

## THE CURSE OF FINANCIAL DECENTRALIZATION TO THE UPCOUNTRY DISTRICTS IN UGANDA: THE NEGLECTED SERVICE DELIVERY CORRELATES

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### ABSTRACT

The study identified the variables in the financial decentralization policy that have been neglected so as to render local government service delivery a nightmare in Uganda using the upcountry district of Mbale. The population comprised Mbale Municipality administration covering employees in the office of the town clerk, finance department, health department, education department, engineering and works department and internal audit department. The specific objectives were; (1) to establish the relationship between various aspects of financial reporting and accounting and service delivery under the current decentralization; (2) to examine the relationship between the existing planning and budgeting practices and service delivery; and (3) to analyze the relationship between management of funds and service delivery. Results of the study confirm a positive and significant relationship between financial reporting, and accounting practices and the expected service delivery under the current decentralization [ $r = .832^{**}$ ,  $p < 0.0001$ ]; (2) there is a positive and significant relationship between the existing planning and budgeting practices and service delivery [ $r = .752^{**}$ ,  $p < 0.0001$ ]; and (3) there is a positive and significant relationship between financial management and service delivery [ $r = .911^{**}$ ,  $p < 0.0001$ ]. It was concluded that financial reporting, accounting, planning and meaningful budgeting in the management of funds are key service delivery correlates that local governments must adhere to in order to ameliorate and reverse the trend that is leading financial decentralization to be a curse. It was recommended therefore that the central government should have a strategy to see distant things like local governments that are in the rural setting as if they were close and to take a distant view of close things like municipalities within and around the Capital City.

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### INTRODUCTION

It is now more than two decades ago that financial decentralization in Uganda was introduced and looked at as one of the most well planned policies to not only solve the challenges of unmet service delivery expectations of the local population but also as a technical weapon to improve the existing weak accountability practices that had been occasioned by open day corruption, majority abject poverty, low levels of education and inequality in the country. It is indeed undisputable that the policy was mooted with nationalistic and patriotic lenses aimed at plugging the loopholes of underdevelopment that characterized the upcountry districts.

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The aim was to ensure that local authorities practice quicker local problem identification, get solutions to them faster and with ease, clarify lines of responsibility, practice accountability and mobilize resources beyond what is provided by the central government. Put another way, decentralization was designed to provide an opportunity for the locals to get involved in decision making and achieve the objectives of economic growth with direct tangible results on ground as opposed to the general aggregate measures of the national GDP. Despite this, the common constraints and problems that impair performance in social service delivery seem to be on the increase yet prudent financial management demands for efficiency, equity, integrity, and courage which are no longer easy to come by. The problem is systemic and it has been exacerbated by the huge service delivery backlogs for most essential services in terms of roads, clean water, health and

sanitation. Most districts, if not all have registered poor communication and accountability relationships with communities, corruption and fraud, problems with political and administrative interface and above all poor financial management. This frustration has been punctuated by the negative audit opinions and a number of violent service delivery protest on one hand and the insufficient municipal capacity to do so due to the poor local capacity and meager equipment at their disposal. Experts on financial decentralization like Neyapti (2005) view fiscal decentralization as the transfer of significant financial authority and duties of the central government to local governments. Such local governments are given the autonomy to generate own funds and embark on expenditure that can deliver sustainable livelihoods to the local people (Smoke, 2003). In their study, Lambright and Gina (2001) observed that the popularity of fiscal decentralization has been propelled by bad habits of centralized governments such as wasting resources on non-priority programs, speckled works with uncoordinated and poor monitoring since all the powers are held at the center.

Historically, Balunywa *et al.* (2014) documented that decentralization was inaugurated in Uganda in the late 1990s with the expectation that local governments would improve on revenue collection which would thereafter enhance service delivery. The study by Mpaata *et al.* (2017) consequently documents the main objectives of establishing local governments in Uganda as; (1) to provide democratic and accountable government; (2) to ensure the provision of services to communities; (3) to promote social and economic development; (4) to promote a safe and healthy environment; and (5) to encourage the involvement of communities in a sustainable manner. However, as had already been expressed by Fumihiko (2008), the existing and many cumulative challenges encountered at the local level seem to have successfully buried the hopes of a successful decentralization policy. Needless to state it here, poor financial management and lack of controls and accountability systems impact negatively on service delivery. Local government revenues keep declining all the time due to the unsatisfactory and often dysfunctional governance systems that include costly rent seeking and malfeasance approaches that have tremendously affected service delivery to the locals. There are numerous reports that many local government officials and politicians connive with tax payers to amerce wealth from corrupt acts at the expense of the destitute who are the masses. For example in 2016, the Inspectorate of Government arrested the Chief Administrative Officer of Mbale District and former Chief Finance Officer of Buvuma District over corruption charges. According to the prepared charge sheet by the IGG, the duo faced four counts of causing financial loss amounting to Shs17.9 million (Chemitai, 2016). This study therefore sought to examine the variables in the financial decentralization policy by the government of Uganda that have been neglected so as to render service delivery a nightmare using an upcountry district of Mbale. The present study is important given the escalating unfunded mandates which often arise when the central government imposes new regulations or expectations, but it doesn't provide the financial assistance or resources with an independent effective monitoring and oversight effect. It should be noted that when the central government has unfunded mandates, it becomes the responsibility of the local government officers to not only account to the public but also provide answers as to why there are gaps in the delivery

process. However, where colossal sums have been budgeted and released to local governments, it is only prudent that the money is put to proper use through budgeting, accountability, planning and reporting.

Therefore, the specific objectives of the study were;

- (1) To establish the relationship between various aspects of financial reporting and accounting and service delivery under the current decentralization system in Uganda;
- (2) To examine the relationship between the existing planning and budgeting practices and service delivery; and
- (3) To analyze the relationship between management of funds and service delivery under decentralization.

As a result of the above objectives, the following null hypotheses were tested;

- (1) There is no significant relationship between the various aspects of financial reporting and accounting and service delivery under the current decentralization system in Uganda;
- (2) There is no significant relationship between the existing planning and budgeting practices and service delivery; and
- (3) There is no significant relationship between management of funds and service delivery under the current decentralization.

The study was premised on the assumption that fiscal decentralization has a munificent voice in support of the increased demand for accountability and transparency that has at present become a challenge at the lower level hence compromising the popularity of the central government in the in many districts. Despite the observation by Razafimahefa and Sow (2015) that fiscal decentralization can worsen public service delivery, other like Nangoli *et al.* (2015) still emphasize the theoretical pillar on which decentralization was built and contend that devolution of public service delivery can increase efficiency and reduce costs. This is especially true where economies of scale are harnessed in the process of production and provision of specific public goods. For example, the Annual Uganda Government Assessment Report (2007) indicated that many Ugandans agitate for the creation of new districts and other local council units with hope that there will be better service delivery. The above notwithstanding, it is the role of the central government to ensure that it carries out equalization transfers based on the population, density and the social needs of the local government or municipality and the local leaders remain with the role of ensuring effective implementation through the practice of transparency, accountability, discipline and financial reporting. Unfortunately, the majority local governments have tempted to allocate higher decentralized expenditure to non-productive expenditure items such as wages and goods and services instead of capital expenditure which would hinder economic growth, and overall macroeconomic performance.

## CONCEPTUAL FRAMEWORK

In developing the conceptual framework for this study, the independent variable comprises aspects in the financial decentralization policy by the government of Uganda which

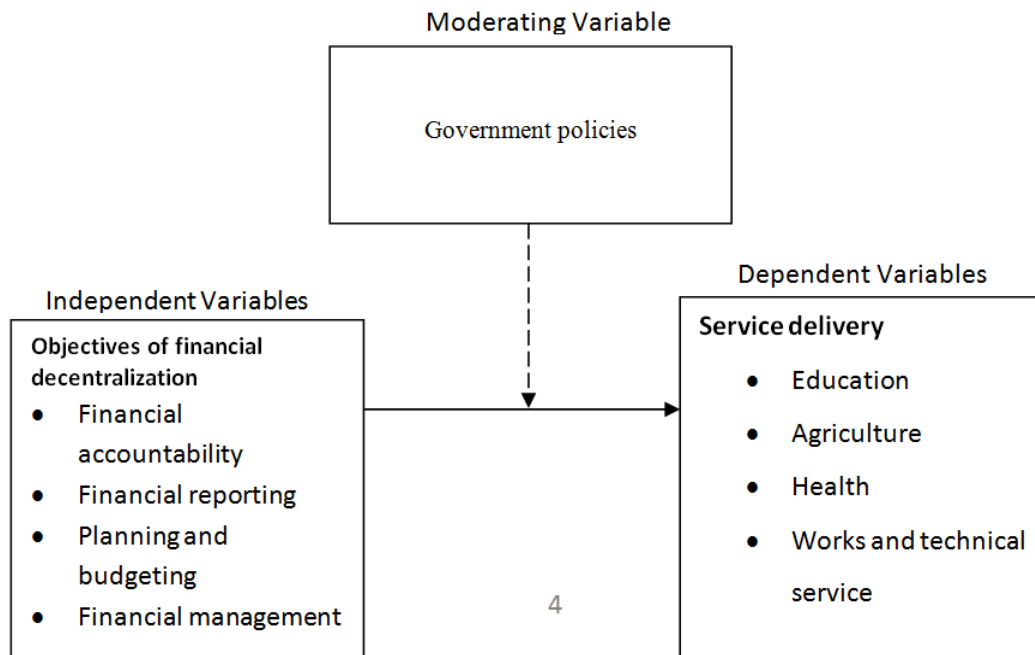


Figure 1. Conceptual framework

seem to have been neglected which including; (1) financial accountability; (2) financial reporting; (3) planning and budgeting; and (4) financial management. On the other hand, the dependent variable is service delivery in terms of; (1) local roads, solid waste management, public transport, public hospitals and health facilities. The moderating variable for this study are the government policies as shown in Figure 1.

## LITERATURE REVIEW

Critics of the decentralization policy worldwide seem to be on the increase ever since the policy was introduced. While decentralization in developing countries like Uganda sometimes seems to be viewed as either a cure for all the ills of such countries, the study of Anosisye (2017) in Tanzania concluded that despite the good intention to reform the local governments, the Central Governments are merely paying 'lip service' to decentralization practice. According to Dziobek *et al.* (2011), the typical reason for fiscal decentralization in developing countries was to improve service delivery to the people while promoting government's developmental goals. However, at present, there is little to show on ground in the majority of districts that have been created in Uganda. The study by Ahmad *et al.* (2005) predicted that even when decentralization was designed with good intentions of improving service delivery, it was bound to register significant resistance by politicians and bureaucrats who had benefited from the previously centralized system. Such persons were expected to resist decentralization because of its threat to the privileges and benefits that they used to get in a bureaucratic setup. The eminent curse is that the very people who advocated for the devolution of power are the very ones who have turned decentralization into a punching bag to ensure that the status quo in which they used to get benefits at the expense of the destitute continue to flourish. It is acknowledged by decentralization experts such as Boschmann (2009) that fiscal decentralization has many proponents as a strategy to improve service delivery at local level because of its objectives that call for aspects such as; (1) an efficient allocation of resources through a responsive and accountable government;

(2) an equitable provision of services to citizens in different jurisdictions; and (3) preservation of macroeconomic stability and promotion of economic growth. However, many other studies like that of Razafimahefa and Sow (2015) have equally showed that fiscal decentralization produces substantial risks of macroeconomic instability if the central government fails to comply with its functions and registers declined investments in social infrastructures when local governments are unable to absorb increased transfers. That is why Feruglio (2008) concluded that fiscal decentralization can potentially bring about macro-economic instability because in a fiscally decentralized system, the control of the central government over public resources is not necessarily sustainable given the weak monitoring effect. In this framework, local government debts could have national repercussions and the central government might not be able to react to such economic shocks by quickly introducing the relevant fiscal policies. A survey by Brojonegoro, Bambang (2002) documented that the significant indicator of fiscal decentralization is the ability of the local governments to obtain their own revenue sources and eliminate their dependency of transfer. However, because of the growing corruption and weak transparency and budgeting system, most local governments in developing countries overlook the optimization of local own revenue, and rather rely on the existence of general fund allocation from the Central Government. Given the existing corruption, weak accountability and management of allocated funds, local governments tend to seek other sources by increasing their local own revenue through increment of taxes and levies which has weakened their popularity that has been coupled with failure to implement the canons of taxation that emphasize the need for quid pro quo. The curse here is that taxes and levies that are obtained disruptively will not only have distortion ineconomy but also bring about public protests. Moreover, in terms of business, the welfare of the common person is worsened because the local business people will add these charges on their commodities that they produce and eventually lead to higher prices at the consumer level. Similarly, Saad (2001) concluded that high taxes and levies that result from fiscal decentralization reduce foreign investment climate as

well at both national and local level. The report by UNESCO (2005) singled out destabilization as one of the downsides of decentralization and proposed that developing countries may need uniting policies instead of increasing the autonomy of regions within the country. Moreover, there is a risk that decentralization maybe reduced to regionalization where different municipalities and districts are independent to the extent where they function as a little country of their own, creating internal friction and instability. According to Bahl – Bird (2008), fiscal decentralization requires a higher level of administrative and management skill to be in place at local government. This implies that the right competence is a commodity in short supply at local level in developing countries. This low competence that has worsened service delivery comprises of local level politicians, officials and residents. Given that this type of competence is prevalent among residents, they will not be able to put, or be aware of, the pressure they can exert on the local government, and this will reduce the efficiency of bringing decisions down to the local level and remain with one option of demonstrating or staging protests wherever roads become impassable, electricity inaccessible, clean water scarcity and the like.

## MATERIALS AND METHODS

The population comprised Mbale Municipality administration covering employees in the office of the town clerk, finance department, health department, education department, engineering and works department and internal audit department. Purposive sampling method was employed in which questionnaires were administered to 70 respondents, but only 51 respondents returned completed questionnaires. The questionnaire was designed on a five point Likert Scale ranging from (5 = Strongly Agree to 1 = Strongly Disagree) for the different items concerning financial decentralization and service delivery in Mbale Municipality. The reliability of the questionnaire was ascertained using Cronbach's Alpha coefficient. The coefficient for this questionnaire was 0.979 which demonstrated that the questionnaire was reliable for use. Data analysis was based on both descriptive and correlational matrices processed using SPSS version 20.0.

## ANALYSIS

Service delivery comprised the dependent variable and it was measured by the extent to which Mbale District Local Government is able to provide quality local public services in terms of electricity supply, solid waste management, water supply, among others. The full details of the responses to these items are summarized in Table 1. Descriptive statistics in table 1 shows that due to the decentralization, Mbale District Local Government is able to effectively construct local roads (72.5%), manage electricity supply (78.4%) and provide enough water (76.5%). On the same note, an average number (60.8%) agreed that due to decentralization, Mbale district local government has paved way for the establishment of preschools. In addition, 54.9% of the respondents agreed that Mbale district local government effectively manages solid waste collection. It is also noted from Table 1 that due to decentralization, there is improvement in the quality of public transport (72.5%), sewerage (74.5%), public schools (84.3%) and public hospitals and health facilities (86.4%). Finally, it was agreed that there have been efforts of local government to improve business environment in Mbale district (88.2%). However, green areas in form of parks, playgrounds and public

areas as well as cultural activities are the sections in which Mbale district local government is still lacking. This because 86.3% of the respondents disagreed that there is improvement in green areas and also 78.4% of the respondents disagreed with the statement that there is improvement in cultural activities in Mbale district.

### Financial reporting and accounting and service delivery under the current decentralization system in Uganda

Analysis of the descriptive statistics in Table 2 reveals that majority of the respondents (96.1%) agreed that all statutory financial reports required are prepared regularly. Additionally, 64.7% of the respondents agreed that financial reports are prepared according to laws and regulations governing decentralization in L.G.S while 66.7% agreed that financial reports are always prepared in time. Results also reveal that the financial reports are always distributed and received by all stakeholders in time (68.6%) and 76.5% also agreed that the financial reports are detailed to guide the process of policy formulation. However, 76.5% of the respondents disagreed with the statement that receipting is done on daily basis. Table 2 also revealed that monthly reconciliation is done as required (80.4%), quarterly revenue and expenditure reports are produced regularly (90.2%) and that accrual accounting system is being applied (72.5%). In addition, 66.7% of the respondents agreed that cash books are posted daily and 82.4% agreed that voucher books are posted every time payment is to be made. Finally, it was agreed that journals are prepared for unusual financial and non-financial transactions (72.5%) and that books of accounts are produced manually (80.4%).

### Testing the relationship between the various aspects of financial reporting and accounting and service delivery under the current decentralization system in Uganda

In order to test the hypothesis that there is a significant relationship between the various aspects of financial reporting and accounting and service delivery under the current decentralization system in Uganda, a correlation matrix was analyzed to test the relationship. As indicated in Table 3, there is a significant and positive relationship between the various aspects of financial reporting and accounting and service delivery ( $r = .791^{**}$ ,  $p < 0.0001$ ). This implies that for financial decentralization to succeed, local administrators and the central government must adhere to the conventional practice and institute financial reporting and accounting. This is a pillar in ensuring effective supervision of funds that are earmarked for the provision of services such as solid waste collection, water supply, sewerage management and the like.

### Planning and budgeting practices and service delivery under the current decentralization system in Uganda

As indicated in Table 4, 74.5% of the respondents agreed that previous years' budget performance reports are used for future planning and budgeting. In addition, 82.4% of the respondents agreed that a budget framework paper is prepared every year and an average number (62.7%) agreed that financial reports are important in the process of planning and budgeting. The results also indicate that 70.6% of the respondents agreed that budgets are approved by the full council and also 82.4% agreed that budgets are regularly reviewed. Results further show that 68.6% of the respondents agreed that there is a budget desk in Mbale municipality.

Table 1. Some responses on service delivery

No.	The quality of local public services has improved in Mbale Municipality....	Responses		
		SA & A %	N %	D & SD %
1.	Local roads	72.5	5.9	21.6
2.	Solid waste collection	54.9	7.8	37.3
3.	Public transport	72.5	9.8	17.6
4.	Water supply	76.5	9.8	13.7
5.	Sewerage	74.5	3.9	21.6
6.	Electricity supply	78.4	5.9	15.7
7.	Preschools	60.8	0.00	39.2
8.	Public schools	84.3	2.0	13.7
9.	Public hospitals and health facilities	86.3	3.9	9.8
10.	Efforts of local government to improve business environment	88.2	2.0	9.8
11.	Green areas (parks, playgrounds, public areas)	13.7	0.00	86.3
12.	Cultural activities	21.6	0.00	78.4

Table 2. Some responses on financial reporting and accounting

No.	Response	Responses		
		SA & A %	N %	D & SD %
1.	All statutory financial reports required are prepared regularly	96.1	0.00	3.9%
2.	Financial reports are prepared according to laws and regulations governing decentralization in L.G.S	64.7	15.7	19.6
3.	Financial reports are always prepared in time	66.7	9.8	23.5
4.	Financial reports are always distributed and received by all stakeholders in time	68.6	13.7	17.6
5.	Financial reports are detailed to guide the process of policy formulation	76.5	3.9	19.6
6.	Bank statements are got from the bank immediately month ends	84.3	3.9	11.8
7.	Monthly reconciliation is done as required	80.4	5.9	13.7
8.	Quarterly revenue and expenditure reports are produced regularly	90.2	0.00	9.8
9.	Accrual accounting system is being applied	72.5	7.8	19.6
10.	Receipting is done on daily basis	0.00	23.5	76.5
11.	Cashbooks are posted daily	66.7	3.9	29.4
12.	Books of accounts are produced manually	80.4	2.0	17.6
13.	Voucher books are posted every time payment is to be made	82.4	5.9	11.8
14.	Journals are prepared for unusual financial and non-financial transactions	72.5	2.0	25.5

Table 3. Correlation matrix between the variables in the financial decentralization policy by the government of Uganda and service delivery

	Financial reporting and Accounting	Planning and Budgeting	Financial Management	Service Delivery
1. Financial reporting and Accounting	-			
2. Planning and Budgeting	.993**	-		
3. Financial Management	.932**	.926**	-	
4. Service Delivery	.791**	.784.**	.911*	-

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4. Some responses on planning and budgeting

No.	Response	Responses		
		SA & A %	N %	D & SD %
1.	Financial reports are important in the process of planning and budgeting	62.7	5.9	31.4
2.	Previous years' budget performance reports are used for future planning and budgeting	74.5	7.3	18.2
3.	A budget framework paper is prepared every year	82.4	3.9	13.7
4.	There is a budget desk in Mbale Municipality	68.6	5.9	25.5
5.	Budget call is issued to all stakeholders	66.7	11.8	21.6
6.	Budget is approved by the full council	70.6	13.7	15.7
7.	Approved annual budgets are distributed to all stakeholders	74.5	7.8	17.6
8.	Budgets are regularly reviewed	82.4	2.0	15.7
9.	Planning and budgeting is done according to decentralization laws	92.2	5.9	2.0

Table 5. Some responses on financial management

No.	Response	Responses		
		SA & A %	N %	D & SD %
1.	The municipality is managed in line with the decentralization policy	90.2	2.0	7.8
2.	There is segregation of duties within the finance department at the Municipality	64.7	15.7	19.6
3.	There is an internal audit section at the municipality council office	70.6	3.9	25.5
4.	The internal audit staff report to the executive management at Mbale Municipal Council.	52.9	0.00	47.1
5.	There is finance standing committee at the Municipality	86.3	3.9	9.8
6.	Progress reports on how donor funds are utilized and financial statements are submitted on a quarterly basis according to the agreement with the donors.	66.7	5.9	27.5
7.	There is no delegation of duties in the finance department as most of these tasks are sensitive	41.2	15.7	43.1

Additionally, majority of the respondents (92.2%) agreed that planning and budgeting is done according to decentralization laws whereas 74.5% of the respondents agreed that approved annual budgets are distributed to all stakeholders. Finally, 66.7% of the respondents agreed that budget call is issued to all stakeholders.

### Testing the relationship between the existing planning and budgeting practices and service delivery

A correlation matrix was analyzed to test the hypothesis that there is a significant and positive relationship between the existing planning and budgeting practices and service delivery under decentralization. As indicated in Table 3, the results show that there is a significant and positive relationship between the two variables ( $r = .784^{**}$ ,  $p < 0.0001$ ). Therefore the null hypothesis is rejected. The finding here is in tandem with theory that emphasizes the importance of budgeting in the overall planning of activities to be covered in the financial year.

### Descriptive statistics on management of funds and service delivery under decentralization

Descriptive statistics in Table 5 reveal that 90.2% of the respondents agreed that the municipality is managed in line with the decentralization policy. Also, 86.3% of the respondents agreed that there is a finance standing committee at the Municipality. The results also reveal that 64.7% of the respondents agreed that there is segregation of duties within the finance department at the Municipality, 70.6% agreed that there is an internal audit section at the Municipality Council office and an average number (52.9%) agreed that the internal audit staff report to the executive management at Mbale Municipal council. Additionally, 66.7% of the respondents agreed that progress reports on how donor funds are utilized and financial statements are submitted on a quarterly basis. Finally, 43.1% of the respondents disagreed with the statement that there is no delegation of duties in the finance department.

### Testing the relationship between management of funds and service delivery under decentralization

In order to test the hypothesis that management of funds correlates with service delivery, a correlation matrix was generated. As indicated in Table 3, the results reveal a significant and positive correlation between management of funds and service delivery ( $r = .911^{**}$ ,  $p < 0.0001$ ). Therefore the null hypothesis is rejected.

### Analyzing the overall effect of the variables in the financial decentralization policy by the government of Uganda on service delivery

As indicated in the Table 3 above and consistently with the earlier findings, planning and budgeting has a significant influence on service delivery under the current decentralization ( $\beta = .784$ ,  $t = 8.764$ ,  $p = 0.0001$ ). This was measured by the extent to which the Municipality is able regularly review budgets, issue budget calls to all stakeholders and also prepare budget framework paper. In addition, financial reporting and accounting was also found to have a significant influence on service delivery in Mbale Municipality ( $\beta = .791$ ,  $t = 8.948$ ,  $p < 0.0001$ ) which was measured by the extent to which the Municipality is able to regularly post cash books and voucher books and also prepare financial reports in time. Lastly, management of funds was also found to have a significant

influence on service delivery ( $\beta = .911$ ,  $t = 15.270$ ,  $p = < 0.0001$ ) with emphasis on segregation of duties within the finance department, availability of internal audit section at a municipal council office, among others.

**Table6. Regression results of the three (3) variables against service delivery as the dependent variable**

Variable	Predicted sign	$\beta$	t-value	p-value
1. Planning and Budgeting	+	.784	8.764	0.0001
2. Reporting and Accounting	+	.791	8.948	0.0001
3. Financial Management	+	.911	15.270	0.0001

## DISCUSSION

In this study, it is argued that one of the cardinal aims of decentralization is to improve delivery of services but its realization has remained elusive. In fact shifting of responsibilities to local governments does not necessarily lead to better services. This is in line with Mpaata *et al.* (2017) who observed that fiscal decentralization which is the delegation of revenue mobilization and spending powers to lower levels of government has not been significantly beneficial to the locals in the recent years. The study here looked at three (3) analytical aspects for assessing fiscal decentralization; (i) planning and budgeting; (ii) reporting and accounting; and (iii) financial management. The research by Fedelino (2010) recommended the need for the central government to ensure budget planning and strengthen the public financial management system through the establishment of comprehensive and timely reporting mechanisms on budget performance at the local government level. Meanwhile, Bird and Vaillancourt (2008) observed that the central government should make every effort to improve financial reporting by making the provision of financial reports a prerequisite for receiving grants. The regret here is that few developing countries have progressed along these lines. This study therefore calls for the central government to ensure that local governments effectively prepare quarterly revenue and expenditure reports regularly and that such reports are always distributed and received by all stakeholders in time. It is demonstrated here that in order for government to turn around the curse of decentralization, there is need to ensure that local governments always prepare and distribute annual budgets to all relevant stakeholders and ensure that there is regular review of the budgets. The report by Policy Monitoring and Research Centre (2017) noted that effective decentralization requires complementary adaptations in institutional arrangements for planning, budgeting, and financial reporting. For such arrangements to work, transparency and accountability to the local people should be bolstered through effective monitoring and reporting of the fiscal performance of the local government. Important to note is that the effective implementation of fiscal decentralization requires well-defined responsibilities and functions so that the central government can attain the set objectives of increased community participation and improved service delivery through decentralization. The major setback however for local governments in developing countries lies not only in the difficulty of understanding what exactly is required when preparing the budget, producing accountability reports or managing funds to enhance productivity but also lies in the general lack of individuals with the capacity and intellectual acumen to willingly work at the local level and help in the creation of the desired results. While the observation by Nangoli *et al.* (2015) that fiscal decentralization is a feasible

strategy for bringing about improved service delivery in local governments cannot be disputed theoretically and politically, this type of arrangement has failed to bring about better quality services especially in the rural districts of Uganda where most of the roads remain impassable, water scarcity remains the order of the day especially during dry spells, electricity cannot be accessed by the majority of the people and the like. Yet according to Mpaata *et al.* (2017), the aim of decentralization was to enable communities to access clean water, public lighting systems, safe sanitation services, health services, education, feeder roads, garbage collection services and many other sanitation systems. In fact there have been also complaints that most of contractors hired to provide services on behalf of government are compromised through corruption and other tendencies such as nepotism, favoritism and abnormal bureaucracies. Ironically, as observed by Samimi *et al.* (2010), the rationale behind fiscal decentralization is to make public services available and affordable to local people. In order to realize this however and avoid producing a contrary result, it must be well designed, monitored, and managed transparently. This study identified that fiscal decentralization requires proper planning and budgeting and day to day accountability in the income and expenditure process through financial reporting, accounting and frugality in the management of funds.

## CONCLUSION

In conclusion, this study highlights the correlates that have been neglected in the financial decentralization process thereby rendering the service delivery insignificant on ground which has made the process a curse, for every upcountry rural district has been hit by lack of prudence in the management of funds at the local level. This persistent lack of significant tangible services at the local level casts doubt whether financial decentralization that was mooted with excellent objectives is still a productive strategy to bringing services near to the people. Therefore, unless there is a deliberate pro-action to ensure that the political demands of decentralization are accompanied by pragmatic monitoring of local governments by the center, it will remain a curse because nobody can avoid it given its objectives but the outcomes are elusive. The study here therefore provides an important input of how the curse can be avoided and it is by ensuring that there is effective planning and budgeting, proper financial reporting and accountability which should be a culture in the day-to-day fund management process. Similarly, local governments need to have the required qualified personnel who can work with the required zeal, enthusiasm and patriotism at the rural level. It is important for the central government to have a strategy to see distant things like local governments that are in the rural setting as if they were close and to take a distant view of close things like municipalities within and around the Capital City.

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