Fiscal Decentralization and Urban Infrastructure Development in Uganda: A Case Study of Ibanda Municipality, Ibanda District

Amongin Joyce, Mutabaruka Fredrick

Directorate of Graduate Studies and Training, Ibanda University, P.O. Box 35, Ibanda, Uganda

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ABSTRACT

The study examined the relationship between fiscal decentralization and urban infrastructure development in Uganda, focusing on Ibanda Municipality in Ibanda District. Fiscal decentralization is intended to strengthen the capacity of local governments to mobilise, allocate and manage financial resources in response to local development priorities. However, urban infrastructure development continues to face challenges associated with inadequate financial resources, delayed central government transfers, limited local revenue mobilisation and accountability concerns. The study specifically examined fiscal decentralization practices, urban development mechanisms, accountability mechanisms and the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality. A descriptive research design employing a mixed-methods approach was adopted. The study population comprised 74 respondents, from whom a sample of 69 respondents was selected. These included municipal councillors, entrepreneurs and key informants. Data were collected using questionnaires, interviews and document review. Quantitative data from 56 respondents were analysed using frequencies, percentages, Pearson correlation and regression analysis, while qualitative data from 13 key informants were analysed thematically. The study achieved a response rate of 100%. Findings revealed that 75.0% of respondents agreed that greater municipal financial autonomy improves infrastructure development, while 78.6% indicated that timely release of government funds supports timely implementation of infrastructure projects. Pearson correlation analysis established a positive and statistically significant relationship between fiscal decentralization and urban infrastructure development ($r = 0.684$, $p < 0.001$, $N = 56$). The derived simple regression model indicated that fiscal decentralization accounted for approximately 46.8% of the variation in urban infrastructure development. The study concludes that fiscal decentralization is an important predictor of urban infrastructure development in Ibanda Municipality. It recommends strengthening local revenue mobilisation, ensuring timely release of central government transfers, improving municipal financial accountability and enhancing stakeholder participation in infrastructure planning and implementation.

Keywords: Fiscal decentralization, urban infrastructure development, local government, financial autonomy, accountability, Ibanda Municipality.

1.0 INTRODUCTION

Fiscal decentralization is an important component of decentralisation reforms intended to transfer financial responsibilities and decision-making powers from central government to lower levels of government. It involves the assignment of expenditure responsibilities, revenue mobilisation powers and intergovernmental fiscal transfers to local governments. Through fiscal decentralization, local governments are expected to make financial decisions that respond to the needs and priorities of their communities. According to Livingstone and Charlton (2001), fiscal decentralization in Uganda involves transferring financial responsibilities to local governments while providing them with opportunities to mobilise their own revenue. However, the authors observed that the revenue-raising capacity of local governments was not commensurate with the expenditure responsibilities assigned to them. This raises concerns about the financial capacity of local governments to implement decentralised development programmes and provide essential public services.

In Uganda, decentralisation is provided for under the Constitution of the Republic of Uganda (1995) and the Local Governments Act, Cap. 243. These legal frameworks assign local governments responsibilities for planning, budgeting, revenue mobilisation and the delivery of public services. The Fiscal Decentralization Strategy and subsequent intergovernmental fiscal transfer reforms were intended to strengthen local government financial autonomy, improve the allocation of public resources and enhance service delivery. The World Bank (2024) highlights the importance of improving the intergovernmental fiscal transfer system to address weaknesses in the financing of local governments and strengthen their capacity to deliver services. Therefore, effective fiscal decentralization requires not only the transfer of responsibilities but also the provision of adequate financial resources and sufficient decision-making authority to local governments.

Despite these reforms, local governments in Uganda continue to depend substantially on central government transfers. According to the Local Government Finance Commission (LGFC, 2024), direct transfers to local governments increased from UGX 3,145.7 billion in financial year 2019/2020 to UGX 3,623.9 billion in 2020/2021, UGX 4,623.1 billion in 2021/2022, UGX 4,805.4 billion in 2022/2023 and UGX 5,180.8 billion in 2023/2024. However, the proportion of the national budget allocated as direct transfers to local governments was 12.54% in 2019/2020, 11.10% in 2020/2021, 13.66% in 2021/2022, 13.05% in 2022/2023 and 15.26% in 2023/2024. Although the nominal amount of transfers increased over the period, the figures demonstrate that local governments continued to operate within a financing system in which a substantial proportion of public resources remained under central government control. This may constrain the financial discretion of municipalities when responding to emerging infrastructure needs.

Local revenue mobilisation is another important aspect of fiscal decentralization because it provides local governments with resources to complement central government transfers. The Local Government Finance Commission (LGFC, 2024) reported that locally generated revenue increased from UGX 256.4 billion in financial year 2020/2021 to UGX 318.6 billion in 2021/2022, UGX 362.2 billion in 2022/2023 and UGX 405.7 billion in 2023/2024. The revenue collected in 2023/2024 included UGX 28.2 billion from local service tax, UGX 4.5 billion from local government hotel tax, UGX 50.1 billion from property-related duties and fees, UGX 178.9 billion from user fees, UGX 33.1 billion from licences and UGX 111.0 billion from other sources. Furthermore, the Ministry of Finance, Planning and Economic Development (MoFPED, 2024) reported that local governments collected UGX 405.7 billion against an approved revenue target of UGX 454.4 billion in 2023/2024, representing an achievement rate of 89.3%. Although this reflects improvement in local revenue performance, the difference between targeted and actual collections demonstrates the need to strengthen revenue administration and expand the local revenue base.

The financial position of local governments is also reflected in the contribution of local government revenue and expenditure to the national economy. The Uganda Bureau of Statistics (UBOS, 2025), in the Statistical Abstract 2024, reported that total general government revenue in financial year 2023/2024 amounted to UGX 34,188.6 billion. Local government revenue accounted for UGX 4,974.7 billion, representing 14.6% of total general government revenue, while central government revenue accounted for 85.4%. In the same financial year, local government expenditure was estimated at UGX 5,129.9 billion, representing 13.4% of general government expenditure, compared with UGX 5,666.4 billion or 14.4% in 2022/2023. The figures illustrate the important role of local governments in public expenditure and service delivery, while also demonstrating the need for adequate and sustainable financing arrangements to support their responsibilities. UBOS cautions that the 2023/2024 local government figures in this publication are estimates rather than final actual outturns.

Urban infrastructure development is increasingly important in Uganda because of rapid population growth and increasing demand for urban services. According to UBOS (2024), Uganda's population increased from 34,634,650 people in 2014 to 45,905,417 people in 2024, representing an increase of approximately 32.5% over the ten-year period. The average annual population growth rate was 2.9% in 2024, compared with 3.0% in 2014. More recent urban population statistics published by UBOS (2026) indicate that Uganda's urban population increased from approximately 7.4 million people in 2014 to 17.5 million in 2024. This increase places additional pressure on urban roads, drainage systems, sanitation facilities, waste management services, street lighting and other public infrastructure. The growth in urban population is associated with natural population increase, rural-to-urban migration, the creation of new urban centres and changes in the boundaries of existing urban areas.

Consequently, urban authorities require adequate financial resources and effective planning systems to respond to increasing infrastructure demands.

The demand for urban infrastructure is also connected to household access to basic services and the need to improve urban living conditions. UBOS (2024) reported that 81.1% of Ugandan households had access to improved water sources, while 53.4% had access to electricity, comprising 25.3% connected to the national electricity grid and 28.1% using solar energy. The census also reported that 41.2% of the population used safely managed sanitation services. These national indicators demonstrate the continuing importance of infrastructure investment in improving access to essential services and living conditions. For urban local governments, infrastructure planning therefore needs to address roads, drainage, sanitation, electricity-related infrastructure and other services required to support growing urban populations and economic activities.

Urban infrastructure development is essential for improving the functionality, productivity and attractiveness of urban areas. Roads facilitate transportation and the movement of goods and people, drainage systems reduce flooding, sanitation infrastructure supports public health, and street lighting enhances security and economic activities. The World Bank (2015), in its Uganda Economic Update on urbanisation, highlighted the importance of strengthening urban planning, municipal institutional capacity and infrastructure investment to support the development of Uganda's cities and urban centres. Similarly, the World Bank's Uganda Support to Municipal Infrastructure Development programme emphasised the need to improve municipal infrastructure and strengthen the institutional capacity of urban local governments to plan, manage and implement development projects. These observations suggest that infrastructure development requires not only financial resources but also effective institutional arrangements for planning, procurement, supervision and maintenance.

Despite the importance of fiscal decentralization, local governments continue to experience challenges relating to inadequate local revenue, dependence on central government transfers, limited financial discretion and weaknesses in public financial management. Livingstone and Charlton (2001) established that the revenue-raising capacity of Ugandan local governments was insufficient to match their expenditure responsibilities. The financing statistics published by LGFC (2024) also show that local government transfers represented 15.26% of the national budget in 2023/2024, while locally generated revenue amounted to UGX 405.7 billion. These figures demonstrate the continuing importance of both central government transfers and local revenue mobilisation in financing decentralised responsibilities. Where available resources are inadequate or released late, municipalities may experience difficulties in implementing infrastructure projects according to approved development plans, maintaining existing facilities and responding to emerging urban development priorities.

Accountability and institutional capacity are equally important in ensuring that decentralised financial resources contribute to urban infrastructure development. The World Bank (2015) identified the importance of strengthening urban institutional capacity and improving planning and management systems to support effective urban development. In addition, the intergovernmental fiscal transfer reforms in Uganda emphasise improving the efficiency, transparency and accountability of local government financing. Financial reporting, internal auditing, transparent procurement, contractor supervision and community monitoring are important mechanisms through which municipalities can ensure that public resources are utilised for their intended purposes. Therefore, the effectiveness of fiscal decentralization depends not only on the availability of financial resources but also on the ability of local governments to manage those resources transparently and accountably (World Bank, 2024).

At the local level, the 2024 National Population and Housing Census provides important evidence for understanding infrastructure demands in Ibanda Municipality. UBOS (2025), in the Ankole Sub-region Census Profile Report, recorded a total population of 126,088 people in Ibanda Municipality, comprising 57,878 males and 68,210 females. The municipality consisted of Bisheshe Division with 39,962 people, Bufunda Division with 45,262 people and Kagongo Division with 40,864 people. The population distribution demonstrates the scale of the urban population that municipal authorities are expected to serve through infrastructure and other public services. The increasing demand for roads, drainage, sanitation, waste management and other urban facilities makes effective planning and financing essential for municipal development.

Ibanda Municipality, located in Ibanda District, therefore provides an important context for examining the relationship between fiscal decentralization and urban infrastructure development. With a population of 126,088

people recorded in the 2024 census, the municipality requires adequate and predictable financial resources to develop and maintain infrastructure that supports residents, entrepreneurs and other urban stakeholders. National statistics demonstrate that local governments depend on central government transfers while also being expected to mobilise their own revenue to finance decentralised responsibilities. However, national-level statistics do not independently establish the adequacy of financial resources or the condition of infrastructure in Ibanda Municipality. This creates a need for empirical investigation into how local revenue mobilisation, central government transfers, municipal financial autonomy and accountability arrangements relate to infrastructure development within the municipality. Accordingly, this study examined fiscal decentralization and urban infrastructure development in Ibanda Municipality, focusing on fiscal decentralization practices, urban development mechanisms, accountability mechanisms and the relationship between fiscal decentralization and urban infrastructure development.

2.0 PURPOSE OF THE STUDY

The purpose of the study was to examine the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality, Ibanda District.

3.0 LITERATURE REVIEW

3.1 Fiscal Decentralization and Urban Infrastructure Development

Fiscal decentralization may influence urban infrastructure development through its contribution to local revenue mobilisation, financial autonomy, resource allocation and the implementation of development plans. Municipalities with adequate financial resources and sufficient discretion over their utilisation may be better positioned to prioritise infrastructure projects according to local needs. Oates (1972), through the Fiscal Decentralization Theory, argues that decentralised provision of public services can improve resource allocation because local governments are better positioned to understand the preferences and needs of their communities. Similarly, Shah (2006) explains that fiscal decentralization can improve public sector efficiency by bringing expenditure decisions closer to citizens and allowing local authorities to respond to variations in local service delivery requirements. In Uganda, Livingstone and Charlton (2001) observed that the effectiveness of decentralised development depends partly on the capacity of local governments to mobilise and manage financial resources in line with their assigned responsibilities.

Timely central government transfers can support continuity in project implementation, while increased local revenue mobilisation may provide additional resources for infrastructure development and maintenance. Intergovernmental fiscal transfers are particularly important where local governments have limited revenue-raising capacity but are responsible for providing costly public services and infrastructure. Bahl and Linn (1992) explain that effective urban financing requires appropriate revenue assignments and intergovernmental transfer arrangements to enable local authorities to meet their expenditure responsibilities. In Uganda, the World Bank (2024) highlights the importance of improving the adequacy, predictability and equity of intergovernmental fiscal transfers to strengthen local government service delivery. Furthermore, participatory budgeting may improve the relevance of infrastructure investments by incorporating the views of residents and entrepreneurs. Wampler (2007) demonstrates that participatory budgeting can create opportunities for citizens to influence public expenditure priorities and improve the responsiveness of local government investment decisions.

However, fiscal decentralization does not automatically guarantee improved infrastructure development. Its effectiveness may depend on institutional capacity, financial accountability, planning practices, procurement efficiency and coordination among stakeholders. Prud'homme (1995) cautions that decentralisation may produce inefficiencies where local governments lack the technical and administrative capacity required to manage devolved responsibilities. Similarly, Smoke (2001) argues that successful fiscal decentralization requires appropriate institutional arrangements, adequate financial management systems and effective accountability mechanisms. In Uganda, Livingstone and Charlton (2001) identify limitations in local revenue mobilisation and the mismatch between expenditure responsibilities and available financial resources as important challenges affecting decentralised development. Therefore, the relationship between fiscal decentralization and urban

infrastructure development should be examined within the institutional, administrative and financial context of individual municipalities.

4.0 METHODOLOGY

4.1 Research Design

The study adopted a descriptive research design using a mixed-methods approach to examine fiscal decentralization, urban development mechanisms and accountability in Ibanda Municipality. Quantitative data were collected using questionnaires, while qualitative data were obtained through interviews with key informants. The design enabled the researchers to describe existing practices, analyse the relationship between fiscal decentralization and urban infrastructure development, and obtain detailed explanations of the institutional and administrative factors influencing infrastructure development (Creswell & Creswell, 2018; Creswell & Plano Clark, 2018).

4.2 Study Population and Sample Size

The study population comprised 74 respondents drawn from Ibanda Municipality and relevant stakeholder groups. A sample of 69 respondents was selected. The respondents included municipal councillors, entrepreneurs and key informants with knowledge and experience relating to municipal financial management and urban infrastructure development.

The quantitative component comprised 56 respondents, including 32 municipal councillors and 24 entrepreneurs. The qualitative component comprised 13 key informants, including the Town Clerk, Finance Officer, Municipal Engineer, Mayor, three Division Chairpersons and six religious leaders.

4.3 Sampling Techniques

The study employed purposive and appropriate probability sampling techniques to select respondents from different categories. Municipal councillors and entrepreneurs were selected to provide quantitative information on fiscal decentralization and urban infrastructure development, while key informants were purposively selected based on their institutional responsibilities, experience and knowledge of municipal financial management, urban planning, infrastructure development and accountability. This approach ensured that relevant information was obtained from respondents with appropriate knowledge and experience (Creswell & Creswell, 2018; Kothari, 2004).

4.4 Data Collection Methods and Instruments

The study used questionnaires, interviews and document review to collect data.

Questionnaires were administered to municipal councillors and entrepreneurs to obtain quantitative information about fiscal decentralization practices, urban development mechanisms, accountability mechanisms and infrastructure development.

Interviews were conducted with key informants to obtain detailed explanations concerning municipal financial management, planning, resource allocation and infrastructure development.

Document review was used to obtain relevant information from municipal records and other available documents relating to financial management and urban development.

4.5 Data Analysis

Quantitative data was analysed using SPSS Version 20. Descriptive statistics, including frequencies and percentages, summarised respondents' views, while Pearson correlation and simple linear regression examined the relationship and predictive contribution of fiscal decentralization to urban infrastructure development.

Qualitative interview data was analysed thematically by organising recurring information into themes relating to fiscal decentralization, urban planning, accountability and infrastructure development. These analytical procedures were guided by Creswell and Creswell (2018) and Field (2018).

4.6 Ethical Considerations

The study was subjected to ethical review and approval by the Ibanda University Internal Research Ethics Committee (IUIREC) before data collection commenced. Permission was also obtained from the relevant authorities in Ibanda Municipality. Participation was voluntary, and respondents were informed about the purpose of the study. Informed consent was obtained before collecting information. Confidentiality and anonymity were maintained by protecting respondents' identities, and the information collected was used strictly for academic purposes. Respondents were also informed of their right to withdraw from the study at any stage without penalty.

5.0 RESULTS

5.1 Response Rate

The study targeted 69 respondents, comprising municipal councillors, entrepreneurs and key informants. All the 69 targeted respondents participated in the study.

Table 1: Response Rate of the Study

Category	Targeted respondents	Actual respondents	Response rate
Municipal councillors	32	32	100%
Entrepreneurs	24	24	100%
Key informants	13	13	100%
Total	**69**	**69**	**100%**

Source: Primary Data

Table 1 presents the response rate of the study, showing the number of targeted respondents, actual respondents and the corresponding response rates for each category. The findings indicate that all 32 targeted municipal councillors participated in the study, representing a response rate of 32 (100%). Similarly, all 24 targeted entrepreneurs participated, giving a response rate of 24 (100%). All the 13 targeted key informants also participated, representing 13 (100%). Overall, the study achieved a response rate of 69 (100%) out of the 69 targeted respondents. This implies that there was complete participation among the selected respondents, providing the researchers with the intended quantitative and qualitative information required to examine fiscal decentralization and urban infrastructure development in Ibanda Municipality.

5.2 Relationship between Fiscal Decentralization and Urban Infrastructure Development

Table 2: Respondents' Views on Fiscal Decentralization and Urban Infrastructure Development (N = 56)

Statement	SA f (%)	A f (%)	U f (%)	D f (%)	SD f (%)	Total
Greater municipal financial autonomy improves the development of urban infrastructure that supports businesses.	18 (32.1)	24 (42.9)	5 (8.9)	7 (12.5)	2 (3.6)	56 (100)
Adequate Central Government financial transfers contribute to improved infrastructure in business areas.	17 (30.4)	25 (44.6)	5 (8.9)	7 (12.5)	2 (3.6)	56 (100)

Timely release of government funds facilitates timely implementation of infrastructure projects used by businesses.	20 (35.7)	24 (42.9)	4 (7.1)	6 (10.7)	2 (3.6)	56 (100)
Increased local revenue improves the municipality's ability to finance infrastructure development.	19 (33.9)	25 (44.6)	4 (7.1)	6 (10.7)	2 (3.6)	56 (100)
Greater municipal control over financial resources improves the prioritization of infrastructure projects.	16 (28.6)	25 (44.6)	6 (10.7)	7 (12.5)	2 (3.6)	56 (100)
Municipal participation in budgeting improves the relevance of infrastructure projects to local business needs.	17 (30.4)	24 (42.9)	7 (12.5)	6 (10.7)	2 (3.6)	56 (100)
Fiscal decentralization improves the municipality's capacity to maintain infrastructure used by businesses.	15 (26.8)	26 (46.4)	6 (10.7)	7 (12.5)	2 (3.6)	56 (100)
Fiscal decentralization enables the municipality to respond quickly to infrastructure needs in business areas.	16 (28.6)	24 (42.9)	7 (12.5)	7 (12.5)	2 (3.6)	56 (100)
Fiscal decentralization promotes equitable distribution of infrastructure across business areas in Ibanda Municipality.	14 (25.0)	24 (42.9)	8 (14.3)	7 (12.5)	3 (5.4)	56 (100)
Fiscal decentralization has contributed to improved urban infrastructure development in Ibanda Municipality.	18 (32.1)	25 (44.6)	5 (8.9)	6 (10.7)	2 (3.6)	56 (100)

Source: Primary Data, 2026

Table 2 presents the findings on the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality, Ibanda District, based on responses from 56 respondents. The findings examine how financial autonomy, Central Government transfers, timely release of funds, local revenue, municipal control over financial resources, participatory budgeting, financial management and fiscal decentralization influence urban infrastructure development.

The findings for E1 show that 18 (32.1%) respondents strongly agreed and 24 (42.9%) agreed that greater municipal financial autonomy improves the development of urban infrastructure that supports businesses. However, 7 (12.5%) disagreed and 2 (3.6%) strongly disagreed, while 5 (8.9%) were undecided. Therefore, 42 (75.0%) respondents agreed or strongly agreed, indicating that financial autonomy was widely perceived as important for improving urban infrastructure.

Regarding E2, 17 (30.4%) respondents strongly agreed and 25 (44.6%) agreed that adequate Central Government financial transfers contribute to improved infrastructure in business areas. In contrast, 7 (12.5%) disagreed and 2 (3.6%) strongly disagreed, while 5 (8.9%) were undecided. Thus, 42 (75.0%) respondents agreed or strongly agreed, suggesting that Central Government transfers are perceived as an important source of financing for infrastructure development.

For E3, the findings indicate that 20 (35.7%) respondents strongly agreed and 24 (42.9%) agreed that timely release of government funds facilitates timely implementation of infrastructure projects used by businesses. Meanwhile, 6 (10.7%) disagreed and 2 (3.6%) strongly disagreed, while 4 (7.1%) were undecided. Overall, 44 (78.6%) respondents agreed or strongly agreed, demonstrating that timely availability of funds was strongly associated with timely implementation of infrastructure projects.

The findings for E4 show that 19 (33.9%) respondents strongly agreed and 25 (44.6%) agreed that increased local revenue improves the municipality's ability to finance infrastructure development. On the other hand, 6 (10.7%) disagreed and 2 (3.6%) strongly disagreed, while 4 (7.1%) were undecided. Therefore, 44 (78.5%) respondents agreed or strongly agreed, indicating that local revenue generation was considered an important contributor to municipal infrastructure financing.

Regarding E5, 16 (28.6%) respondents strongly agreed and 25 (44.6%) agreed that greater municipal control over financial resources improves the prioritization of infrastructure projects. Conversely, 7 (12.5%) disagreed and 2 (3.6%) strongly disagreed, while 6 (10.7%) were undecided. In total, 41 (73.2%) respondents agreed or strongly agreed. This suggests that greater control over financial resources enables municipal authorities to prioritize infrastructure projects according to local needs.

For E6, the findings indicate that 17 (30.4%) respondents strongly agreed and 24 (42.9%) agreed that municipal participation in budgeting improves the relevance of infrastructure projects to local business needs. Meanwhile, 6 (10.7%) disagreed and 2 (3.6%) strongly disagreed, while 7 (12.5%) were undecided. Therefore, 41 (73.3%) respondents agreed or strongly agreed, indicating that participatory budgeting was perceived as contributing to infrastructure projects that are more responsive to business needs.

The findings for E7 show that 15 (26.8%) respondents strongly agreed and 26 (46.4%) agreed that fiscal decentralization improves the municipality's capacity to maintain infrastructure used by businesses. In contrast, 7 (12.5%) disagreed and 2 (3.6%) strongly disagreed, while 6 (10.7%) were undecided. Thus, 41 (73.2%) respondents agreed or strongly agreed, suggesting that fiscal decentralization enhances the municipality's ability to maintain existing infrastructure.

Regarding E8, 16 (28.6%) respondents strongly agreed and 24 (42.9%) agreed that fiscal decentralization enables the municipality to respond quickly to infrastructure needs in business areas. However, 7 (12.5%) disagreed and 2 (3.6%) strongly disagreed, while 7 (12.5%) were undecided. The combined positive response was 40 (71.5%), indicating that fiscal decentralization was perceived to improve the municipality's responsiveness to infrastructure needs.

For E9, the findings indicate that 14 (25.0%) respondents strongly agreed and 24 (42.9%) agreed that fiscal decentralization promotes equitable distribution of infrastructure across business areas in Ibanda Municipality. Meanwhile, 7 (12.5%) disagreed and 3 (5.4%) strongly disagreed, while 8 (14.3%) were undecided. Thus, 38 (67.9%) respondents agreed or strongly agreed. Although this represents a majority, it was comparatively lower than the positive responses recorded for several other statements, suggesting that equitable distribution of infrastructure remains an area that could be strengthened.

Finally, the findings for E10 show that 18 (32.1%) respondents strongly agreed and 25 (44.6%) agreed that fiscal decentralization has contributed to improved urban infrastructure development in Ibanda Municipality. In contrast, 6 (10.7%) disagreed and 2 (3.6%) strongly disagreed, while 5 (8.9%) were undecided. Therefore, 43 (76.7%) respondents agreed or strongly agreed, demonstrating that most respondents perceived fiscal decentralization as contributing to improved urban infrastructure development.

The findings indicate that financial autonomy, Central Government transfers, timely release of funds, local revenue mobilization, municipal control over resources and participatory budgeting are important mechanisms through which fiscal decentralization supports urban infrastructure development in Ibanda Municipality. The findings therefore provide support for the study's fourth objective, which sought to establish the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality.

During interviews, respondents revealed that Ibanda Municipality used several accountability mechanisms to safeguard financial resources allocated to urban infrastructure development. These included financial reporting, internal auditing, procurement procedures, project supervision, monitoring of contractors, Municipal Council oversight and reporting of project implementation progress. Respondents explained that these mechanisms were important for ensuring that municipal resources were used for their intended purposes.

The findings further revealed that financial reporting and internal auditing provided opportunities for municipal authorities and councilors to scrutinize the utilization of financial resources. Respondents explained that financial reports were prepared and submitted through established municipal procedures, while internal audit mechanisms were used to identify weaknesses in financial management. However, respondents noted that the effectiveness of accountability depended on the extent to which audit findings and recommendations were followed up.

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The respondents also identified procurement transparency and contractor supervision as important accountability mechanisms. They explained that procurement procedures helped ensure that contractors were selected according to established requirements, while technical supervision enabled municipal officials to assess whether infrastructure projects were implemented according to approved designs and specifications.

The findings nevertheless revealed weaknesses in the investigation of financial misconduct, handling of complaints and enforcement of responsibility for poor project implementation. Respondents explained that although mechanisms for reporting misuse of resources existed, stakeholders did not always have confidence that complaints would be addressed promptly. They therefore emphasized the need for stronger follow-up, timely investigations and enforcement of sanctions where financial or project-related misconduct occurred.

The respondents stated the following views:

The Municipal Finance Officer stated:

"Financial accountability is maintained through budgeting, reporting, auditing and examination of expenditures. Officials responsible for funds are expected to account for the resources entrusted to them, although follow-up on some audit issues needs to be strengthened." **(MFO)**

The Town Clerk explained:

"Council provides oversight over municipal finances and development activities. Reports are presented through the established structures, and this allows councilors to question issues concerning expenditure and implementation." **(TCL)**

The Municipal Engineer observed:

> *"We monitor infrastructure projects to ensure that contractors follow the approved specifications. Physical supervision is important because it allows technical problems and deviations to be identified before they become serious."* **(ME)**

The Mayor stated:

"Accountability is important because council must know how resources allocated to projects are being used. Monitoring projects and reviewing reports helps leaders to identify problems and demand explanations from responsible officers." **(MAY)**

A Division Chairperson explained:

"There are ways of reporting problems with projects, but sometimes people are not sure whether their complaints will be acted upon quickly. There is a need for stronger follow-up when communities raise concerns." **(DC3)**

A religious leader remarked:

"Transparency in the use of public money is very important. When people know how resources are being used, it becomes easier to identify misuse and demand better services." **(RL5)**

Another religious leader added:

"Officials who fail to implement projects properly should be required to explain what happened. Accountability should not only involve producing reports but also taking action when problems are identified." **(RL6)**

The qualitative findings indicate that accountability mechanisms played an important role in promoting responsible use of municipal resources and improving infrastructure project implementation. Financial reporting, auditing, procurement oversight, technical supervision and council monitoring strengthened accountability. However, weaknesses in follow-up of audit findings, investigation of misuse of funds, complaint handling and enforcement of responsibility limited the full effectiveness of accountability mechanisms.

The quantitative and qualitative findings largely converged in demonstrating that fiscal decentralization was associated with urban infrastructure development through financial autonomy, Central Government transfers, local revenue mobilisation, control over resources, participatory budgeting, timely release of funds and maintenance financing. The quantitative positive responses ranged from 67.9% for equitable distribution of infrastructure to 78.6% for timely release of funds and increased local revenue. The qualitative findings provided explanations for these patterns by showing that financial resources affected the municipality's ability to determine priorities, implement projects within planned periods, respond to local needs and maintain completed infrastructure.

The triangulated findings further indicate that the relationship between fiscal decentralization and urban infrastructure development depended not only on the existence of decentralized financial arrangements but also on the adequacy, timing, flexibility and local control of financial resources. Although municipal authorities could identify and prioritize local infrastructure needs, inadequate resources, competing priorities and delays in funding could constrain implementation. The findings therefore provide qualitative support for the quantitative evidence that stronger fiscal decentralization practices were associated with better urban infrastructure development in Ibanda Municipality.

5.3 Pearson Correlation Analysis

Pearson's product-moment correlation coefficient was used to establish the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality.

Table 3: Pearson Correlation between Fiscal Decentralization and Urban Infrastructure Development

Statistical measure	Result
Pearson correlation coefficient (r)	0.684
Significance level (2-tailed)	<0.001
Sample size (N)	56

Source: Study Analysis

Table 3 presents the Pearson correlation results examining the relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality. The findings indicate a positive and statistically significant relationship between the two variables, with a Pearson correlation coefficient of $r = 0.684$ and a significance level of $p < 0.001$, based on 56 respondents. This suggests that improvements in fiscal decentralization practices, such as local revenue mobilisation, financial autonomy and the allocation of financial resources, are associated with improvements in urban infrastructure development. The strength of the correlation (0.684) indicates a relatively strong positive relationship. Since the significance level is below 0.05, the relationship is statistically significant. Therefore, the study rejects the null hypothesis and concludes that there is a statistically significant positive relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality. However, the correlation indicates an association and does not, on its own, establish causation.

5.4 Regression Analysis of Fiscal Decentralization and Urban Infrastructure Development

A simple linear regression model was used to examine the explanatory contribution of fiscal decentralization to urban infrastructure development. Fiscal decentralization was considered the predictor variable, while urban infrastructure development was the dependent variable.

Table 4: Regression Model Summary

Statistical measure	Result
R	0.684
R Square (R^2)	0.468
Adjusted R Square	0.458
Sample size (N)	56

Source: Statistical derivation from the reported correlation coefficient

Table 4 presents the regression model summary examining the predictive contribution of fiscal decentralization to urban infrastructure development in Ibanda Municipality. The results indicate a correlation coefficient (R) of 0.684, suggesting a positive relationship between fiscal decentralization and urban infrastructure development. The coefficient of determination (R^2) of 0.468 shows that fiscal decentralization accounts for approximately 46.8% of the variation in urban infrastructure development among the 56 respondents included in the analysis. The adjusted R^2 of 0.458 indicates that the model explains approximately 45.8% of the variation after adjusting for the sample size and number of predictors. This suggests that fiscal decentralization makes a substantial contribution to explaining differences in urban infrastructure development in Ibanda Municipality. However, the remaining 53.2% of the variation may be associated with other factors not included in the model, such as institutional capacity, urban planning, procurement practices and accountability mechanisms. These findings suggest that fiscal decentralization is an important predictor of urban infrastructure development.

Table 5: Regression Model Significance Test

Statistical measure	Result
F-statistic	47.476
Degrees of freedom	1, 54
Significance level	<0.001

Source: Statistical derivation from the reported correlation coefficient

Table 5 presents the regression model significance test examining whether fiscal decentralization significantly predicts urban infrastructure development in Ibanda Municipality. The results indicate an F-statistic of 47.476, with degrees of freedom of (1, 54) and a significance level of $p < 0.001$. Since the significance level is below the conventional threshold of 0.05, the regression model is statistically significant. This implies that fiscal decentralization significantly predicts variations in urban infrastructure development in Ibanda Municipality. Therefore, the study rejects the null hypothesis and concludes that fiscal decentralization is a statistically significant predictor of urban infrastructure development. The findings further suggest that the regression model provides a statistically meaningful explanation of the relationship between fiscal decentralization and urban infrastructure development.

6.0 DISCUSSION

6.1 Relationship between Fiscal Decentralization and Urban Infrastructure Development

The study established a positive and statistically significant relationship between fiscal decentralization and urban infrastructure development in Ibanda Municipality ($r = 0.684$, $p < 0.001$). This finding indicates that improvements in fiscal decentralization were associated with improvements in infrastructure development.

The regression analysis further indicated that fiscal decentralization accounted for approximately 46.8% of the variation in urban infrastructure development in the fitted model. This demonstrates the explanatory relevance of fiscal decentralization while also indicating that other factors may contribute to infrastructure-development outcomes.

The findings particularly highlight the importance of timely central government transfers, increased local revenue mobilisation, municipal financial autonomy and greater control over resource allocation. These factors may strengthen the municipality's capacity to finance, implement and maintain infrastructure projects.

However, the findings should be interpreted within the limitations of the study design and the statistical analysis. The observed relationship does not establish that fiscal decentralization alone causes improvements in urban infrastructure development. Other institutional, administrative and economic factors may also influence municipal infrastructure outcomes.

7.0 CONCLUSION

The study concluded that fiscal decentralization plays an important role in urban infrastructure development in Ibanda Municipality, Ibanda District. It established that fiscal decentralization practices were generally positively assessed, particularly regarding local revenue mobilisation and the contribution of locally generated revenue to municipal development, although concerns remained about the adequacy of central government transfers and stakeholder participation in identifying development priorities. Urban development mechanisms were also generally recognised as important, although consultation and participation of entrepreneurs needed strengthening. Similarly, accountability mechanisms were positively assessed, particularly the requirement for municipal officials to account for public resources, while the implementation of audit findings remained an area requiring improvement. The correlation analysis revealed a positive and statistically significant relationship between fiscal decentralization and urban infrastructure development ($r = 0.684$, $p < 0.001$). Furthermore, the regression model indicated that fiscal decentralization explained approximately 46.8% of the variation in urban infrastructure development. These findings demonstrate that fiscal decentralization is a significant predictor of urban infrastructure development.

8.0 RECOMMENDATIONS

Based on the findings, the study makes the following recommendations:

Ibanda Municipality should strengthen the assessment, collection and management of local revenue to improve its capacity to finance urban infrastructure development. Revenue mobilisation should be supported by effective revenue administration, proper record-keeping and monitoring of revenue collection.

The central government should ensure predictable and timely release of funds to local governments to facilitate effective planning and implementation of infrastructure projects. Municipal authorities should also strengthen financial planning to ensure that available resources are utilised efficiently.

The municipality should strengthen its capacity to allocate available resources according to approved development priorities and identified infrastructure needs. This should be accompanied by transparent budgeting and adherence to applicable public financial management requirements.

Municipal authorities should increase consultation with entrepreneurs, residents and other stakeholders during the identification, prioritisation and monitoring of infrastructure projects. Participatory budgeting and regular stakeholder engagement should be strengthened to ensure that infrastructure investments reflect community needs.

The municipality should strengthen the implementation of physical development plans and improve coordination among political leaders, technical departments, businesses and other development stakeholders. This may improve the alignment of financial resources with infrastructure priorities.

Municipal authorities should improve access to financial information, strengthen internal audit functions and ensure that audit recommendations are acted upon. Regular monitoring and reporting should be undertaken to improve transparency and accountability in the utilisation of public resources.

The municipality should strengthen the supervision of contractors and physical monitoring of infrastructure projects to ensure that projects are implemented according to approved specifications, budgets and schedules.

9.0 AREAS FOR FURTHER RESEARCH

The study identified the following areas for further research:

The influence of local revenue mobilisation on urban infrastructure development in municipalities in Uganda.

The effect of central government transfers on the implementation of local government development projects.

The relationship between financial accountability and the sustainability of urban infrastructure in local governments.

The influence of stakeholder participation on urban infrastructure planning and implementation.

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