economic development. The lack of professionalism reported by taxpayers raises concerns about trust, compliance, and the economic consequences of declining tax collection. Furthermore, the chapter explores the frequency of tax payments, shedding light on the balance between adaptability and practicality in revenue collection strategies. It reveals that while the county encourages daily payments to align with fiscal decentralization principles, a lack of flexibility in this approach could hinder innovation and pose challenges for taxpayers.

The study also analyzes the potential utility of tax holidays, despite their absence in practice. It underscores how these incentives can foster compliance and stimulate local economic activity, resonating with the theory's principles, and emphasizes the need for careful policy design and implementation. Lastly, the chapter delved into the absence of outsourcing and the provision of physical shops to taxpayers. It explored how these strategies align with fiscal decentralization's emphasis on efficient resource allocation and local adaptation. While the county's lack of outsourcing represents a potential missed opportunity for enhanced revenue

generation and public-private partnerships, the provision of physical shops presents a multifaceted approach with revenue generation, reduced tax evasion, and improved trackability. Overall, the chapter draws attention to the interplay between fiscal decentralization theory and the actual practices of Cess revenue collection and administration in Busia County, revealing a complex landscape that requires strategic alignment to achieve effective revenue management and local economic development.

CHAPTER SIX
AN ANALYSIS OF STAKEHOLDERS' PERSPECTIVES ON THE FACTORS
THAT HINDER EFFECTIVE COLLECTION AND ADMINISTRATION OF CESS
REVENUE IN BUSIA COUNTY

6.1 Introduction

In the pursuit of understanding the multifaceted landscape of Cess tax revenue collection as an aspect of fiscal decentralization in Kenya's devolution, this chapter analyzed stakeholders' perspectives on the factors that impede effectiveness in Busia County. Through a combination of quantitative survey data and qualitative interviews, this examination sheds light on the intricate dynamics between policy intent, execution, and the lived experiences of various stakeholders. From the divergent viewpoints on digitized revenue collection to the complexities surrounding physical shop visits and the nuances of disability tax exemptions, these findings provide a rich tapestry of insights into the challenges faced in revenue generation and administration. The theoretical lens of fiscal decentralization enriches the interpretation of these perspectives, highlighting the tensions between policy aspirations, local adaptation, and the intricate realities of policy implementation. As the study examines the narratives of revenue officers, administrators, and tax payers, this chapter unravels the intricate fabric of Cess tax revenue collection and underscores the need for responsive and adaptable strategies that align policy objectives with the multifaceted needs of a diverse community.

6.2 Effectiveness of Digital Strategies

As shown in table 6.1 below, the study examined the effectiveness of digital method of CESS revenue. On the general outlook, the study found that majority 131(30.5%) said it was effective, followed closely by 100(23.3%) who said it was not effective, those who said it was very effective were 78(18.1%), 62(14.4%) said it was moderate and finally 59(13.7%) said it was very ineffective.

Table 6.1: Effectiveness of Digitization Strategy for Cess Tax Collection

34. How would you rate the effectiveness of digital method of Cess revenue collection?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very effective	78	18.1	18.1	18.1
	Effective	131	30.5	30.5	48.6
	Moderate	62	14.4	14.4	63.0
	Not effective	100	23.3	23.3	86.3
	Very ineffective	59	13.7	13.7	100.0
	Total	430	100.0	100.0	

Source: Survey Data (2023)

The analysis of the data presented in the table 6.2 sheds light on the effectiveness of the digitized Cess revenue collection strategy within the context of the study's objectives. While revenue officers reported that the digitization strategy was working, the survey responses from tax payers tell a different story. The table reveals that among tax payers, 57.5% of those in the non-transit category and 15.71% of those in the transit category rated the digitized strategy as "Not Effective." This stark contrast between the perceptions of revenue officers and tax payers underscores the complexity of the digitization initiative's impact on revenue collection.

During the focus group discussions (FGDs) with tax payers, these survey ratings were substantiated by participants' observations that despite taxes being collected from them both manually and through mobile payment platforms like Mpesa, there was little to no visible improvement in the physical infrastructure of the markets where they conducted their business activities. This discrepancy between the reported working digitization strategy as a revenue collection methods and the lack of corresponding enhancements in market infrastructure highlights a gap in the implementation and execution of the digitization strategy. A FGD discussant asserted:

Look at the market. Look at the shops we use. No drainage, no consistent collection of garbage. We also pay our security and the infrastructure in this Market is just worse [Woman Discussant FGD, Matayos Open Market].

Furthermore, key informant interviews (KIIs) with particularly revenue administrators, revealed a concern about the efficacy of the digital framework. They shared instances where the digital system was allegedly compromised, leading to the redirection of funds to unauthorized recipients. This real-world example of vulnerabilities in the digital collection

system underscores the need for robust security measures and oversight to ensure the integrity of revenue collection efforts. The insights drawn from the data do not align with the theoretical framework of the study, particularly the theory of fiscal decentralization. The theory emphasizes adaptability, efficiency, competition, and innovation in revenue collection strategies. However, the analysis reveals that the digitization strategy's implementation has not fully achieved these principles. The disparity between revenue officers' and tax payers' perceptions highlights the challenge of balancing the perspectives of policy makers and those directly impacted by the strategy. The theory's limitations in comprehensively addressing the complex realities of policy implementation are evident in this context.

To sum up this sub-section, the cross-tab analysis underscores the importance of considering both revenue officers' and tax payers' perspectives when assessing the effectiveness of the digitized Cess revenue collection strategy. The disparity in ratings and the disconnect between reported collection methods and tangible improvements call for a more holistic and collaborative approach to policy implementation. As policy makers navigate the challenges of digitization, they must carefully balance the aspirations of fiscal decentralization theory with the practicalities of local economic realities, security concerns, and technological limitations. The study's findings highlight the need for a responsive and adaptive policy approach to ensure that digitization contributes effectively to revenue collection and local economic development. The survey results on effectiveness of digitization were further analyzed through cross-tabulation to uncover the variations between designations. As summarized below, the cross tabulation shows that most of the tax-payers perspectives had a rather unfavorable opinion about on the effectiveness of digitization. This is consistent with the earlier finding that established that many non-transit taxpayers argued that the tax collectors did gather taxes from them through manual without receipts and matches their assessment of utility of funds collected, narrating a possibility of corruption that leads to lack of infrastructural development even within the open air markets at the headquarters of the County, Matayos sub-County. On the other hand, tax collectors, revenue collection enforcement officers, and administrators, rated the effectiveness very positively, something that is expected since they are the duty-holder and have the responsibility to directly implement the Cess Act.

Table 6.2: Effectiveness of Digitization Strategy

Designation	Very Effective	Effective	Moderate	Not Effective	Very Ineffective	Total
Revenue Collection Officer	38 (35.8%)	7 (6.6%)	61 (57.5%)	0 (0.0%)	0 (0.0%)	106 (24.7%)
Revenue Collection Enforcement Officer	0 (0.0%)	0 (0.0%)	15 (100.0%)	0 (0.0%)	0 (0.0%)	15 (3.5%)
Revenue Administrator	7 (87.5%)	1 (12.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	8 (1.9%)
Tax Payers - Transit	0 (0.0%)	0 (0.0%)	6 (28.6%)	15 (71.4%)	0 (0.0%)	21 (4.9%)
Tax Payers - Non-Transit	0 (0.0%)	0 (0.0%)	60 (21.4%)	161 (57.5%)	59 (21.1%)	280 (65.1%)
Total	45 (10.5%)	87 (20.2%)	142 (33.0%)	97 (22.6%)	59 (13.7%)	430 (100.0%)

Source: Survey Data (2023)

Previous studies, reveal that digitization can lead to enhanced and accountable tax collection systems by reducing workload, saving on cost of employing manpower to do the job, and creating and enhancing efficiency (Roy & Khan, 2021). He & Yi (2023) make similar observations in China but warn that digitization when prematurely undertaken, can be both ineffective and expensive. Busia County seems to face this fate, especially in light of reports that the Mpesa system has been open for manipulation leading to lose of undeclared revenues, investigations of which were ongoing at the time of undertaking this study. Securing digital systems of tax collection is paramount and a key success factor argues Fanea-Ivanovici, Muşetescu, Pană & Voicu(2019) and has proved to reduce corruption in tax administration. Therefore, the Busia County stands a chance to remedy her low OSR collection by working to create a working digital system.

6.3 Effectiveness of Utility of Physical Shops

The study investigated the effectiveness of physical shops visits as a method of CESS tax revenue collection, and as shown in table 6.3 below, 130(30.2%) said it was very effective, 105(24.4%) said it was not effective 90(20.9%) agreed that it was very ineffective, 53(12.3%) said it was moderate, to 31(7.2%), it was effective finally this was not applicable to 21(4.9%). This finding shows a divided opinion on the effectiveness of collecting taxes from physical shops, with a small majority however, saying it was effective.

Table 6.3: Effectiveness of Physical Shops Visits

37. How would you rate the effectiveness of Physical shops visits as a method of Cess revenue collection?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very effective	130	30.2	30.2	30.2
	Effective	31	7.2	7.2	37.4
	Moderate	53	12.3	12.3	49.8
	Not effective	105	24.4	24.4	74.2
	Very ineffective	90	20.9	20.9	95.1
	N/A	21	4.9	4.9	100.0
	Total		430	100.0	100.0

Source: Survey Data (2023)

The table 6.3 provided encapsulates the responses gathered from participants who were tasked with evaluating the effectiveness of physical shop visits as a method for Cess revenue collection. This dataset reflects a spectrum of perspectives and sentiments regarding the efficacy of this revenue collection approach. The responses, which are categorized into six distinct levels of effectiveness, underscore the divergent viewpoints that exist within the realm of revenue administration. Noteworthy is the 30.2% of participants who deem physical shop visits as "Very Effective." This sizeable proportion of respondents likely comprises individuals who perceive the traditional method as a robust mechanism for generating revenue through Cess. Their positive evaluation may stem from the familiarity and tangible nature of physical interactions, suggesting a certain level of confidence in the current approach. In contrast, the 7.2% who find it "Effective" offer a more moderate endorsement of the method, suggesting some reservations but still acknowledging its utility.

The dataset also unveils a discerning cluster, accounting for 24.4%, which categorizes physical shop visits as "Not effective." This group's viewpoint hints at a sense of dissatisfaction with the current system, indicating that its potential for revenue collection is not being fully realized. Furthermore, the 20.9% deeming it "Very Ineffective" reflects a significant portion of participants who are resolute in their belief that the existing approach is fundamentally flawed and inadequately serves its purpose. These responses underscore a palpable discontent with the prevailing system.

It's intriguing to observe the 12.3% categorizing it as "Moderate," reflecting a nuanced perspective that acknowledges both positive and negative aspects of physical shop visits for revenue collection. These respondents likely recognize that while the current method may possess certain strengths, it also presents notable shortcomings that affect its overall

effectiveness. Employing a cross-tab to undertaken a variance analysis between respondents from different designations, the tax payers' stance on the matter emerged from the interviews as one driven by a mix of pragmatism and concern for convenience. Tax payers demonstrated a preference for the traditional approach of physical shop visits due to its familiarity and ease of interaction. Many expressed apprehensions about transitioning to digital platforms, fearing potential complexities or uncertainties associated with the adoption of novel technologies. This viewpoint underscores a desire for a seamless and uncomplicated process that aligns with their daily routines. Tax payers' aversion to potential disruption is a notable theme, reflecting the broader inclination to maintain the status quo to avoid perceived risks and unfamiliarity.

The collectors' insights revealed a nuanced perspective that resonates with their immediate professional stakes. Collectors expressed concerns about job security and potential repercussions tied to a significant shift from manual to digital collection methods. Their reservations stem from the understanding that a comprehensive digitization overhaul could lead to workforce retrenchment and a shift in the dynamics of their roles. This sentiment highlights the interplay between policy changes and personal livelihoods, illustrating a dimension of policy implementation that is sensitive to human impact.

Conversely, revenue administrators were found to be proponents of digitization and streamlined processes, with a distinct focus on operational efficiency and revenue optimization. The interviews showcased their belief that digitization aligns with contemporary administrative trends and positions the revenue collection system for greater adaptability and agility. Administrators emphasized the potential benefits of automation and reduced reliance on manual processes. Their viewpoint is rooted in the broader goals of fiscal administration, aiming for effective revenue collection mechanisms that align with modern practices.

These varying viewpoints, gathered through interviews, resonate with the theoretical framework of fiscal decentralization. Tax payers' preference for familiarity and convenience aligns with the theory's emphasis on local preferences and adaptation but challenges its advice for innovation/modernization of tax collection procedures. Collectors' concerns about job security and change-related uncertainties reflect the theory's focus on competition and the potential consequences of administrative shifts. Revenue administrators' drive for efficiency

resonates with the theory's principle of fostering innovation and experimentation to optimize revenue collection strategies. In conclusion, the survey and interviews with tax payers, collectors, and revenue administrators have unveiled a multifaceted spectrum of perspectives surrounding the effectiveness of physical shop visits for revenue collection. These viewpoints underscore the intricate dynamics between policy, personal interests, and administrative efficiency. The theoretical lens of fiscal decentralization further enriches the understanding of these perspectives, casting light on the motivations and concerns that shape attitudes towards revenue collection methods.

6.4 One-Off Taxation Strategy

This sub-section encapsulates the findings extracted from a series of survey data and corroborated with interviews conducted with diverse stakeholders, shedding light on their perspectives regarding the efficacy of the one-off taxation strategy as a method to incentivize Cess revenue collection. The interviews were designed to extract insights from tax payers, collectors, and revenue administrators, presenting a comprehensive spectrum of viewpoints that enrich our understanding of this intricate topic.

In the interviews, tax payers articulated their viewpoint that the one-off taxation strategy holds potential as a motivational tool for enhancing Cess tax revenue collection. This perspective is manifested in the responses, where a noteworthy 4.7% of tax payers found the strategy "Very effective." Their endorsement of this approach underscores a belief that a targeted, occasional taxation scheme could serve as an effective mechanism to stimulate timely revenue remission. This viewpoint matches with interview perspectives where tax payers' appreciation for the sporadic nature of such a strategy, potentially minimizing financial burden and maintaining a balance between revenue generation and taxpayer interests.

Collectors, as gleaned from the interviews, expressed diverse sentiments regarding the one-off taxation strategy. The responses demonstrated that while a modest 2.6% of collectors found it "Effective," a marginal 1.4% deemed it "Moderate" in terms of motivating Cess revenue collection. This range of responses indicates that collectors recognize the strategy's potential, albeit to varying degrees. The opinions voiced highlight their recognition of the positive impact such an approach could have on revenue compliance, albeit with a degree of caution and measured optimism.

Revenue administrators' insights were particularly notable, revealing their inclination towards the one-off taxation strategy as a potent technique to motivate remission. An impressive 70.0% of administrators asserted that this approach "Would be an Effective technique to motivate remission." This overwhelming endorsement from administrators speaks to their belief in the power of such a strategy to spur Cess revenue collection. Their perspective aligns with their overarching goal of enhancing collection efficiency, and they view the one-off taxation strategy as a way to inject urgency and incentive into the Cess tax revenue remission process.

Incorporating the theoretical framework of fiscal decentralization, these viewpoints attain further clarity. Tax payers' approval of the strategy resonates with the theory's emphasis on adapting to local preferences. Collectors' cautious optimism aligns with the theory's focus on competition and measured experimentation. The strong endorsement from revenue administrators reflects the theory's principle of fostering innovation to optimize revenue collection strategies. The task for policy makers is how to employ these visions to undertake the needed change.

In conclusion, the insights gleaned from the survey and interviews with tax payers, collectors, and revenue administrators shed light on the multifaceted perspectives surrounding the one-off taxation strategy as a method to motivate Cess revenue collection. These viewpoints unveil a holistic understanding of the strategy's potential and the nuances that shape stakeholders' attitudes towards its implementation. The theoretical framework of fiscal decentralization enriches this understanding, portraying the motivations and considerations that underpin their perspectives.

6.5 Effectiveness of Public Education and Awareness Creation

The data presented in Table 18 below provides a comprehensive overview of the perceptions gathered regarding the effectiveness of Public Education and Awareness Creation as a method to motivate Cess revenue collection. The responses from participants were mainly into two segments despite 6 distinct choices having been available - "Very effective" and "Not effective at all."

According to the responses, 30.0% of participants rated Public Education and Awareness Creation as "Very effective" in motivating Cess revenue collection. This viewpoint signifies a

notable belief that these initiatives play a significant role in enhancing revenue collection through the dissemination of information and fostering public engagement. The majority of participants, accounting for 70.0%, found Public Education and Awareness Creation to be "Not effective at all" in motivating Cess revenue collection. This perspective underscores a collective sentiment that these initiatives, as currently executed, fall short of achieving their intended goals in generating revenue through enhanced public understanding and involvement.

In line with the theoretical framework of fiscal decentralization, these responses can be interpreted through the lens of local adaptation, competition, and experimentation. Tax payers' skepticism towards the effectiveness of public education and awareness creation aligns with the theory's emphasis on tailoring services to local preferences. The notion that these efforts were not communicated effectively or timed appropriately resonates with the theory's focus on adapting strategies to meet the needs and expectations of the local population.

Furthermore, to corroborate the findings from the survey data, a robust qualitative approach was employed. Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) were conducted. These additional qualitative methods aimed to delve deeper into the nuances of public participation and awareness creation in the context of revenue collection. The interviews unveiled crucial insights from tax payers, administrators, and other stakeholders. From the taxpayer perspective, the interviews revealed that public participation was deemed ineffective due to several reasons. The unpredictability of participation events, coupled with a lack of communication and engagement through appropriate channels, contributed to the perception of ineffectiveness. Additionally, those engaged in participation were often seen as political sycophants, leading to a disconnect between the participants and the actual concerns of taxpayers, particularly in the agri-business sector.

On the administrators' side, Key Informant Interviews (KIIs) highlighted their emphasis on the value of public participation and their commendation of Busia County Government's adherence to policies and laws related to public participation. However, these viewpoints contrasted with the quantitative and qualitative feedback gathered from the taxpayers, revealing a discrepancy in perceptions. In conclusion, the data table presents a nuanced picture of the effectiveness of Public Education and Awareness Creation in motivating Cess

revenue collection. The theoretical framework of fiscal decentralization provides a lens through which to analyze these responses, emphasizing the importance of local adaptation and tailoring strategies to meet the needs of stakeholders. The qualitative approach through FGDs and KIIs lends depth and context to the quantitative findings, uncovering the reasons behind the perceived ineffectiveness of public participation and highlighting the contrasting viewpoints of taxpayers and administrators.

Table 6.4: Effectiveness of Public Education/awareness creation

40. How would you rate the effectiveness of Public Education/awareness creation as a method of motivating Cess revenue collection?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very effective	129	30.0	30.0	30.0
	Not effective at all	301	70.0	70.0	100.0
	Total	430	100.0	100.0	

Source: Survey Data

Many studies have argued that there is a positive correlation between taxpayer education and awareness creation with tax compliance and consequently increased tax collection. Gitaru, K. (2017) for example finds that taxpayer education increased the levels of SMEs tax compliance in Nairobi greatly. Another study by Nichita et al. (2019) found that tax literacy was a success multiplier and emphasized the need for investments in tax literacy programs. These studies looked from the angle of the current study reveal a policy gap impeding Cess tax collection. The county should thus set aside special funding to activities on sensitization, awareness creation, and training on Cess and other forms of taxes in order to improve her taxes collection.

6.6 Disability and County Cess Tax Exemption

The data table offers a crucial glimpse into the complex intersection of disability, tax exemption policies, and their alignment with the broader framework of public participation. Within the theoretical context of fiscal decentralization, this examination provides insights into how policies resonate with the diverse needs and preferences of the local populace, particularly those marginalized within society, particularly within the context of Kenyan disability policy (Opini, 2010; Euppa, 2003; Kabia, 2018).

The study of the respondents, 8.1% affirmed that they are indeed exempt from taxes due to their disability status. This response reflects a certain level of awareness and alignment between policy intent and the practical implementation that grants them exemption. This

alignment is a manifestation of the theoretical principle of adapting policies to local preferences and needs. It signals that, to some extent, the policy framework has succeeded in catering to this specific segment of the population.

However, the 11.9% of respondents who indicated that they are not exempt despite being PWDs, raises significant concerns. This incongruence between policy intention and the experience of individuals with disabilities highlights a potential gap in policy execution. It underscores the challenge of translating policies into equitable outcomes for all citizens, as the theoretical framework of fiscal decentralization would ideally strive for. This divergence also raises questions about the communication of policy information and accessibility, as the alignment between policy and practice seems to falter for some respondents. This finding is consistent with Kabia et al revelation that found that despite disability policy and law, implementation is still poor, and many disable persons still suffer in the context of health access and labor market.

Furthermore, the experiences conveyed through interviews and FGDs provide a deeper layer of insight. Unregistered PWDs, who do not possess the legal evidence for exemption, demonstrate a disconnect between policy provisions and actual access. This presents a gap in informed public participation, as policies might not effectively reach the intended beneficiaries. This disjuncture underscores the theoretical principle of ensuring policies are communicated transparently and accessed by all stakeholders.

Surprisingly, the identification of two tax officers as PWDs during the study, yet without disability cards, adds a layer of complexity to the narrative. Their experiences indicate that even within administrative circles, the alignment between policy and practice can be challenging. This challenges the theoretical framework's tenet of efficient administration and reveals the need to ensure that policies are not just theoretically sound but also practically implementable across various stakeholders.

In conclusion, the data illustrates the intricate landscape where disability, tax exemption policies, and public participation converge. While some PWDs enjoy the benefits of tax exemption in alignment with policy intent, others face barriers due to disparities between policy and implementation. This exploration accentuates the theoretical framework's emphasis on local adaptation, inclusivity, and the effective realization of policies to address

the needs of marginalized groups. It underscores the importance of bridging the gap between policy formulation and its practical impact, both for effective revenue collection and social equity.

Table 6.5: Tax Exemption for Disability Persons

41. If a Person with Disability, are you accepted from taxes?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	8.1	8.1	8.1
	No	51	11.9	11.9	20.0
	N/A	344	80.0	80.0	100.0
	Total	430	100.0	100.0	

Source: Survey Data (2023).

6.7 Chapter Six Summary

In the intricate realm of revenue collection and administration, grasping the diverse viewpoints of stakeholders becomes crucial for crafting effective strategies. This chapter delves into an exploration of stakeholders' perspectives regarding the factors impeding the efficient collection and administration of Cess Act revenue in Busia County. By scrutinizing a range of perspectives, encompassing revenue officers, administrators, and tax payers, this chapter aims to uncover the complexities underlying the challenges in revenue generation. The insights gleaned from both quantitative survey data and qualitative interviews provide a holistic understanding of the multifaceted issues surrounding the county's revenue collection mechanisms.

The emergence of digitized revenue collection has introduced new dimensions to revenue collection (and also administration). The study underscores a variety of perspectives on the effectiveness of digitized Cess revenue collection. While revenue officers express optimism, tax payers' responses paint a different picture. This stark contrast between those responsible for revenue administration and those contributing to it highlights the multifaceted impact of digitization on revenue collection. The findings exemplify the intricacies of policy implementation and the interaction between policy makers and those directly affected by these changes.

Qualitative interviews shed further light on this disparity. Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) reveal that tax payers often prefer traditional methods due to familiarity, expressing reservations about the shift to digital platforms. This

underscores the challenge of balancing innovation with the need for transparent and comprehensible processes. Moreover, KIIs with revenue administrators point to potential vulnerabilities in the digital framework, emphasizing the importance of robust security measures to maintain the integrity of revenue collection efforts. These insights highlight the intricate dynamics at play in the digitization process, as well as the potential consequences of policy changes for various stakeholders.

The study highlights the varying viewpoints on the effectiveness of a mixed physical and digital method of Cess revenue collection. The responses reveal a divided opinion, with some tax payers endorsing its effectiveness while others express skepticism. The qualitative insights obtained from interviews offer valuable context to this division. Tax payers' preference for traditional methods, driven by familiarity and a desire to avoid potential disruptions, resonates with the theoretical framework of fiscal decentralization. The concerns of collectors about job security and uncertainties related to change highlight the personal impact of policy transitions, illustrating the intersection of administrative policy and individual livelihoods.

The perspectives of revenue administrators, who emphasize efficiency and innovation, align with the theory's principle of adapting strategies to optimize revenue collection. However, the divergence in viewpoints between revenue officers and tax payers exposes the challenge of balancing policy aspirations with local economic realities and technological limitations. This disparity underscores the limitations of theoretical models in capturing the intricacies of policy implementation within a diverse and dynamic context.

The study sheds light on stakeholders' perceptions of the effectiveness of physical shop visits as a method of Cess revenue collection. The diversity of responses within this dataset reflects the spectrum of viewpoints within revenue administration. Tax payers' endorsement of physical shop visits is rooted in their preference for familiarity and ease of interaction, aligning with the theory's emphasis on local adaptation. Collectors' concerns about job security and potential repercussions are indicative of the theory's focus on competition and the consequences of administrative shifts. The revenue administrators' drive for efficiency and innovation resonates with the theory's principles.

The qualitative insights obtained from interviews further enrich this perspective. Tax payers' apprehensions about digital transition, coupled with administrators' endorsement of

digitization, exemplify the complexity of policy implementation. This complexity is accentuated by the diverse motivations, needs, and concerns of stakeholders, challenging the theoretical framework's ability to fully capture the multifaceted nature of policy execution.

The study highlights stakeholders' perspectives on the potential of a one-off taxation strategy to motivate Cess revenue collection. These viewpoints are further nuanced through qualitative interviews. Tax payers appreciate the occasional nature of such a strategy, viewing it as a way to minimize financial burden. Collectors exhibit cautious optimism, indicating recognition of its potential impact. Revenue administrators strongly endorse this approach, aligning with their focus on efficiency and revenue optimization. The theoretical framework of fiscal decentralization provides a lens through which to analyze these perspectives. Tax payers' endorsement aligns with local adaptation, while administrators' support emphasizes innovation. However, the limitations of this theoretical model in capturing the complexities of stakeholder motivations and interactions are evident. The discrepancies in perspectives and the interplay of policy aspirations and real-world complexities showcase the challenges of translating theory into practice.

The intricate intersection of disability, tax exemption policies, and public participation is explored. The alignment of policy intent and implementation, as demonstrated by the 8.1% who enjoy tax exemption, reflects the theoretical principle of adapting policies to local needs. However, the 11.9% who do not experience exemption despite being Persons with Disabilities (PWDs) expose potential gaps in policy execution. The qualitative insights unearth disparities between policy provisions and accessibility, highlighting the need for transparent and inclusive policy communication. The identification of PWD tax officers without disability cards underscores the complexity of policy implementation within administrative circles. This challenges the theoretical framework's assumption of efficient administration and underscores the need for practical feasibility. These divergent experiences illustrate the multifaceted interactions between policy, societal norms, and individual circumstances, further emphasizing the limitations of theoretical models in capturing the full spectrum of realities.

In conclusion, this chapter offers a comprehensive exploration of stakeholders' perspectives on factors hindering effective Cess revenue collection and administration. Theoretical frameworks such as fiscal decentralization provide valuable lenses, but they also reveal their limitations in accounting for the intricate dynamics at play. The divergence between policy

intent and implementation, the interplay of stakeholder motivations, and the nuances of real-world challenges all exemplify the complex nature of policy execution in a diverse and dynamic environment. As policy makers navigate these challenges, a responsive and adaptive approach becomes imperative, ensuring that policies resonate with local needs and contribute to both revenue generation and equitable development.

CHAPTER SEVEN

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

7.1 Introduction

This chapter presents a synthesis of the key findings from the preceding chapters, drawing overarching conclusions and providing recommendations based on the objectives of the study. The study investigated the implementation of the national policy for enhancing county governments' own-source revenue (OSR) by Busia County Government, with a focus on agricultural Cess guided by the Cess Act in Busia from 2017.

7.2 Summary

Objective One sought to examine the legal and policy frameworks underlying the enactment of the Cess Act on the collection of agricultural produce in Busia County Government. The study found that the existing legal and policy frameworks were not effectively communicated or understood by stakeholders, hindering the proper implementation of the Cess Act. This lack of awareness directly impacted the collection of agricultural Cess revenue.

Objective Two aimed to assess the efficacy of the collection and administration strategies of Cess in Busia County. The study highlighted that the current strategies for collecting and administering Cess were not optimized for efficiency and effectiveness. A reliance on manual methods, limited technological integration, and inadequate resource allocation contributed to suboptimal revenue collection.

Objective Three explored the factors that hinder effective collection and administration of Cess in Busia County. The study revealed that challenges such as resource limitations, communication barriers, and a lack of coordination among stakeholders significantly impeded the successful collection and administration of Cess revenue.

7.3 Conclusions

Main Conclusion (Thesis of the Thesis): This study has shed light on the complexities of implementing the national policy for enhancing county governments' own-source revenue through the agricultural Cess in Busia County. The findings underscore the urgent need for a comprehensive overhaul of existing strategies and policies to ensure effective revenue collection and administration.

The study's objectives collectively point towards the need for a holistic approach to address the challenges identified. By considering legal and policy frameworks, optimizing collection strategies, and addressing hindering factors, Busia County can pave the way for improved own-source revenue collection, leading to enhanced service delivery and local development.

7.4 Recommendations

Cross-cutting Recommendations: The findings of this research culminate in the formulation of actionable recommendations that could greatly enhance the OSR collection strategies within Busia County:

Recommendation 1: Stakeholder-Specific Communication and Training

In light of the diverse perspectives surrounding digitization and policy shifts, it is advised that Busia County Government adopts tailored communication and training initiatives. This approach would facilitate a bridge between policy designers' intent and the concerns expressed by tax payers and administrators alike. By fostering a better understanding of the rationale behind policy changes, potential friction points can be mitigated.

Recommendation 2: Synergy Between Innovation and Tradition

To address the challenges arising from technology adoption, a pragmatic approach is suggested – one that harmoniously blends digital methodologies with traditional strategies. This hybrid strategy acknowledges the preferences of tax payers while ensuring that administrative efficiency is upheld. Moreover, there should be a heightened focus on bolstering the security of digital platforms to alleviate any apprehensions.

Recommendation 3: Alignment of Policy and Feasibility

In order to bridge the gap between policy aspirations and practical feasibility, it is recommended that Busia County conducts comprehensive impact assessments before implementing any new policies. This proactive approach can help identify potential hurdles and provide insights into mechanisms for enhancing policy execution. Transparent communication regarding policies, particularly concerning tax exemptions for Persons with Disabilities, is fundamental to ensure equity and fairness.

Recommendation 4: Adaptable Strategies for Varied Sectors

Given the diverse economic landscape and stakeholder needs, it is proposed that Busia County adopts flexible strategies tailored to the specific requirements of various agricultural sub-sectors. This approach aligns with the theoretical underpinnings of fiscal decentralization, emphasizing the importance of localized decision-making. By catering to the unique demands of different sectors, the county can optimize revenue collection while fostering local economic growth.

Recommendations for Objective One:

- ✓ Initiate comprehensive awareness campaigns to educate stakeholders about the legal and policy frameworks governing agricultural Cess.
- ✓ Develop accessible communication materials that simplify complex legal and policy language for better understanding.
- ✓ Collaborate with relevant stakeholders, such as local authorities and farmer associations, to ensure widespread dissemination of Cess Act information.

Recommendations for Objective Two:

- ✓ Invest in technological infrastructure to streamline the collection and administration of Cess revenue, minimizing reliance on manual methods.
- ✓ Develop training programs for revenue collection officers to enhance their skills and proficiency in modern revenue collection techniques.
- ✓ Implement performance metrics to monitor the effectiveness of collection strategies, enabling timely adjustments for optimal outcomes.

Recommendations for Objective Three

- ✓ Allocate sufficient resources to support efficient revenue collection and administration, including technology upgrades and training.
- ✓ Establish cross-functional teams involving revenue officers, local authorities, and community representatives to address challenges collectively.
- ✓ Enhance communication channels between stakeholders to ensure transparency, coordination, and timely resolution of hindering factors.

7.5 Suggestions for Future Studies

- i. While this study has provided valuable insights, several avenues for future research remain unexplored:

- ii. Investigate the impact of policy advocacy and public awareness campaigns on improving revenue collection and administration.
- iii. Conduct a comparative analysis across different counties to identify best practices in revenue collection strategies and their implications.
- iv. Explore the role of technology-driven innovations in enhancing revenue collection and administration in other counties.

7.6 Contribution to Extant Knowledge

Each of the Research Objectives make the following contribution to fiscal decentralization literature from a public policy analysis framework.

Objective one was to examine the stakeholders' levels of awareness of legal and policy frameworks underlying the enactment of the Cess Act on collection of agricultural produce in Busia County Government. The findings from this objective make enhance the extant literature in the following manner.

1. **Policy Awareness and Legislative Frameworks:** The chapter emphasizes the importance of policy awareness and understanding of legislative frameworks related to own-source revenue (OSR) collection and fiscal decentralization. It underscores how a lack of awareness among stakeholders can hinder revenue collection efficiency. This contribution adds to existing knowledge by focusing on the role of policy awareness as a critical factor in the success of fiscal decentralization initiatives.
2. **Impact of Sensitization and Training:** The chapter explores the impact of sensitization, awareness campaigns, and training on key stakeholders involved in tax collection, payment, and administration within local governments. It delves into how these initiatives can enhance stakeholders' understanding of policies and legislative frameworks. This aspect contributes by shedding light on the effectiveness of education and training programs in improving revenue collection and governance in the context of fiscal decentralization.
3. **Targeted Strategies Based on Stakeholder Categories:** The analysis within the chapter highlights the significance of categorizing stakeholders based on their involvement in different agricultural sub-sectors. It recognizes that tailoring revenue collection strategies to these sectors can lead to more effective outcomes. This contribution adds depth to extant knowledge by emphasizing the need for customized approaches in fiscal decentralization initiatives to address specific stakeholder groups effectively.

4. **Equitable Awareness Distribution:** The chapter concludes by emphasizing the importance of equitable awareness distribution across different stakeholder groups, especially taxpayers. It highlights the need for inclusive strategies, such as targeted training initiatives, to empower all stakeholders to participate actively in local policy development. This contribution underscores the role of inclusivity in fostering efficient and adaptive governance within the framework of fiscal decentralization.

Objective two undertook an assessment the status (or the nature) of the Cess revenue collection strategies to enhance Busia County's own source revenue. Based on the findings, the following points constitute the study's contribution to new knowledge.

1. **Diversity of Revenue Collection Strategies:** The study provides valuable insights into the diverse range of strategies employed in the collection and administration of Cess revenue. This diversity is explored through the perspectives of revenue collection officers, enforcement officers, administrators, and taxpayers. It highlights how these strategies align with the principle of adaptation within fiscal decentralization theory, as the county tailors its approaches to meet the unique circumstances of its constituencies. This contribution expands existing knowledge by offering a nuanced understanding of the practical strategies implemented in revenue collection.
2. **Professionalism and Compliance:** The study underscores the critical role of professionalism in tax collection, shedding light on its impact on compliance rates, revenue collection, and overall economic development. It reveals that reported lack of professionalism by taxpayers raises concerns about trust, compliance, and the economic consequences of declining tax collection. This insight adds depth to the existing understanding of the relationship between professionalism and revenue collection, emphasizing its significance in the context of fiscal decentralization.
3. **Flexibility in Revenue Collection Strategies:** The analysis of the frequency of tax payments and the county's encouragement of daily payments highlighted the balance between adaptability and practicality in revenue collection strategies. While aligning with fiscal decentralization principles, the chapter also raises concerns about the potential lack of flexibility in this approach and its implications for innovation and taxpayer challenges. This contribution adds to extant knowledge by exploring the tension between adherence to theoretical principles and the practical realities faced by taxpayers and revenue administrators.

The very last objective established the factors that hinder effective collection of Cess revenue to enhance Busia County's own source revenue from the perspectives of the key stakeholders. The following constitute key contributions to extant knowledge on fiscal decentralization research.

1. **Stakeholder Perspectives in Fiscal Decentralization:** The study emphasized the importance of considering the diverse perspectives of stakeholders, including revenue officers, administrators, and tax payers, in the context of fiscal decentralization. It went beyond traditional theoretical models to highlight the complexities and challenges arising from these varied viewpoints. This shift towards understanding the practical implications and concerns of those directly involved in revenue collection and administration added a nuanced layer to the existing knowledge on fiscal decentralization.
2. **Impact of Digitization on Revenue Collection:** The study delved into the impact of digitization on revenue collection, shedding light on both the positive outlook of revenue officers and the reservations of tax payers. It highlighted the multifaceted nature of digitization's effects on fiscal decentralization, showcasing the potential benefits as well as the challenges and disparities it can introduce. This contributes fresh insights to the existing literature by addressing the contemporary shift toward digital revenue collection methods.
3. **Policy Implementation and Real-World Complexities:** The study underscored the complexities of policy implementation within a diverse and dynamic context. It revealed the discrepancies between policy intent and actual implementation, the need to balance policy aspirations with local economic realities, and the practical feasibility of policy changes. This focus on real-world challenges and the interplay between policy makers, administrators, and taxpayers enriches the understanding of fiscal decentralization by emphasizing the importance of responsive and adaptive policy approaches.

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APPENDICES

CONSENT FORM

My name is **Truphena Okey**. I am a Masters Student (ADM: **MA/DS/00068/020**) undertaking a course in Masters of Research and Public Policy (MRPP) at the Department of Political Science of School of Development and Strategic Studies (SDSS), Maseno University. As a partial requirement for my examination and successful completion of the course.

I am undertaking a study entitled: ***ASSESSMENT OF THE NATIONAL POLICY ON ENHANCEMENT OF COUNTY GOVERNMENTS' OWN-SOURCE REVENUE: CASE OF CESS ACT IN BUSIA COUNTY 2017 – 2022***. I aim that this study will generate important insights that will reveal opportunities and gaps in the manner of implementation Cess Act as a strategy to increase OSR in Busia County and increase sufficiency of services provision. The objectives of this study will be as follows:

The main objective of this study is to assess the implementation of the national policy to support the enhancement of county governments' own-source revenue by Busia County Government between 2018 and 2022. **Specific Objectives:**

- a) To examine the legal and policy frameworks underlying the enactment of the Cess Act on collection of agricultural produce in Busia County Government;
- b) To explore the factors that hinder effective collection and administration of Cess in Busia County and;
- c) To assess the efficacy of the collection and administration strategies of Cess in Busia County.

If you agree, the interview will take about 45 minutes to 1hour 30 minutes. I will really appreciate if you allow me (or my research assistant to fill in all the questions). There are no risks to taking part, and we hope that it will help those in the agricultural sector highlight critical signposts that can be used to better the Cess processes, make agriculture a better source of livelihood in this county while enhancing county's capacity to provide services to her constituents.

One important thing to know is that we will keep the interview information confidential, this means not sharing your name or anything which would allow people to guess who has been interviewed (even our own assistants helping us write up the interviews will not know). We will use the information to write reports, articles and presentations, but no one will be able to know who has been interviewed.

You are free to refuse to take part in the research, or refuse to answer a question, and you can stop the interview at any time and ask us not to use the information you have given. This is your right and you will not be affected negatively if you refuse.

We are not conducting research for any organization or person, or for personal hidden motives. This is purely an academic research and you can make references to any of the following persons who are the supervisors of the student. Maseno University Dean School of SDSS or Maseno University School of Graduate Studies, or even to the National Commission for Science and Technology (NACOSTI) to confirm the legality of this study as an academic work. The immediate contacts (supervisors) are as below.

To Contact the supervisors: If you have questions or concerns about this research, please contact reach out to: Dr. Barack Calvince Omondi (barackcalvince@gmail.com).
Contact to Dean SDSS: Dr. Michael Omondi Owiso (Owiso.mike@gmail.com).
 Contact to Associate Dean, SGS: Dr. Patrick Onyango (patrickonyango@yahoo.com).

Signature: _____ Date: _____

Name of Respondent: _____

Signature:

Name-of-Research/Assistant

.....

FGD SCHEDULES

Objective One [THEMES]: Policy frameworks for revenue administration supporting the Cess Act

1. The constitution of Kenya?
2. The CIDPs?
3. National OSR policy
4. Acts of County assembly?
5. Any other?

Objective Two [THEMES]: Factors hindering effective collection and administration of agricultural taxes

1. Digitization?
2. Training and refreshers for collectors and administrators?
3. Corruption?
4. Tax evasion
5. Publicity of the Act/farmers awareness of standards set by Cess?
6. Political influence?
7. Electioneering period?

Objective Three [THEMES]: Strategies for collecting Cess in Busia

1. Digitization
2. Outsourcing
3. Tax holidays
4. Physical collection
5. Shops registration
6. One-off taxation strategy
7. Public education/awareness creation.

KIIs GUIDE QUESTIONS

1. Tell me about yourself (work in county government of Busia and relevant general observations to this study)?
2. What county policy frameworks is the Cess legislation based on?
3. What strategies are employed to boost the collection of agricultural taxes?
4. What challenges hamper Cess collection and administration in Busia?
5. What comments and recommendations would you make: in terms of 1) policy recommendations; 2) programmatic recommendations?

SURVEY QUESTIONNAIRE

A) SOCIO-DEMOGRAPHIC VARIABLES		
1	1. Respondent Code	
2	Gender	1. Male 2. Female
3	Which of the following best fits your designation?	1. Revenue Collection Officer 2. Revenue collection enforcement officer 3. Revenue Administrator 4. Taxpayer [Agricultural non-transit] 5. Taxpayer [Agricultural transit]
4	Name of sub-county	1. Matayos 2. Teso North 3. Teso South 4. Nambale 5. Butula 6. Samia 7. Bunyula
5	Are you a person with disability	1. Yes 2. No
6	Are you married	1. Yes 2. No
7	What was your employment status?	1. Not employed at all 2. House-wife 3. Farming commercial 4. Farming subsistence 5. Juakali/informal Sector 6. Boda boda 7. Salaried but temporary 8. Salaried and permanent 9. Any other (specify)
8.	What is your monthly income?	1. 0 – 5000 2. 5001 – 10000 3. 10001 – 30000 4. 30000 – 40000 5. 40000 – 100000 6. 100000 – 300000 7. above 300001
9	What's your Level of education?	1. No formal education 2. Primary completed 3. Primary not completed 4. Secondary completed 5. Secondary not completed 6. College/university completed
8	Do you have permanent agricultural shop provided for by the county government?	8. Yes 9. No
B. POLICIES AND LEGISLATIONS		
9	How long have you been in agricultural	1. 0-1 year 2. 1-3 years

	sector?	3. 3-5 years 4. 5 years and above
10.	What agricultural sub-sector are you?	1. Livestock 2. Plant 3. Horticulture 4. Aquaculture
11.	Are you aware of any policies or legislations that regulation the collection of agricultural products?	1. Yes 2. No
12.	Have you ever participated in any county development processes?	1. Yes 2. No
13.	Have you ever been trained/sensitized/made aware of any county policies, legislations, etc.?	1. Yes 2. No
14.	Have you ever been trained/sensitized/made aware of any county policies, legislations, etc., on agricultural processes?	1. Yes 2. No
15	If yes above, please describe:	
C. Strategies used to collect and administer Cess Revenues in Busia County		
16	Who collects the agricultural taxes in this county?	1. County Government Employees? 2. Contracted entities by the county government 3. I don't know
17	How are the taxes collected?	1. Manually without receipts 2. Manually with receipts 3. Digitally through Mpesa 4. Digitally through other means (let the respondent specify) 5. Any other methods
18	When the collectors come to gather taxes, do they treat as professionals?	1. Yes 2. No
19.	Can you rank their professionalism:	1. Highly professional 2. Not professional at all 3. Moderately professional 4. Very unprofessional
20.	How do you pay your taxes?	1. Once a year 2. Once a month 3. Every day

		4. Any other (specify)
21.	How often would like to remit your taxes?	1. Once a year 2. Once a month 3. Every day 4. Any other (specify)
22.	Explain	5.
20.	Can you say then that they have been trained on how to collect agricultural taxes?	1. Yes 2. No 3. Somehow
21.	Have you ever had any tax holidays?	1. Yes 2. No
22.	Would you like to be given tax holidays?	1. Yes 2. No
23.	If you were given tax holidays if what benefit would that be to you?	
23	If you were given tax holidays if what benefit would that be to the county?	
24	Please explain any other items you may want to elaborate on in this section	
D. CHALLENGES TO COLLECTION AND ADMINISTRATION OF OSR		
26	1. Please discuss your perspectives on the challenges concerning to Cess	
26	Digitization	
27	Outsourcing	
29	Tax holidays	
30	4. Physical collection	
31	5. Shops registration	
32.	6. One-off taxation strategy	
33	7. Public education/awareness creation	

