

**GENERATION OF OWN SOURCE REVENUE AND FINANCIAL
SUSTAINABILITY IN GARISSA COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF ARTS IN
PUBLIC POLICY AND ADMINISTRATION OF KENYATTA UNIVERSITY**

MAY, 2022

DECLARATION

I declare that this research project is my original work and it has not been presented for the award of a degree in any university

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This research project has been submitted with my approval as university supervisor for the degree of Master of Public Policy and Administration.

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DEDICATION

I dedicate this project to my family for their moral and spiritual support.

ACKNOWLEDGEMENT

I would like to thank Allah for the gift of life, good health, ability and opportunity to pursue this Program. I acknowledge the support of all lecturers who have tirelessly imparted knowledge in me. I would specifically thank my supervisor Dr. Wilson Muna for his tirelessness guidance during the process of writing this research project.

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ABBREVIATION AND ACRONYMS

CoK	Constitution of Kenya
CEC	County Executive Committee
EACC	Ethics and Anti-Corruption Committee
EU	European Union
IFAC	The International Federation of Accountants
IGO	Inter-Governmental Organizations
IGRTC	Inter-Governmental Relations Technical Committee
GDP	Gross Domestic Product
NACOSTI	National Commission for Science Technology and Innovation
NGO	Non-Governmental Organizations
MCA	Members of County Assembly
OSR	Own Source Revenue
PMF	Public Management Finance
UN	United Nations
UNDP	United Nations Development Programmes

OPERATIONAL DEFINITION OF TERMS

County Government:	The administration of the local affairs of a county, by its inhabitants. There are 47 Counties in Kenya. Garissa was the focus of the current study
County Policies	System of laws, regulatory measures, courses of action, and funding priorities concerning a given topic promulgated by a governmental entity or its representatives
County Revenue Administration	Responsibility for the collection of government revenue and administration of collected revenue
Financial Sustainability	Ability of the County Government to attain financial capacity overtime. These will result to ability to finance its operations without over reliance to public debt or donors
Own Source Revenue	Revenue raised by a government from its own imposition of a tax, a license, a fee or any other charge
Public Consultation	It is a regulatory process by which the public's input on matters affecting them is sought. Its main goals are in improving the efficiency, transparency and public involvement in large-scale projects or laws and policies

ABSTRACT

Based on non-financial sustainability of Garissa County government and failure to achieve own source revenue targets from 2013-2018 and failure to allocate funds for development expenditure, this study aimed at assessing the generation of own source revenue on financial sustainability in Garissa County, Kenya. The study's objectives were; to assess how county policies, county revenue administration and public consultations influence the financial sustainability in Garissa County, Kenya. The independent variables were; county policies, county revenue administration and public consultations while the dependent variable was financial sustainability. Some of the theories that guided the study are optimal theory of taxation which supports a tax system, stakeholder theory which argues that a firm should create value for its stakeholders. The study embraced a descriptive research design. The 5 key informants comprising County Assembly Budget Committee Chair, Governor and County Executive Committees sampled purposively were interviewed. The study targeted 150 employees from 30 wards and senior officials from Garissa County government. Questionnaires were issued to the 150 employees and interview schedules used to collect data from 5 senior officials. The research findings would hopefully improve management of taxation in county governments. The study results indicated county government does not have basic skills which act as a factor behind the low enforcement strategies. County income staff inherited from the former municipal government have no knowledge of the laws of taxation. Employees in revenue collection departments are not trained regularly on revenue management. The findings from model summary indicate that generation of own source revenue determines the changes in financial sustainability of the County government. It was established that county policies in generation of own source revenue, county revenue administration in generation of own source revenue and public consultations in generation of own source revenue had strong positive effect on financial sustainability. The study remarks that public participations were not involved in making revenue collection policy. The study recommends that county government of Garissa should train the new employees on critical factors of management of revenue like preparation, scheduling, inspection, accounting, reporting and enforcement.

CHAPTER ONE: INTRODUCTION

1.0. Introduction

This chapter presents the literature related to county financial sustainability and how public consultations, public administration and consultation affected the sustainability of the County.

1.1 Background to the Study

The public sector's long-term viability is critical to a country's growth and the provision of a wide range of public services. The financial and economic crisis, on the other hand, has harmed public administrations' ability to continue providing public services to society without lowering their quality or quantity. International organizations operate within this framework (IFAC in Recommended Practice Guideline. Reporting on the Long-Term Sustainability of an Entity's Finances, IFAC, Toronto, 2013; CICA in Indicators of Government Financial Condition, CICA, Toronto, 1997; EU 2012) and prior research (Groves and Valente 2003; Cabaleiro et al. 2013) have focused on the analysis of the public finances to encourage public administrations to achieve financial sustainability at all governmental levels in Europe. Devolved system in Europe is trying to improve and maximize on various revenue collection methods in order to offer services to their citizenry both at the national and local levels.

Globally, the financial sustainability of local authorities has been recognized as a concept of crucial importance in ensuring that public services may continue to be delivered to future generations in Europe. Although many European countries have implemented programmes to enhance their financial sustainability, local authorities are characterized by differing administrative traditions and achieve diverse outcomes in response to the reforms made (Smith, 2017). Institutional, policies, administration, macroeconomic and microeconomic

factors influence local authorities' financial sustainability in England and Spain (Manuel, 2018).

In African countries, there is poor financial sustainability as a result of poorly prioritizing of projects, which often relate to strategic errors made during the formation of the IGOs (Roll, 2009). According to UN (2009), in Nigeria, county governments' projects depend on donor funding or external support agents to sustain their programmes and projects. This explains why their financial resources follow a boom-and burst trend leading to close down of many units without a clear vision and mission. After getting the funds, some organizations do not bother to prepare the financial statements stating the uses of these moneys. This is why there is no proper leadership and management of the funds. Where funds are misappropriated, the result is the subsequent withdrawal by donor agencies leading to collapse of projects financial sustainability is the ability of a Non-profit Organization to maintain financial capacity over a period and develop a range of resources so that it could continue with its activities after the withdrawal of donor funding (Bowman 2011).

The Constitution of Kenya (2010) creates two levels of government: national and county governments. Each county government has executive and legislative authority to budget for and perform devolved governments. The Constitution empowers counties to fulfill their mandates from the following five funding streams: equitable share equivalent to at least 15% of the most recent audited revenue raised nationally, conditional and unconditional grants, equalization fund, loans and grants and Own-source revenue (OSR). The focus of this study- OSR- refers to the revenue generated by county governments from local sources in the form of taxes, charges and fees (Development Initiative, 2018).

Own Resource mobilization allows counties to have control over their development agenda and potential to foster political and administrative accountability of county officials to their constituents. OSR mobilization is anchored in the Constitution of Kenya (CoK) 2010, the Public Finance Management (PFM) Act 2012, the County Government Act 2012 and the Urban Areas and Cities Act 2011. The Constitution allows counties to impose property tax, entertainment taxes and any other tax authorized by an Act of Parliament. Additional sources of revenue for county governments are user fees such as packing fees, market fees, game park fees, house rents, infrastructure maintenance fees, water and sewerage fees and trade licenses. County governments may impose charges for their services.

Own Source Revenue cumulatively across the counties is a very low percentage of the Gross Domestic Product (GDP) and has been decreasing from 2016/17 (Development Initiative Org., 2018). The amount of OSR collected in 2014/15 increased by 29.1 % then 3.5% in 2015/16 but dropped by 7.1 and 0.1 % in 2017/2018 and 2018/2019 respectively. Progress reports for the first five years of devolution from 2013/14 to 2017/2018 indicate that the OSR targets were not achieved (Office of the Budget Controller Reports 2013/14-2017/18). In 2013/14 the 47c counties achieved 48.5 % of their annual target and this increased to 67.2 % in 2014/15 and 69.3% in 2015/16. This reduced to 56.4% in 2016/17 and increased to 66% in 2017/18. Overall, only five counties- Kericho, Homa Bay, Baringo, Bomet and Nyandarua- achieved at least 70% of their annual OSR targets. The worst performing counties- Kisii, Mandera and Garissa- were not able to achieve even half of their OSR targets in any of the five years under review. Lakin (2017) attributes this to poor collection practices and blames the counties for poor forecasting practices and poor absorption rates.

Own Source Revenue contributed to thirteen percent of the county's revenue in the first three years of devolution while transfers from the national government contributed to over eighty-four per cent (Development Initiative, 2018). The National Policy County Government OSR (2019) approved by cabinet strives to develop a policy on counties own source revenue based on the following five concerns (National Policy to Support enhancement of County Government, OSR, 2019): first, the diminishing OSR vis-à-vis the total revenue streams; second, the manner in which counties plan and budget for local revenue; third, legal issues affecting revenue generation measures; fourth, the short and long term macro-fiscal and macro-economic ramifications of the measures; finally, the utilization of revenue collected as well as reporting and accounting procedures. The Inter-Governmental Relations Technical committee (IGRTC) report (2018) established that public participation as anticipated in the constitution had not been achieved at national and county governments. All in all, the concerns raise policy and legislative issues. The focus of this study is Garissa County due to consistent revenue collection drop.

The Controller Budget's Reports for Garissa County indicates deficits on revenue collection and minimal allocations to development expenditures. The huge budget deficits are consistent in the previous financial years: In 2014/2015 the revenue collected was 96 million against a targeted revenue of 500 million. Previously in 2013/2014, Garissa County, the revenue collected was 39.5 million against a targeted revenue of 500 million. The County Government in its 2013/14 financial budget, allocated substantial resources for system automation in operation of some finance departs such as procurement and inventory. The inventory department is in charge of the county's asset (Christopher and Kwasira, 2012). Despite these allocations, the county has not managed to move beyond half of its OSR target.

In Garissa County government's expenditure, there was no allocation to development expenditure in the 2017/18 financial year; this compromises job creation and infrastructure projects in the devolved units. Recently, press reports from Garissa County indicated that the Ethics and Anti-Corruption Commission (EACC) conducted a forensic report of illegal employment of 85 members of staff without following legal procedures. There were also complains of delayed salaries by county staff. The Public Finance Management Regulations (2015) sets the limits of the county's expenditure on wages and benefits at 35 per cent of the county's total revenue. The Economic Commission for Africa (2014) observes that enhanced domestic revenue mobilization increases the ability of governments to achieve long term development objectives. Garissa County's consistent low revenues inevitably becomes a public concern not only for its constituents but also researchers.

Several studies have been undertaken on determinants of OSR in North Rift Counties, Embu and Bomet Counties (Kimutai: 2017, Gituma: 2017, Ombui and Lele: 2018). Kimutai (2017) assessed revenue mobilization, approaches and their influence on the county socio-economic development in the North Rift region. Gituma (2017) explored determinants of effective revenue collection in Embu- The study assessed how employee qualification, corruption, technology, government policies and regulations affected optimal revenue collection in Embu County. Nur (2017) examined the inventory controls and financial performance of Garissa County, Kenya necessitated by deficits in the county government budgets. The studies on Garissa County have focused on inventory controls hence the need to undertake a wholistic study on revenue mobilization. With specific concerns raised on revenue collection, this study seeks to investigate Garissa County's determinants for optimum OSR.

Own Source Revenue mobilization is determined by legislative and policy directions by the national and county governments with public participation, a key component in the process. There are discrepancies between reported and projected Own Source Revenues (OSR) from 2013 to date and implement the PMF (2015) regulations of allocating 35% of total revenue to development expenditure. Investments have been made in system automation from 2013/14 but Garissa County has not managed to raise more than half of its OSR target. Based on these premises- failure to achieve Own Source Revenue targets from 2013-2018, failure to allocate funds for development expenditure as per the PMF act and research gap on studies conducted on Garissa County.

1.2 Statement of the Problem

Realization of financial sustainability is a vital component in the County. Financial sustainability allows the county government to provide larger and more multifaceted services. There is no doubt that with the increasing demands on the state by the citizens, the states can no longer be the sole provider of goods and services. In order for counties to realize their potential contribution and to efficiently manage their activities, it is essential for them to be financially sustainable (Bell *et al*, 2010). However, this is not the case for the county governments have failed to offer to the citizen basic services such as water, health services and security. Garissa County have over relied support from the national government and over the years since 2013 cannot afford to operate interdependently (County Government of Garissa Report, 2020). According to Kisinga (2014), the failure of governments and poor financial sustainability are is mainly due to inadequacy of funding, county policies, county administration and public consultations in generating own source revenue.

Own Source Revenue mobilization is determined by legislative and policy directions by the national and county governments with public participation, a key component in the process. There are discrepancies between reported and projected revenues for Garissa County and general concern on minimal amounts allocated for development expenditure (Controller of Budget Reports 2015/16 and 2016/17). The County has failed to achieve its OSR targets from 2013 to date and implement the PMF (2015) regulations of allocating 35% of total revenue to development expenditure. Consequently, the county government is overly dependent on the national government in financing its operations. In 2013/2014 the targeted revenue was 500 million while the actual revenue was 39.5 million. In the year 2014/15 the targeted revenue was 500 million while the actual revenue was 96 million. Huge investments were made in system automation from 2013/14 but Garissa County has not managed to raise more than half of its OSR target. In its budgetary allocations as captured in the 2017/18 financial year, county did not allocate any amount for development expenditure seriously compromising service delivery and economic development of county.

Several studies have been undertaken on determinants of OSR in North Rift Counties, Embu and Bomet Counties (Kimutai: 2017, Gituma: 2017, Ombui and Lele: 2018). Development Initiative (2018) observed that OSR is constrained by various legal, policy, institutional and technological challenges. The literature on Garissa County by Nur (2017) focuses on inventory controls. The study excludes important variables on factors affecting optimal revenue collection critical for an effective tax system.

Based on these premises- failure to achieve OSR targets from 2013-2018, failure to allocate funds for development expenditure as per the PMF act and research gap on studies conducted

on Garissa County-this study sought to bridge the gap by assessing the generation of own source revenue and financial sustainability in Garissa County, Kenya

1.3 Objectives of the study

- i) To assess the effect of county policies on financial sustainability in Garissa County.
- ii) To determine the effect of county revenue administration on financial sustainability in Garissa County.
- iii) To establish the effect of public consultations on financial sustainability in Garissa County.

1.4 Research Questions

- i) What are the effect of county policies on financial sustainability in Garissa County?
- ii) What are the effect of county revenue administration on financial sustainability in Garissa County?
- iii) What are the effect of public consultation on financial sustainability in Garissa County?

1.5 Justification and Significance of the Study

1.5.1 Justification

The Controller Budget's Reports for Garissa County for financial years 2013/14 to 2017/18 indicate huge budget deficits on Own Source Revenue. In 2014/15 the County collected 39.5 million against a target of 500 million; the following year, 96 million was collected against the same target. The last five financial years have not moved beyond 20% of the Own Source Revenue target despite automation of procurement and inventory departments. In terms of budgetary allocation, the recurrent expenditure was allocated over 90% of the resources. In 2017/18 no resources were allocated for the development vote head. It is important to establish

the causes or determinants of Own Source Revenue taking into account that the disbursement from national government goes to recurrent expenditure. Once determinants of effective Own Source Revenue are established and implemented, this will reduce dependency on National government disbursements and boost expenditure on development.

1.5.2 Significance of the Study

The research findings would hopefully improve management of taxation in county governments. Specifically, they would be useful for Garissa County in formulating a policy action plan to address the poor collection of Own Source Revenue. The recommendations provides useful suggestions for counties struggling with low Own Source Revenue streams.

The role of stakeholders and public consultation presents customized and unique research on Garissa County together with issues on tax administration and county policies effects provides useful information on legislators and managers on policy formulation.

1.6. Scope and Limitations of the Study

1.6.1. Scope

The study was carried out in Garissa County to ascertain factors that affect optimal Own Source Revenue. The focus would be on national and county government policies, county revenue administration, and stakeholder involvement and public participation.

1.6.2. Limitations

The presence of the researcher in some methods of data collection like the interview with some key informants presented a strong limitation as some questions touching on corporate image of the county government were perceived as too sensitive. The researcher persuaded

the respondents to participate on the research for it was for education purposes and promised to furnish them with a copy of the report.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.0 Introduction

The chapter presents in detail relevant literature related to the study. The chapter presents the study's empirical and theoretical literature and develops a conceptual framework for the study.

2.1 Empirical Review

2.1.1 The Generation of Own Source Revenue

Tax structure affects tax collection through flexibility, neutrality, equitability and simplicity while different forms affect the amount of tax collected. Revenue diversification had a significant impact on the amount of tax collected. The study recommended on use of latest technology and competent staff in tax administration. Similarly, Gituma (2017) investigated the determinants of effective revenue collection in different Embu County. The study assessed how employee qualification, corruption, technology, government policies and regulations affected optimal revenue collection in Embu County. Gituma explored two additional variables-government policies and corruption. The study established that government policy, rules and regulations had the greatest effect on optimal revenue collection followed by corruption, then employee qualification, skills and training while technology and information systems had the least effect on optimal revenue collection. Other scholars also explored revenue collection factors but added two new variables: internal controls and enforcement. Adenya and Muturi (2017) evaluated factors affecting revenue collection in Kiambu County. The factors examined were human resource, technology, internal controls and enforcement of laws. The study established that county had competent personnel and adherence to internal controls, but limited technology and poor enforcement of taxation rules.

Kimutai (2017) assessed revenue mobilization, approaches and their influence on the county socio-economic development in the North Rift region. His study went a step further by examining the impact of the variables on socio-economic development of a wider region composed of several counties. The determinants under focus were training, technology, stakeholder collaboration, the effect of revenue mobilization infrastructure and challenges faced by county governments in implementing the revenue mobilization approaches. The study established that training, technology and stakeholder collaboration have a positive and significant impact on revenue mobilization strategies and consequently on the socio-economic developments of the counties.

Nur (2017) examined the inventory controls and financial performance of Garissa County, Kenya necessitated by deficits in the county government budgets. The study established that inventory recording, stock taking, e-procurement, inventory management training had a positive and significant effect on financial sustainability. It also concluded that highly automated counties perform better than those that use manual systems. The above studies approach own-source revenue from administrative, financial and taxation approaches. This study's focus is on the policy and legislative issues together with administrative aspects with focus on the recipients -the stakeholders

2.1.2 County Policies and Financial Sustainability

The legislative and policy aspects of devolution have been the focus of Council of Governors and the National Assembly through reports and legislations. The UNDP and Council of Governors (2015) undertook a sectorial policy and legislative analysis with their implications on devolution. The report scanned the following areas of service delivery: intergovernmental relations, water and sanitation, agriculture, arid and semi-arid lands, public fiancé and

economic affairs, environment and natural resources, forest conservation and management, education, health, trade, commerce and investments and human resource and county public office. The report analyzed the constitutional, legal, policy and institutional frameworks being negotiated by the national and county governments or other state corporations. The report recommended the institutionalization of effective government relations, a policy and legal framework alignment and clarity of roles between the two levels of government.

In terms of policy direction, a policy has been developed referred to as The National Policy to Support Enhancement of County's Own-Source Revenue (2019) which outlines several challenges in the collection of decentralized taxes. The challenges identified include: inadequate revenue policies and legislation, multiplicity of fees and charges, human resource capacity deficits, weaknesses in enforcing compliance by tax payers, low automation and integration of tax-payers and ineffective internal controls and audit systems. The policy proposes strengthening of the legal frameworks for revenue collection and linking with the policy objectives; achieving efficiency in revenue administration; enhancing governance and transparency and promoting public participation. The purpose of the policy is to enhance County Government's Own Source Revenue and increase the accountability of counties. The legislation has been drafted alongside the policy is the County Governments (Revenue Raising Process) Bill 2108 awaiting cabinet and parliamentary approval. The current policy sets the parameters for evaluation of county legislation policies alongside the legislation of Garissa County.

2.1.3 County Revenue Administration and Financial Sustainability

Mwachiro (2013) examined the effect of internal controls at Kenya Revenue Authority (KRA) on revenue collection. The study established that weak internal controls encourage fraud,

collusion, fraud and embezzlement of collected revenue. Research has been undertaken on county government administration initiatives that guide revenue collection such as human resource capacity and enforcement, internal controls and revenue collection methods. The findings also revealed that for internal controls to work, the following five components of control are critical: environment, risk assessment, control activities, information and communication and evaluation.

Khadondi (2015) explored a different set of determinants by investigating effects of urbanization, intergovernmental grants, poverty and land area on county own revenue collection. The findings reveal that except for land area all the other variables were statistically significant. The study recommends that county governments concentrate on developing urban areas, intergovernmental grants be increased and poverty alleviation be prioritized.

Barako and Shibia (2015) investigated determinants of property tax performance across 47 counties. The results indicate that urbanization, population density and administrative capacity are key factors explaining the performance of property tax. The study reveals huge discrepancies across the counties and declining property tax of the country vis-à-vis the global standard. It recommends enhanced administrative capacity of county governments in mobilizing tax property.

Naburi (2017) examined property rates collection and enforcement. The study revealed low compliance rates. The research established that the county government relied on reactive interest, social pressure of publishing names of defaulters, sanctions and penalties and provision of interest free period from January to March every year. The study concluded that the poor collection of property rates was due to weak administration and political interference.

The study recommended improved public service, capacity building, an integrated computer assisted property rates administration system and mobilizing political support. This study seeks to establish county revenue administration's impact on revenue mobilization from a holistic approach with focus on human resource capacity and enforcement, revenue collection methods and internal control and audit systems.

2.1.4 Public Participation and Financial Sustainability

Public participation research focus has been on the rules, regulations, principles or philosophies that guide public awareness and stakeholder engagement in formulation of policy and implementation. ADBI (2004) asserts that projects that adopt participatory approaches have a much higher success rate. However, it is in the public domain that there are several white elephant projects with stakeholder participation. Some of the failed Ward Development Fund (WDF) projects have been attributed to lack of stakeholder participation, poor procurement and poor governance among others.

Lakin (2013) provides guidelines for public participation in county budgets and economic forums in Kenya. He raises three critical questions with regard to county budgets: first, who participates and how? Second, what are they consulted about? And third, how is consultation done? The brief recommends that County Economic and Budget Forums (CEBF) be used to engage the wider public at formulation and implementation stages of the budget.

Lakin and Mogaka (2016) argue that the concept of public participation needs to be refined by anchoring it on deliberative democracy which requires government to make proposals, justify those proposals and create space for the justifications to be debated. Using the model, the researchers evaluate Kenya's national and county budget documents from 2013. A majority of the documents fail to meet the tenets of deliberative democracy. The documents

are not available to the public and lack descriptive information on their proposals and those that do lack justifications for decisions made. The study concludes that the greatest impediment to public participation is not the absence of law but lack of sufficient demand from organized citizen groups for greater transparency.

Transparency International Kenya (2018) undertook an assessment of the effectiveness of public participation processes and frame-works in Kisumu County by getting feedback from stakeholders drawn from the county government, local residents, representatives of various CSOs and CBOs. The findings revealed different mechanisms of public participation had been established: enactment of the Kisumu Public Participation Act 2015, CEBF was in place and sub-county offices had been set up to facilitate public participation. The report recommended for the operationalization of the Act, creating awareness among citizens of existing frameworks and establishment of village councils to devolve public participation to the village level.

2.2. Theoretical Review

The study adopted three theories to guide the study: public policy process, optimal theory of taxation and theory of public participation.

2.2.1 Public Policy Process Theory

Kraft (2019) identifies public policy process with two models used in policy formulation: heuristic or stage model of public policy and multiple streams framework. The heuristic model of public policy making as advanced by which identifies the following six steps of the policy-making process: problem identification and definition, agenda setting, policy formulation, policy legitimation, policy implementation, and policy evaluation. This model offers a linear, sequential and methodical approach to the complex policy making process.

The multiple streams framework (MSF) captures the messy nature of policy formulation which does not occur in a sequential fashion as espoused by the heuristic model. According to kingdom, MSF is built on three different streams (policy, problem, politics) that converge on a policy window. When they converge, it is difficult to predict how they will align to sort a particular matter. All the three streams have to come together to result in a policy change. This study seeks to examine the policy making process at the County level and its impact on Own Source Revenue Collection.

2.2.2 Optimal Theory of taxation

This theory posits that a tax system should be chosen to maximize a social welfare function subject to a set of constraints. The social welfare function is based on utilities of individuals in societies. The literature on optimal taxation treats the social planner as a utilitarian (Graham, 2000). In its general analyses, this literature uses a social welfare function that is non-linear function of individual utilities. Non-linearity allows social planners who prefer more equal distribution of utility. To reduce the problem of revenue collection, it is assumed that everyone has the same preferences over for example, consumption and leisure. The homogeneity assumption also makes further assumptions that the economy is populated by identical individuals. The tax system selected maximizes the representative consumer, knowing the consumer will respond to whatever incentives provided by tax regime. The theory of optimality is significant in the research since it helps in identifying some of the factors leading to inefficiency and administration of tax.

2.2.3 Theory of Public Participation

Quick and Bryson (2016) theory of participation has four main themes: legitimacy, diversity and inclusion, expertise and participation and finally the challenge of designing participation

process. They explain legitimacy as a perception problem; in situations where, public participation is not viewed as legitimate, it has the potential to alienate the public from the government. Another criterion for comprehending legitimacy is quality of the process by incorporating values such as fairness, transparency, attentiveness to stakeholders concerns and openness to public input.

On diversity and inclusion, Quick and Bryson (2016) acknowledge that the participation process should capture a range of interests- ethnic, gender, racial or socio-economic diversity. They concur with (Innes and Boothers, 2014) position that participation should involve deliberation and creating a new understanding rather than consulting with the public just to get input (International Association for Public Participation, 2014). They further add that inclusion should involve active negotiation among differences in perspectives, identities, boundaries and institutional perspectives or issue definitions.

Concerning expertise and management, Quick and Bryson (2016) note the two dichotomies in policy-making of expert knowledge vis-à-vis lay knowledge with the process favoring the former over the latter. They advocate for a process that includes both groups indicating that any policy-making process that excludes one group does not achieve desired outcomes. With regard to the challenge of challenge of designing participation process, Quick and Bryson (2016) observe that there is no formula for good and effective participation rather each public policy situation will present different participants and methodologies interacting uniquely. The study will examine public participation at the County level using the four thematic areas captured in Quick and Bryson (2016) theoretical model.

2.3 Conceptual Framework

The conceptual framework shows the relationship between the dependent variable – revenue mobilization and independent variables-county legislative and policy issues, county revenue administration and public administration.

Independent Variables

Dependent Variable

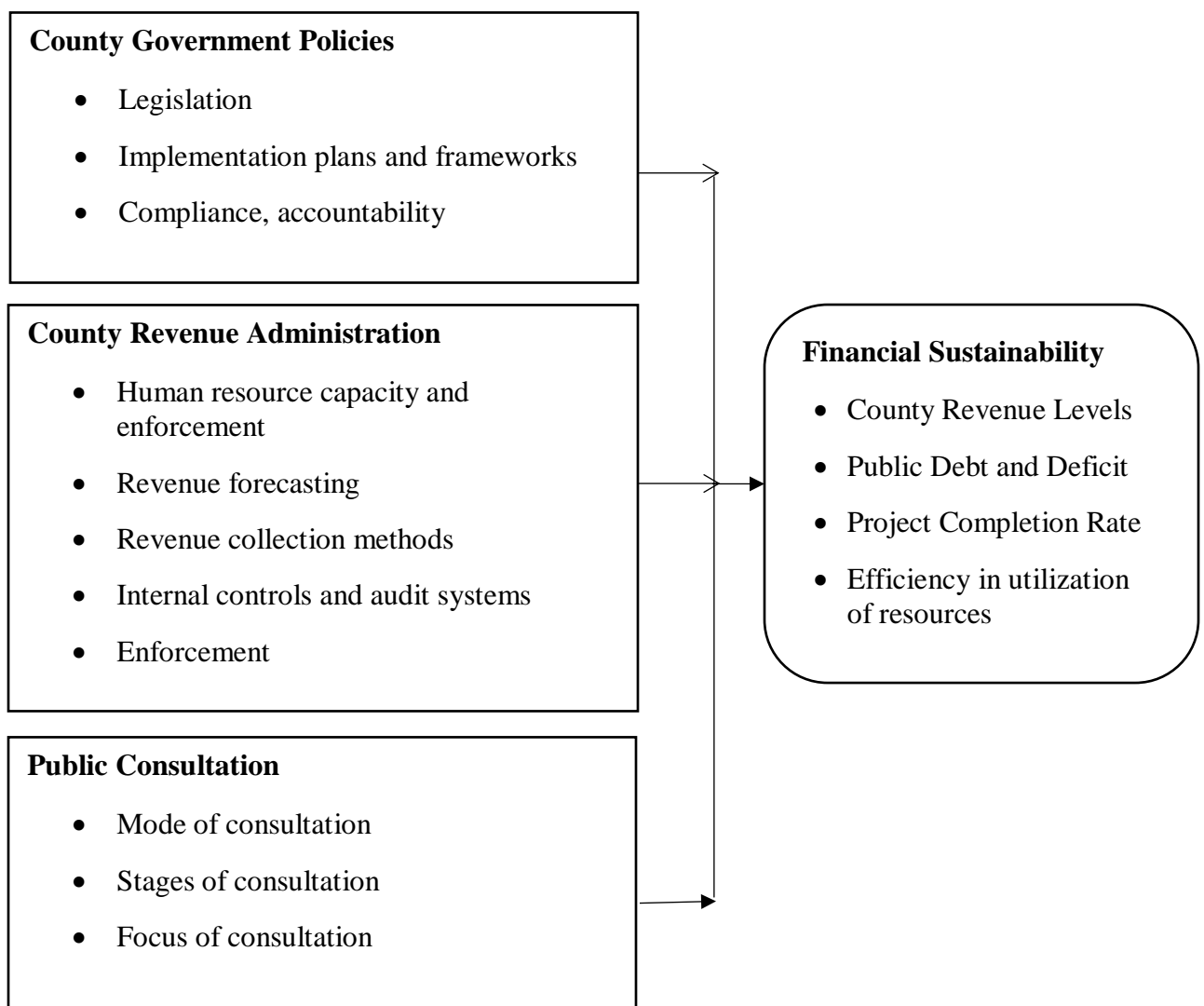


Figure 2.1 Conceptual Framework
Source: Author (2022)

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the research design, population of the study, data collection and data analysis of this study.

3.1 Research Design

The research adopted a descriptive research design. According to Shuttleworth (2008) descriptive design involves observing and describing the behavior of a subject without influencing it in a way. This design is appropriate because there are no variables being manipulated. The determinants affecting optimal-source revenue under investigation for the study were county policies, county government revenue administration and stakeholder involvement and public consultation.

3.2 Target Population of the Study

The study was conducted in Garissa County. According to Ngechu (2004), a population is a well-defined set of people, services, elements and events, groups of things or households that are under investigation. The study targeted the Governor, CEC Members, members of the County Public Service Board, The Speaker of the County Assembly, an MCA, selected 150 male and female employees from all the 30 wards. A total of 155 respondents were targeted

3.3 Sampling Technique and Sample Size

Simple random sampling was applied to get a representative of male and female members of the society in Garissa County. In relation to this study purposive sampling was applied to select Governor, County Assembly Speaker, Chair Budget Committee, and an MCA.

Table 3.1 Sample from the County Government

Designation	
Governor	1
Chair, County Budget Committee	1
CEC, Finance, Economic planning	1
County Public Service Board	1
MCAs from Majority Party	1

Source: Garissa County Government

Table 3.2 Sample for Ward Employees

Sub county	Number of Electoral Wards	Representation of 2 Female and 3 Male in each ward
Township	4	4x 5=20
Balambala	5	5x 5 =25
Lagdera	6	6x 5= 30
Dadaab	6	6 x5= 30
Fafi	5	5x 5= 25
Ijara	2	2x 5= 10
Halugho	2	2x 5= 10
TOTAL	30	150

Source: Garissa County Government (2020)

Therefore, the study used questionnaires to collect data from the 150 employees and interview schedule to collect data from the 5 senior officials in the County.

3.4.1 Data Collection Instruments and Procedures

3.4.1 Questionnaires

Primary data was collected by use of a semi structured questionnaire, designed to include both and closed and open questions addressing all research questions for all the officers dealing with revenue collection and officers working in the other ministries of the county government.

The questionnaire was also used for the constituents of the county using 30 ward units of Garissa County. Secondary data was obtained from legal documents such as the Constitution, Acts of Parliament, laws passed by the County Assemblies, County Government Policies.

3.4.2 Interview Schedule

There was a structured interview guide for the key informants such as the Governor, CEC, chair of Boards, County Assembly member and MCAs.

3.4.3 Pilot Testing

The research instruments was pilot tested among a few employees in the County government of Garissa. Pilot testing was to guarantee validity and reliability of research tools. A pilot therefore was suitable in this research. Determination of the sample size for pilot study was guided by the assertion by Kothari (2008) supporting a sample between 1% and 10% of the sample size. In this case, 15 respondents were involved. The pilot sample size was selected through simple random methods. The sampled respondents were not involved in the actual data collection.

3.5 Data Processing and Analysis

The data was analyzed via both quantitative and qualitative approaches.

3.5.1 Qualitative Analysis

Data collected via interview schedules with CECs shall be analyzed qualitatively and themes related to county administration, policies and public participation analyzed. The secondary data themes was also analyzed.

3.5.2 Quantitative Analysis

Quantitative data analysis was done using descriptive statistics such as frequencies, means, percentages, standard deviation and correlation and was analyzed. Data presentation employed tools such as frequency tables, graphs and charts. Regression was used to test relationships.

Descriptive and inferential statistics was used in the analysis. Descriptive statistics involves the use of frequencies, means, percentages, standard deviation and correlation. Data was coded and analyzed thematically using SPSS programme version 20.0. Data was summarized under various themes and categories in relation to the research questions.

Inferential statistics involve use of correlation and multiple regression methods. Pearson Correlation was used to analyse continuous data involving more than two categories inter-factor relationships. Multiple regression models was used to determine causal relationships between generation of Own Source Revenue on financial sustainability

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y = Financial sustainability

X_1 = County policies

X_2 = County revenue administration

X_3 = Public consultation

ε = Error Term

3.6 Ethical Considerations

The researcher is the primary investigator with the main responsibility of ensuring safety, dignity and privacy of individuals and organizations during data collection. Data collection letter and a permit from NACOSTI were obtained before commencement of data collection process. Protection procedures was put in place regarding the anticipated production of archival data, questionnaires, interview recordings, transcribed interviews, consent forms, field notes and analyses generated during the research. All interviewed informants participated in the research based on informed consent. The forms described how data was stored and how confidentiality was maintained in the long term. The collected identified qualitative data was kept indefinitely for future comparative research.

Data management and Ethical issues related to the study was addressed by maintaining high level of confidentiality of the information volunteered by the respondents and not using the information for other purposes other than drawing the conclusion of the study. For anonymity, the respondents were requested not to write their identities in the questionnaire section while the appropriate chain of command was followed before the commencement of the data collection process. Consent of the participants was sought whereby to agreed to participate in the study through voluntary informed consent without threat or undue inducement.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter covers data analysis and interpretation of the results based on the objectives. Specifically, the chapter mainly outlines the results of the study in terms of the general information about participants, utilization of county policies, impact of county revenue administration and effect of public consultation. The results from the data analysis is summarized and displayed in the form of frequency, percentage, mean and summary tables.

4.2 Response Rate

The scholar dispatched 150 polls to the wards employees. However, 135 polls were completely filled and returned to the scholar. This gave a response rate of 90% which is deemed sufficient for the study. Moreover, Governor, all employees of Departments of revenue, finance and planning, Majority and Minority Leaders from the County Assembly and MCAs were available for interview schedule. This corroborates with Mugenda and Mugenda (2008) who recommends that more than 80% response from respondents is an excellent response rate. This also showed the respondents ' ability to transmit willingly the details and information relating to County's determinants of own source revenue mobilization in Garissa County, Kenya. The results are displayed in Figure 4.1.

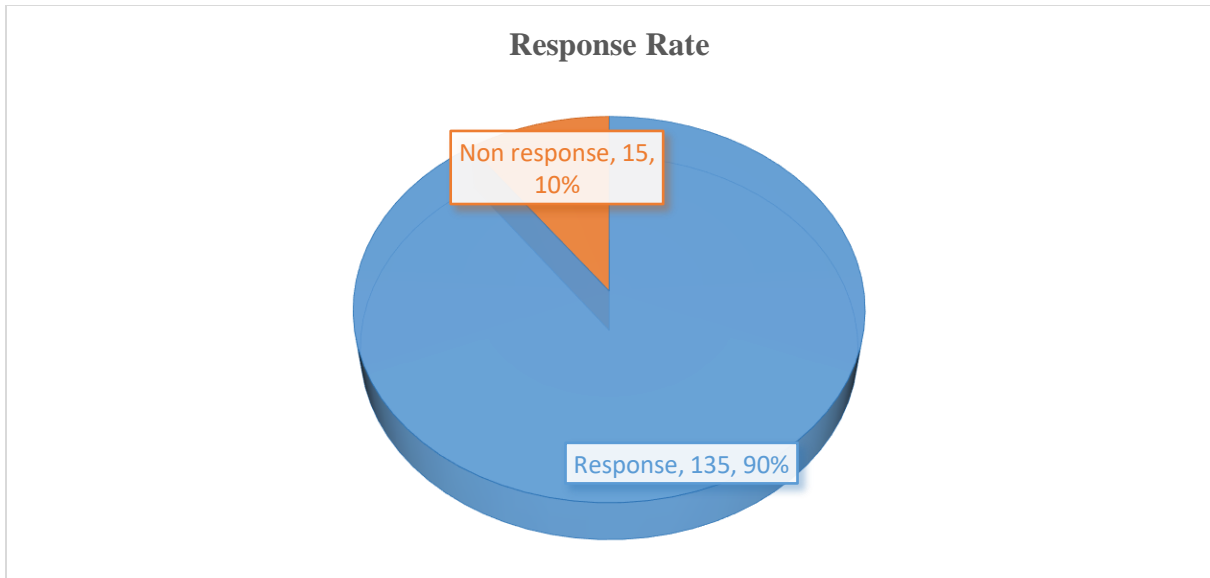


Figure 4.1 Response Rate Analysis

Source: Field Data (2021)

4.3 Demographic Information

This section presents results on gender, age and level of education.

4.3.1 Gender of the Respondents

Gender is a significant factor in a research as it will help in understanding social norms and power structures and how they affect our lives. However, the study determined the gender of the people dealings with generation of own source revenue and financial sustainability in Garissa County. The findings are presented in Table 4.1.

Table 4.1 Respondents' gender

Gender	f	%
Male	82	60.7%
Female	53	39.3%
Total	135	100%

Source: Field Data (2021)

The results in Table 4.1 demonstrates that majority 60.7% of the participants were male while 39.3% were female. There was a significant change in the gender distribution in the targeted ministries, wards and departments. This could be attributed to ward employees where majority were male. The results suggested that the number of employees employed in the Garissa County Government were fairly male.

4.2.2 Age of the Respondents

The participants were inquired from the questionnaires to specify their age. Age of the respondents is an indispensable factor in the study because it determines one's experience and way of responding to situations. Table 4.2 displayed the results.

Table 4.2 Age of the participants

Age	f	%
18 - 25years	17	12.6%
26 – 35 years	26	19.3%
36 – 45 years	46	34.1%
46 – 55 years	31	23.0%
Above 55 years	15	11.1%
Total	135	100%

Source: Field Data (2021)

The results in Table 4.2 indicates that 12.6% of the respondents were aged between 18-25 years, 19.3% were between 26- 35 years, 34.1% between 36-45 years, 23.0% between 46-55 and 11.1% over 55 years. The findings show that the respondents were dispersed well regarding age and henceforth they can contribute significantly the management of finance resources. The results show that the management of resources in Garissa County were mainly

handled by middle-aged people. This is an indication that the county has a good mixture of youthful employees and experienced senior employees.

4.2.3 Level of Education

The participants were inquired to specify their education level. The results are tabulated in Table 4.3.

Table 4.3 Education Level of Respondents

Qualifications	f	%
Diploma level	45	33.3%
Degree level	78	57.8%
Master level	12	8.9%
Total	135	100%

Source: Field Data (2021)

The results displayed in Table 4.3 demonstrated that 33.3% of the respondents had diploma, 57.8% had Bachelor’s Degree, and 8% had Master’s Degree. These results imply that all the respondents had requisite level of literacy to understand the information sought by this study. Education was found to be key in handling County duties in various departments and these is supported by Hezlett & Ones (2014) who suggested that education promotes key skills by bringing people to complete their tasks successfully with more declarative, quality and procedural knowledge.

4.2.4 Working Experience

The researcher inquired the participant to specify the number of years worked in Garissa County and gave the following responses as revealed in Figure 4.2;

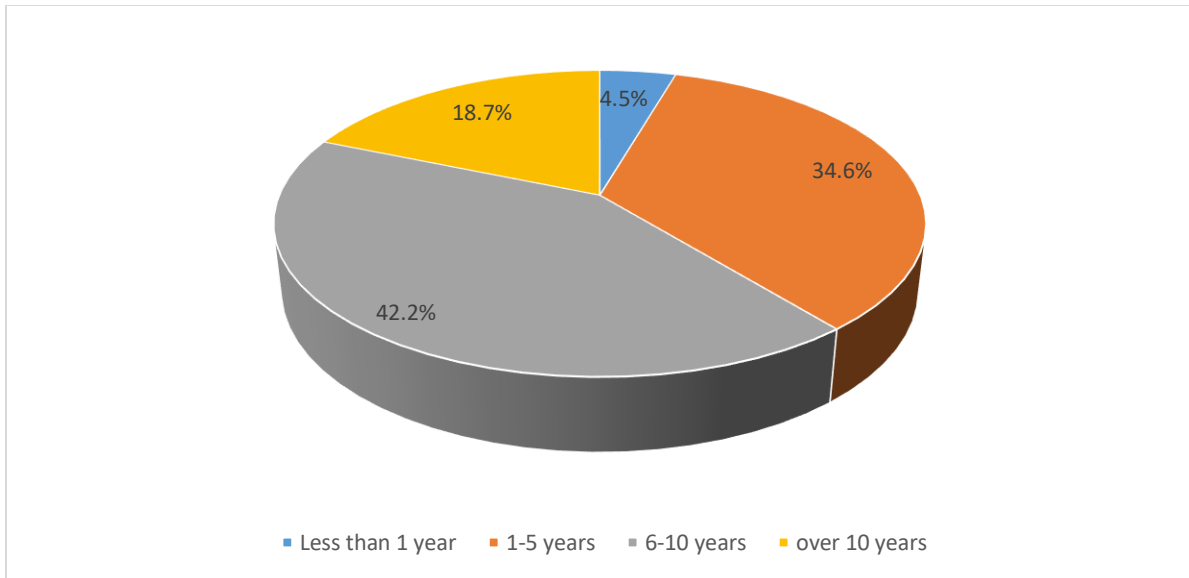


Figure 4.2 Working Experience

Source: Field Data (2021)

The results in Figure 4.2 revealed that 4.5% of the participants had for less than one year, 34.6% had worked between 1 and 5 years, 42.2% had worked between 6 and 10 years and 18.7% had worked for over 10 years. The findings clearly indicate that a majority of employees have worked for 6-10 years. Numerous participants had been with their current employers for more than 6 years. The goals set for the research were accomplished supported by knowledgeable caliber of employees used.

4.3 Descriptive Analysis

4.3.1 County Policies in Generating Own Source Revenue

Objective one was to assess how county policies determine financial sustainability in Garissa County. The participants were inquired to specify their level of agreement on statements regarding county policies on a Likert scale of 1 to 5. The results are presented in Table 4.4.

Table 4.4 County Policies in Generating Own Source Revenue

Statements	Mean	Std.Dev
There are approaches, rules and guidelines administering income assortment inside the region	3.21	0.56
The strategies, rules and guidelines administering income assortment inside the county are accessible to the public	3.34	0.61
The approaches, rules and guidelines are compelling	3.63	0.62
The execution of these arrangements, rules and guidelines are done in accordance with the public authority necessities	3.29	0.53
There are some operational changes that have been acquainted and executed with guarantee proficient income assortments	3.57	0.55
There are e-government procedure administering income assortment with the county	3.36	0.53
Average scores	3.40	0.57

Source: Field Data (2021)

On the county policies used to generate own source revenue, the respondents agreed that there are approaches, rules and guidelines administering income assortment within the county as indicated by a mean of 3.21 with standard deviation of 0.56. The respondents agreed that strategies, rules and guidelines administering income assortment inside the county are accessible to the public as supported by a mean of 3.34 with standard deviation of 0.61. The respondents agreed that policies, rules and regulations are effective as supported by a mean of 3.63 with standard deviation of 0.62. The respondents agreed that the execution of these arrangements, rules and guidelines are done in accordance with the public authority necessities as supported by a mean of 3.29 with standard deviation of 0.53. This is upheld by Gituma (2017) who set up that administration strategy, rules and guidelines had the best impact on ideal income assortment followed by defilement, at that point representative capability, abilities and preparing while innovation and data frameworks had minimal impact on ideal revenue gathering.

Additionally, the respondents agreed that there are some operational changes that have been acquainted and executed with guarantee proficient gathering of revenue as supported by a mean of 3.57 with standard deviation of 0.55. The respondents agreed that there are e-government procedure administering income assortment with the county as supported by a mean of 3.36 with standard deviation of 0.53. This agrees with the findings of Adenya and Muturi (2017) who established that county had competent personnel and adherence to internal controls, but limited technology and poor enforcement of taxation rules. The UNDP and Council of Governors (2015) report analyzed the constitutional, legal, policy and institutional frameworks being negotiated by the national and county governments or other state corporations. The report recommended the institutionalization of effective government relations, a policy and legal framework alignment and clarity of roles between the two levels of government.

From the interviewed schedule, one of the respondents notes that; Funding from the bureaucratic and state government for wellbeing and human administrations is the biggest source of revenues for county. Sales taxes and property taxes are the primary funding sources for many county services that do not have a dedicated state or federal funding source. Implementation of revenue collection strategies attracts strong opposition in the County. To give effect to Article 209 (3) of the constitution, county governments are required to enact property rating and valuation legislation. Since devolution, Garissa County government was unable to do so. Also, there is poor integration of county revenue administration and management information systems; poor regulation and standardization of ICT systems for

revenue management and administration and; poor capacity building among staff of the county.

4.3.2 County Revenue Administration in Generating Own Source Revenue

The study sought to determine the county revenue administration and how they affected financial sustainability. The participants were inquired to specify their level of agreement on statements regarding county revenue administration on a Likert scale of 1 to 5. The results were presented in Table 4.5.

Table 4.5 County Revenue Administration

Statements	Mean	Std Dev
The county trains its employees on revenue collection strategies	2.56	1.63
The county trains members of the public on the importance of paying taxes, fees among others	2.14	1.59
The county recruits well qualified and trainers of revenue collection	2.01	1.57
Employees in revenue collection departments regularly attend training on revenue management	2.42	1.67
The county use electronic facilities in collecting revenue	2.51	1.64
Average scores	2.33	1.62

Source: Field Data (2021)

The results in Table 4.5 indicates that majority of the respondents disagreed that county trains its employees on revenue collection strategies (mean = 2.56, standard deviation =1.63), the county trains members of the public on the importance of paying taxes, fees among others (mean = 2.14, standard deviation =1.59), the county recruits well qualified and trainers of revenue collection (mean = 2.01, standard deviation =1.57), employees in revenue collection departments regularly attend training on revenue management (mean = 2.42, standard

deviation =1.67) and the county use electronic facilities in collecting revenue (mean = 2.51, standard deviation =1.64).

One of the member from the interview schedule notes that; County acknowledged lack of accurate and in some cases complete lack of data to aid in revenue collection and administration. In fact, most of the county records have been in manual form dating back from colonial times thus accuracy is not guaranteed. For example, rate payers' database is poorly maintained hindering efficient billing and revenue collection. It is noteworthy that automation will help to eliminate the challenge of county revenue officials handling cash, which contributes to revenue leakages. In fact, majority of respondents noted that their preferred mode of payment of taxes and fees was through mobile and electronic platforms in support of automation.

The findings agreed with the findings of Naburi (2017) which revealed that there are low compliance rates. The study also established that county government relied on reactive interest, social pressure of publishing names of defaulters, sanctions and penalties. This was due to weak administration and political interference. Kimutai (2017) established that that training, technology and stakeholder collaboration have a positive and significant impact on revenue mobilization strategies.

4.3.3 Public Consultation in Generating Own Source Revenue

Third objective of the study was to establish how public consultations determine financial sustainability in Garissa County. The participants were inquired to specify their level of agreement on statements regarding public consultation on a Likert scale of 1 to 5. The findings were presented in Table 4.6.

Table 4.6 Public Consultation in Generating Own Source Revenue

Statements	n	Min	Max	Mean	Std Dev
The County involves members of the public in making revenue collection policy	135	1.00	5.00	2.51	1.05
The County involves national government officials in making revenue collection policy	135	1.00	5.00	2.23	1.19
The County collaborates with potential donors in strategizing on revenue generation	135	1.00	5.00	2.21	1.15
The County allows business community to participate in revenue collection strategies making	135	1.00	5.00	2.12	1.09
Average scores				2.27	1.12

Source: Field Data (2021)

Table 4.6 presents the findings on public consultation regarding revenue collection. The findings revealed that majority of the respondents disagreed that the county involves members of the public in making revenue collection policy (mean = 2.51, standard deviation =1.05), county involves national government officials in making revenue collection policy (mean = 2.23, standard deviation =1.19), the county collaborates with potential donors in strategizing on revenue generation (mean = 2.21, standard deviation =1.15) and the county allows business community to participate in revenue collection strategies making (mean = 2.12, standard deviation =1.09). The result was supported by Lakin and Mogaka (2016) who argue that the concept of public participation needs to be refined by anchoring it on deliberative democracy which requires government to make proposals, justify those proposals and create space for the justifications to be debated.

From the interviewed respondents, the following sentiments were summarized; Public participation in the county focuses on the rules, regulations, principles or philosophies that guide public awareness and stakeholder engagement in formulation of policy and

implementation. The process of county revenue collection and management should reflect transparency, public participation, accountability and good governance. The Constitution lays down national values and principles of governance under Article 10(2), which include the rule of law, public participation, good governance, transparency, inclusiveness, accountability, integrity and sustainable development. The Constitution also requires all state organs as well as state and public officers to observe national values and principles in the formulation and implementation of public policy decisions.

The PFM Act (2012), which establishes major institutions and assigns them responsibilities, also emphasizes public traits and norms. Adherence to these qualities will result in: improved ratepayer understanding of income-raising measures; decreased income spillages; improved control through better account and detailing and deliberate consistency, resulting in provinces expanding their OSR assortment; and more assets to the areas to finance their need tasks and projects.

4.3.4 Financial Sustainability of Garissa County

The study aimed to determine the level of financial sustainability in Garissa County Government.

Table 4.7 Financial Sustainability of Garissa County

Statements	Mean	Std Dev
The County revenue collection level has increased since devolution	2.74	1.11
The increase in revenue has been as a result of political sustainability	2.44	1.14
The County project completion rate is effective	2.31	1.00
The County utilizes its financial resources effectively	2.33	1.26
Average scores	2.46	1.13

Source: Field Data (2021)

The results from analysis indicates that the County revenue collection level has not increased since devolution (Mean=2.74, Std.Dev=1.11). The results indicates that there is issues with political sustainability in ensuring revenue collection increase (Mean=2.44, Std.Dev=1.14). The study also established that the County project completion rate was ineffective (Mean=2.31, Std.Dev=1.00). The study found out that the County utilizes its financial resources ineffectively (Mean=2.33, Std.Dev=1.26). During the interviews, respondents were asked about the hindrances of reaching a financially sustainable County. The most common issues identified in the data were the meaning of shifts in economic cycles. Respondents talked about these shifts, and the impact on the financial sustainability of their county, and the impact on tax income was clearly recognized by the respondents. Furthermore, the frustration regarding the limited possibilities to influence these shifts was shared among respondents. Due to the economic cycle shifts, unemployment, lower numbers of jobs, local effects such as a closing of a local factory, and the mobility of people to bigger cities were all factors that respondents referred to when talking about the financial conditions of their County

Local politicians believed that these factors were out of their reach or that they had limited possibilities to tackle these issues. As one local politician said: “Our tax incomes are decreasing, unemployment rates are above average, and our population is diminishing, these are the worst. In addition, our operating expenditures are increasing, and they are always exceeding budget appropriations, we have no control over them.” Apart from that, changes made in government legislation were regarded as out-of-reach of political decision-making. New obligations for counties and cuts in state grants were examples of the ambiguous

relationship between county and national levels of government affecting the financial sustainability of County government.

Apart from the difficulties with management and decision-making, one clear topic in their interpretations of financial sustainability is the use of the county's resources. Questions on how the resources were used to complement the questions of how much and what kind of resources the County has. Interviewees had the sense that county operations must be organized economically, efficiently, and effectively, with "common sense". Respondents highlighted the issue of performance and outcomes in the connection of financial sustainability. However, the aspect of performance as a dimension of financial sustainability is not a simple one; rather, it is complex by nature and needs further contemplation, as illustrated by one interviewee.

Overall, based on the analysis of the data, respondents saw financial sustainability two-fold: As income and expenditure. Expenditure is, or should be, in the control of a county, and as such, in reach of political decision-making. In their interviews, local politicians expressed the need for more opportunities to impact the expenditures of the county. Expenditure was also closely related to questions of performance. On the other hand, income is seen only limitedly in the reach of political decision-making. Politicians perceive income as vital but "external", in the sense that a revenue base cannot be increased by a given county's actions, at least not in the short term. Long-term policymaking in counties can boost the county economy, and land use planning can attract new inhabitants to strengthen the revenue base. Naturally, the matter of tax rates "as the only possibility" is vital in the context of securing adequate incomes.

4.4 Inferential Statistics

The researcher conducted a multiple regression analysis to determine the impact of generation of own source revenue on financial sustainability in Garissa County, Kenya. The findings of Model Summary, ANOVA and Regression coefficients are presented in Table 4.7.

Table 4.7 Modal Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.926	0.857	0.852	0.254

a. Predictors: (Constant), Public Consultations, County Revenue Administration, County Policies

Source: Field Data (2021)

Table 4.7 shows the model outline. From the outcomes, R was 0.926, changed R square was 0.857 and R squared was 0.852. Changed R square of 0.852 infers that 85.2% of changes in monetary manageability in Garissa County are clarified by the free factors of the examination. Notwithstanding, there are different components that influence monetary supportability that is excluded from the model which represents 14.8%. A R of 0.926 then again connotes a solid positive connection between the factors of the investigation.

Table 4.8 ANOVA

Model	SS	df	MS	F	Significance
Regression	137.34	4	624.1	3.68	0.002
Residual	26.13	131	0.732		
Total	293.54	135			

a. Dependent Variable: OSR

b. Predictors: (Constant), Public Consultations, County Revenue Administration, County Policies

Source: Field Data (2021)

The ANOVA Table 4.8 was conducted at 95% level of significance. The research attained a P-Value of 0.003 which is less than the significance level of 0.05. Therefore, this indicates that the results were statistically significant. It implies that generation of own source revenue influence financial sustainability in Garissa County. The general model of regression was significant hence there is a significant relationship between independent and dependent variables. Also, $F_{\text{Calculated}}$ was 3.68 and F_{Critical} was 2.14, thus $F_{\text{Calculated}} > F_{\text{Critical}}$ an indication that the overall regression model was significant for the study.

Table 4.9 Regression Coefficients

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.131	0.756		2.267	.002
County policies	0.536	0.0783	0.2342	2.578	.000
County revenue administration	0.437	0.0599	0.0534	2.128	.000
Public consultation	0.443	0.0514	0.0456	2.321	.002

Source: Field Data (2021)

As per the generated Table 4.9, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$) becomes:

$$Y = 8.131 + 0.536X_1 + 0.437X_2 + 0.443X_3$$

Where Y = Financial sustainability, X_1 = County policies, X_2 = County revenue administration and X_3 = Public consultation

The results in Table 4.9 established that holding all factors (county policies, county revenue administration and public consultation) constant at zero, financial sustainability in Garissa County will be 8.131. The results shown also revealed that taking all other independent variables at zero, a unit increase in county policies would lead to a 0.536 increase in financial

sustainability in Garissa County and a unit increase in county revenue administration would lead to a lead to a 0.437 increase in financial sustainability in Garissa County. In addition, the results show that a unit increase in public consultation would lead to a 0.443 increase in financial sustainability in Garissa County. The findings agree with findings of Ngicuru, Muiru and Riungu (2016) which established that tax administration affects revenue through competent staff, availability of computers, postal communication system and tax education. Tax structure affects tax collection through flexibility, neutrality, equitability and simplicity while different forms affect the amount of tax collected. Revenue diversification had a significant impact on the amount of tax collected.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presents the summarized results related to generation of own source resource and financial sustainability in county governments. The conclusions were based on the findings sourced from the respondents through questionnaires and interviews. Recommendations were based on suggestions gotten from interview sessions with the key informants and also guided by the study conclusions.

5.2 Summary of the Findings

Objective one of the research was to assess how county policies determine financial sustainability in Garissa County. The results established that numerous participants agreed that there are strategies, rules and guidelines administering income assortment inside the region, there are rules and guidelines overseeing income assortment inside the province are accessible to the general population, approaches, rules and guidelines are powerful, the execution of these arrangements, rules and guidelines are done in accordance with the public authority necessities as shown by a mean of 3.21, 3.34, 3.63 and 3.29 respectively. This is an indication that county policies on revenues collection had the greatest effect on optimal revenue collection.

Objective two of the study was to determine the county revenue administration and how they affected financial sustainability. The results of the study indicate that majority of the respondents disagreed that county trains its employees on revenue collection strategies and the county trains members of the public on the importance of paying taxes, fees among others as represented by a mean of 2.56 and 2.14. The results also indicate that the respondents disagreed with the statements that county recruits well qualified and trainers of revenue

collection, employees in revenue collection departments regularly attend training on revenue management and the county use electronic facilities in collecting revenue as shown by a mean of 2.01, 2.42, and 2.51 respectively. This indicate that county government of Garissa does not have effective strategies in revenue collection and administration.

Objective three of the research was to establish how public consultations determine financial sustainability in Garissa County. Numerous participants disagreed that the county involves members of the public in making revenue collection policy, county involves national government officials in making revenue collection policy, the county collaborates with potential donors in strategizing on revenue generation and the county allows business community to participate in revenue collection strategies making as shown by a mean of 2.51, 2.23, 2.21 and 2.12 respectively. Public participation needs to be refined by anchoring it on deliberative democracy.

5.3 Conclusions

From the results of the research, study concluded that; county governments have looked for elective financing techniques to keep up the current degree of public spending and nature of the public help without raising tax rates and levies. The study concluded that the use of multiple sources of revenue ensures the predictability and consistency of revenue sources in counties. No single source of finance has power or is dependent on at the detriment of other financial sources.

The administrators of revenues in county government lack basic skills for the capacity to performance the necessary tasks which is a critical factor behind poor enforcement strategies. County income staff inherited from the former municipal government have no knowledge of the laws of taxation. Employees in revenue collection departments are not trained regularly

on revenue management. Moreover, the county did not use electronic facilities in collecting revenue. This was due to weak administration and political interference.

Public participations were not involved in making revenue collection policy. Also, the county did not involve national government officials in making revenue collection policy. The process of county collection of revenue and management ought to reflect transparency, public investment, responsibility and great administration. There is not collaboration between county members and donors in strategizing on revenue generation. The county hinders business community from participating in revenue collection strategies. This prevent transparency, accountability, integrity and inclusiveness of all members in public participation.

5.4 Recommendations

The study recommendation that the project management team involved in monitoring and evaluation should determine priorities and sequences to improve procedures used in preparation of budgets and also all the CDF projects should start on time and be completed within the given period. The county government of Garissa should train the new employees on key values for management of revenue management like preparation, scheduling, inspection, accounting and reporting. The tremendous number of under-qualified easygoing laborers presently engaged with gathering area income ought to be consumed inside or outside the office and allocated obligations that match their abilities.

The study recommended a guided policy framework to be developed to capture participatory in budget process which will enhance stakeholders' involvement and thus will go a long way in ensuring that the CDF projects thrive empowering many poor people. The committee should set aside finances for civic education on participatory and project involvement of the

communities in Garissa County. It should fully commit itself both for logistic support and financial backing to enhance effective stakeholders' participatory in CDF projects.

5.5 Recommendations for Further Study

Likewise, research can be conducted in the other counties in Kenya to ascertain if consistent results can be achieved. Besides, further examination ought to be completed to explore the impact of different components that have not been conceptualized in this investigation especially considering the experimental ramifications of the coefficient of determination portrayed from the result of model outline.

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APPENDIX I: LETTER OF INTRODUCTION

(Own Address)_____

The _____

Dear Sir/Madam,

RE: INTRODUCTION LETTER

I am a student pursuing a degree of Masters of Arts in Public Policy and Administration at Kenyatta University carrying out research on generation of Own-Source Revenue Mobilization on financial sustainability in Garissa County.

Please note:

- Do not write your name on the questionnaire
- All responses will be strictly treated in confidence and for examination purposes
- Please give truthful and realistic responses to questions to enable me reach a reasonable conclusion.

I kindly request you for your cooperation.

Yours faithfully,

Osman Abdisalam Abdille

APPENDIX 1I: QUESTIONNAIRES

Dear Participant,

This questionnaire seeks to explore revenue mobilization strategies in County governments in Kenya. The research is meant for academic purpose only.

You are among the many participants who have been selected to participate in this study. Your co-operation and assistance in completing this questionnaire will be highly appreciated. All the information given will be considered and treated with utmost confidentiality.

Let me take this opportunity to thank you in advance for taking part in this study.

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender: Male Female

2. Age: Between 18-25 Between 26-35 Between 36-40 Between 41-44 Between 45-50 50 and above

3. Highest level of education:

Secondary College University Others

Specify.....

4. Years of service:

•Less than 1 year 6-10 years 1-5 years Over 10 years

5. Please indicate your designation.....

SECTION B: COUNTY COLLECTIONS

1. a) What revenue mobilization strategies has your county adopted? (Please respond by ticking)

a) Property taxes () b) Natural revenue rents () c) Business licenses ()

d) Loans () e) Community participatory framework ()

f) Market dues and fees () g) Any other (please specify).....

b) Kindly rate the performance of each revenue mobilization strategy with regard to revenue generation to the county government.

		Highly Effective	Effective	Don't know	Ineffective	Highly ineffective
C1	Property tax					
C2	Natural revenue rents					
C3	Business licenses					
C4	Loans					
C5	Market dues & fees					

SECTION C: TRAINING IN REVENUE MOBILIZATION

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes: 1-Strongly Disagree (SD), 2 – Disagree (D), 3 – Undecided (U), 4 – Agree (A), 5 – Strongly Agree (SA)

		SA	A	N	D	SD
T1	The county trains its employees on revenue collection strategies					
T2	The county trains members of the public on the importance of paying taxes, fees among others					
T3	Most of the business persons have been trained on how to use online registration of business license					
T4	The county recruits well qualified and trainers of revenue collection					
T5	Employees in revenue collection departments regularly attend training on revenue management					

SECTION D: REVENUE MOBILIZATION TECHNOLOGY

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		1	2	3	4	5
Tech1	The county use electronic facilities in collecting revenue					
Tech2	I like the technology applied by the county government in collecting revenue					
Tech3	The use of technology ease revenue collection					
Tech4	The technology used by the county government is adequate					
Tech5	The technology speeds collection of revenue					

SECTION C: PUBLIC CONSULTATION

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes.

		SA	A	N	D	SD
SC1	The County involves members of the public in making revenue collection policy					
SC2	The County involves national government officials in making revenue collection policy					
SC3	The County collaborates with potential donors in strategizing on revenue generation					
SC4	The County allows business community to participate in revenue collection strategies making					

SECTION D: REVENUE COLLECTION INFRASTRUCTURE DEVELOPMENT

Please tick the most appropriate number that corresponds closely to your desired response. Specify on scale of 1-5 representing the degree to which you agree or disagree with the following attributes:

		SA	A	N	D	SD
ID1	The County has put adequate infrastructure to facilitate revenue collection					
ID2	The County infrastructure for revenue collection are in good status					
ID3	we are able to perform out duties effectively with the existing infrastructure					
ID4	the county offices for revenue are well equipped					

SECTION E: CHALLENGES FACED BY GARISSA COUNTY GOVERNMENTS IN IMPLEMENTING REVENUE MOBILIZATION STRATEGIES

	SA	A	N	D	SD
Low caliber of revenue staff.					
Lack of basic amenities.					
Poor monitoring.					
Inadequate logistics.					
Poor tax education.					
Lack of motivation.					
Under declaration of revenue by collectors.					
Lack of data for items to be taxed.					
Unreliable revenue data.					
Poor expenditure control					
Inadequate revenues for revenue mobilization					

2. a) What are the challenges your county government faces in mobilizing local revenues.....

b) What do you think should be done to address the above-mentioned challenges?

SECTION F: APPROPRIATE REVENUE MOBILIZATION STRATEGIES FOR DEVELOPMENT IN COUNTY GOVERNMENTS

	SA	A	N	D	SD
The county government should establish monthly revenue collection targets for the collectors;					
The County government should provide bonus and other incentives for revenue collectors;					
The County government should undertake revenue mobilization education or training for its employees;					
The County government should prosecute rate defaulters promptly;					
The County government should introduce system that rewards innovation in revenue mobilization strategies;					
The County government should update its revenue database regularly;					
More markets should be built by the County government for distribution to traders in order to ensure that the city center's is decongested and also build satellites market in the various areas for the people to sell their goods and services to attract the collection of revenue					

c) Kindly suggest the appropriate revenue mobilization strategies that can be adopted by the county government to drive development

SECTION D: GOVERNMENT POLICIES AND REGULATIONS

Please indicate using the scale 5-1 (as shown below) the extent to which you agree or disagree with the following statements; 5 - Strongly agree: 4 - Agree: 3 - Neutral: 2 - Disagree: 1-Strongly disagree

	Government Policies and Regulations statements	5	4	3	2	1
1.	There are policies, rules and regulations governing revenue collection within the county					
2.	The policies, rules and regulations governing revenue collection within the county are available to the public					
3.	The policies, rules and regulations are effective					
4.	The implementation of these policies, rules and regulations are done in line with the government requirements					

5.	There are some operational reforms that have been introduced and implemented to ensure efficient revenue collections					
6.	There are e-government strategy governing revenue collection within the county					

SECTION E: Financial Sustainability of Garissa County

Government Policies and Regulations statements	5	4	3	2	1
The County revenue collection level has increased since devolution					
The increase in revenue has been as a result of political sustainability					
The County project completion rate is effective					
The County utilizes its financial resources effectively					
The County revenue collection level has increased since devolution					
The increase in revenue has been as a result of political sustainability					

APPENDIX III: INTERVIEW GUIDE

SECTION B: PERTINENT INFORMATION

1. What is the main source of revenue in county?
2.
 - a) Kindly rate the revenue collection exercise in your county.
 - b) What challenges is your county facing in revenue collection.
 - c) What do you think should be done to enhance revenue collection for development?
3. What local revenue mobilization strategy has your county government adopted?
 - b) Kindly evaluate each of the local revenue mobilization strategy with regard to revenue generation and county development.
 - c) What challenges do you face as a county in mobilizing the local revenues?
 - d) What are the ways you think the challenge (s) you have mentioned in (4c) can be addressed to drive development in your county?

PART C: COUNTY LEGISLATIONS AND POLICIES

4. Has the Garissa County adopted any revenue collection Legislations and policies?
5. If yes, which of these county legislations did the county incorporate as part of revenue collection strategy since the adoption of County government?
6. What were the notable challenges faced during the implementation of these legislations and policies?
7. In your opinion, were the legislations and policies effective towards improved revenue collection?
8. In your opinion, why were these policies and legislations as mentioned not effective?

9. What are some of the challenges facing the County in revenue collection?
10. Are there public consultation on Revenue collection?

PART C: COUNTY REVENUE ADMINISTRATION

11. Do you have a register of Revenue tax payers?
12. Do the Registers include all persons and Business liable to pay/remit tax in Garissa County?
13. What intervals are the registers updated?

PART D: PUBLIC CONSULTATION

14. Do you agree that the members of public should be involved in the development and implementation of Revenue Collection strategies?
15. How did you participate in managing resources for development of your schools?

PART D: FINANCIAL SUSTAINABILITY

16. What is the level of financial sustainability in the county?
17. Name some of the challenges faced in ensuring the financial sustainability and support?

THANKS, YOU FOR YOUR PARTICIPATION