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FISCAL DECENTRALISATION AND LOCAL ECONOMIC DEVELOPMENT IN SOME SELECTED MUNICIPALITIES IN FAKO DIVISION, CAMEROON

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Abstract

Fiscal decentralization has continued to gain global recognition as a critical governance reform aimed at enhancing efficiency in public sector management, promoting accountability, and fostering local economic development. The problem that motivated the study was the persistence of infrastructural challenges despite decentralization reforms intended to strengthen municipal financial autonomy and grassroots development. The objective of the study is to examine the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division. The study was anchored on Fiscal Federalism Theory and Decentralization Theory by Wallace Oates and Denis Rondinelli respectively. A descriptive, explanatory and case study research design were adopted using a mixed-methods approach. Data was collected through questionnaires and interviews. Out of 200 questionnaires administered, 164 were returned and used for analysis. Quantitative data were analyzed using frequencies, percentages and Chi-square, while qualitative data were analyzed thematically. Findings revealed that strong municipal revenue autonomy has a significant effect on infrastructural development. Based on this finding, the study recommended that municipal councils should strengthen internal revenue generation, improve taxpayer sensitization, ensure timely fund disbursement, promote transparency and accountability to support local economic development.

Keywords:

Fiscal, Decentralization, Local, Economic, Development, Municipalities, Fako Division, Cameroon.

BACKGROUND TO THE STUDY

Fiscal decentralization has continued to gain global recognition as a critical governance reform aimed at enhancing efficiency in public sector management, promoting accountability, and fostering local economic development. Across the world, governments have increasingly adopted decentralization policies as a mechanism for transferring fiscal responsibilities and financial resources from central governments to sub-national governments such as regions, municipalities, and local councils (Shah, 2006:4). This shift is grounded on the belief that local authorities, being closer to the people, are in better position to understand local needs, prioritize development projects, and allocate resources in a manner that reflects the preferences of the local population (World Bank, 2010 :12).

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Globally, fiscal decentralization has been viewed as an essential tool for improving governance outcomes and enhancing citizen participation in public decision-making processes. In developed countries, decentralization is associated with improved efficiency in service delivery due to well-established institutional frameworks and strong administrative capacity (Oates, 1972 :112). For example, in countries such as the United States and Germany, local governments exercise considerable autonomy over taxation and public expenditure, enabling them to design and implement development programs tailored to local conditions. This has resulted in improved infrastructure, better education systems, and enhanced healthcare delivery (Faguet, 2014: 2).

Similarly, in developing regions such as Asia and Latin America, fiscal decentralization has been increasingly adopted as a strategy for addressing regional inequalities and promoting inclusive growth. Countries such as Brazil and India implemented decentralization reforms aimed at empowering local governments to take charge of development planning and resource allocation (Bird et al, 1998:34). These reforms contributed to the improvements in public service delivery and poverty reduction in some areas. However, the outcomes of fiscal decentralization in these regions remained mixed due to variations in institutional capacity, governance quality, and fiscal discipline (Prud'homme, 1995: 20).

Despite its potential benefits, fiscal decentralization has also presented several challenges at the global level. One major concern be the unequal distribution of financial resources among local governments, which may lead to disparities in development across regions (Shah, 2006:23). Additionally, weak institutional frameworks, lack of accountability, and corruption undermine the effectiveness of decentralization in many countries. In some cases, local governments lack the technical and administrative capacity required to manage public funds effectively, resulting in inefficiencies and poor service delivery. (Chambers, 1983:12)

In the African context, fiscal decentralization has emerged as a key component of governance reforms aimed at promoting grassroots development and improving service delivery. Many African countries have adopted decentralization policies under the influence of international development partners such as the World Bank and the International Monetary Fund, which advocate for decentralization as a means of enhancing efficiency and accountability in public sector management (Smoke, 2015: 29). As a result, countries such as South Africa, Kenya, and Ghana have implemented decentralization reforms that transfer financial powers and responsibilities to local governments. In countries like South Africa, decentralization has contributed to improved local governance and service delivery, particularly in urban areas where municipalities have relatively strong revenue bases (Ebel, 2002:36). In Kenya, the introduction of county governments has enhanced local participation in governance and improve the allocation of resources to previously marginalized regions. Similarly, Ghana has made significant progress in strengthening local government systems through fiscal decentralization reforms (Oluwu et al, 2004: 11).

However, despite these positive developments, fiscal decentralization in Africa is faced with numerous challenges. Many local governments still remain heavily dependent on central government transfers due to limited capacity to generate internal revenue. Additionally, issues such as corruption, weak financial management systems, political interference, and inadequate

human resource capacity continue to hinder effective implementation. These challenges have limited the ability of local governments to deliver essential services and promote sustainable development at the grassroots level (Faguet, 2014: 6).

In Cameroon, fiscal decentralization has been an integral part of broader governance reforms aimed at improving public administration and promoting local development. The foundation for decentralization in Cameroon was laid by the 1996 Constitution, which recognized regional and local authorities as decentralized territorial entities with administrative and financial autonomy (Government of Cameroon, 1996; Art. 55). This constitutional provision was further strengthened by the 2004 decentralization laws, which outline the responsibilities and powers of local governments. More recently, the 2019 General Code of Regional and Local Authorities have provided a comprehensive legal framework for decentralization in Cameroon, defining the roles, functions, and financial management systems of local governments. These reforms aim to empower municipalities to mobilize resources, plan development projects, and deliver essential services to their populations.

Despite the existence of these legal and institutional frameworks, the implementation of fiscal decentralization in Cameroon remains constrained by several challenges. Local governments continue to experience limited financial autonomy, as they rely heavily on transfers from the central government for funding. Furthermore, delays in the disbursement of funds from the central government affect the timely execution of development projects. In addition, many municipalities in Cameroon face difficulties in generating sufficient internal revenue due to a narrow tax base, weak tax administration systems, and low levels of economic activity in some areas. Issues such as corruption, lack of transparency and poor financial management practices have further undermined the effective utilization of available resources. As a result, the expected benefits of fiscal decentralization in terms of improved infrastructure, service delivery and local economic development have not been fully realized.

At the regional level, particularly in the South-West Region of Cameroon, fiscal decentralization has been implemented within a context characterized by socio-economic and political challenges. The ongoing socio-political crisis in the Anglophone regions have significantly affected governance and development processes, limiting the capacity of local governments to effectively perform their functions. Municipalities in this region faced increase pressure to provide basic services despite limited financial resources and challenging operating conditions. Infrastructural development in the South-West Region has remained inadequate, with many communities lacking access to good roads, clean water, healthcare facilities and quality education. These challenges highlight the gap between the objectives of fiscal decentralization and the realities on the ground. (Cheema et al, 1983: 14)

Focusing on the specific study area (Buea, Tiko and Limbe municipalities), the role of fiscal decentralization in promoting local development has been particularly significant. These municipal councils have been responsible for generating revenue, managing public funds, and implementing development projects aimed at improving the living conditions of the population. However, the effectiveness of these efforts depends largely on the level of financial autonomy enjoyed by the municipality, as well as its capacity to manage resources efficiently. Challenges such as low internally generated revenue, overdependence on central government transfers, weak budgetary systems, and limited accountability mechanisms continue to affect the performance of the municipality. These issues have raised important questions regarding the effectiveness of fiscal decentralization in achieving its intended objectives at the local level.

Therefore, this study seeks to examine the relationship between fiscal decentralization and local economic development, with a particular focus on how financial autonomy, revenue generation, and expenditure decisions influence development outcomes at the municipal level.

STATEMENT OF THE PROBLEM

Fiscal decentralization has increasingly been promoted as a strategy for improving governance and stimulating development at the local level. Theoretically, decentralization scholars such as Oates (1972: 35) argue that when financial authority is transferred from the central government to local governments, municipalities become more efficient in allocating resources because they better understand the socio-economic needs of their communities. In this regard, fiscal decentralization is expected to enhance revenue autonomy and strengthen local government. Through these mechanisms, local governments should be able to mobilize resources, allocate funds to priority sectors, and effectively manage public finances in ways that stimulate employment creation, encourage the growth of local businesses, and promote infrastructural development within their jurisdictions.

In Cameroon, decentralization reforms were intended to empower municipalities to serve as engines of grassroots development. The adoption of the 2019 General Code of Regional and Local Authorities theoretically granted municipal councils' greater responsibility in local development planning, revenue mobilization and public expenditure management (Fombad, 2015: 38). Under this framework, municipalities are expected to generate local revenue, exercise authority over development expenditures, and strengthen their financial management systems in order to finance projects that improve economic opportunities and infrastructure within their communities.

However, despite these decentralization reforms, many municipalities continue to experience persistent development challenges. In the South-West Region, particularly in municipalities in Fako Division such as Tiko, Limbe 1, 2, 3, and Buea issues such as slow growth of local enterprises and inadequate infrastructure remain evident. These challenges raise concerns about whether municipalities truly possess sufficient revenue autonomy, to help stimulate local economic development. Consequently, there is a need to critically examine whether fiscal decentralization has effectively translated into tangible development outcomes such as infrastructural development within these municipalities. This gap between theoretical expectations and practical realities constitutes the central problem of this study.

RESEARCH QUESTION

What is the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division?

RESEARCH OBJECTIVE

To examine the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division.

HYPOTHESIS OF THE STUDY

$H_{o:}$ Municipal revenue autonomy has no significant effect on infrastructural development in some municipalities in Fako Division.

H_1: Municipal revenue autonomy has a significant effect on infrastructural development in some municipalities of Fako Division.

LITERATURE REVIEW

Fiscal Decentralization

Fiscal decentralization refers to the transfer of financial responsibilities, resources, and decision-making authority from the central government to subordinate levels of government, such as regional and municipal authorities. It encompasses the assignment of revenue generation powers, expenditure responsibilities and financial management functions to local governments (Oates, 1972: 3).

From a theoretical perspective, fiscal decentralization is a fundamental component of public finance systems. Musgrave (1959: 3-6) argues that the public sector performs three primary functions allocation, distribution, and stabilization and that these functions can be more effectively carried out when responsibilities are appropriately assigned across different levels of government. In this regard, decentralization allows local governments to handle allocation functions, particularly the provision of public goods and services tailored to local preferences.

Similarly, Oates (1972: 35-38) through the decentralization theorem, posits that local governments are better positioned to provide public goods efficiently because they possess superior knowledge of local needs and preferences. This proximity to the local population enables them to design and implement policies that are more responsive and effective.

In practice, fiscal decentralization is expected to enhance efficiency, accountability and transparency in governance. By granting financial autonomy to local governments, it creates opportunities for improved service delivery and more effective utilization of resources. However, its success largely depends on the institutional capacity of local governments, the design of intergovernmental fiscal systems, and the broader political environment (Smoke, 2001: 18-20).

In Cameroon, fiscal decentralization forms part of broader decentralization reforms aimed at strengthening local governance and promoting grassroots development. Municipalities are expected to mobilize financial resources, manage budgets, and implement development projects. Nevertheless, challenges such as limited fiscal autonomy and administrative inefficiencies continue to constrain the effectiveness of these reforms. Beyond the transfer of financial powers, fiscal decentralization also encompasses the establishment of institutional arrangements that define the relationship between different levels of government. According to Shah (2006: 4–6), fiscal decentralization seeks to ensure that local governments possess adequate authority and resources to carry out assigned responsibilities while remaining accountable to citizens. The effectiveness of fiscal decentralization therefore depends not only on the availability of financial resources but also on the existence of clear expenditure assignments, transparent fiscal rules and effective monitoring mechanisms.

Furthermore, fiscal decentralization promotes participatory governance by bringing government closer to the people. Local authorities are often more accessible to citizens than central government institutions, thereby creating opportunities for greater public participation in budgeting and development planning processes. According to Rondinelli (1981: 137–139), decentralization encourages local involvement in decision-making, strengthens democratic governance and improves responsiveness to community needs. Through citizen participation,

local governments are able to identify priority development projects and allocate resources more effectively.

Additionally, fiscal decentralization is increasingly viewed as an instrument for promoting regional equity and balanced development. By allocating financial resources to local governments, decentralization can reduce disparities between urban and rural areas and facilitate the provision of essential public services in underserved communities. As noted by Bird et al (1998: 5–7), decentralization enables local governments to address unique developmental challenges within their jurisdictions, thereby contributing to more inclusive economic growth and improved welfare outcomes.

Municipal Revenue Autonomy

Municipal revenue autonomy refers to the extent to which local governments have the authority and capacity to generate, control and utilize their own financial resources without excessive reliance on central government transfers. It is a critical dimension of fiscal decentralization, as it determines the financial independence of municipalities (Faguet, 2014: 2-3). Revenue autonomy typically includes the power to impose and collect local taxes, fees, and charges, as well as the ability to manage internally generated revenue. When municipalities possess a high degree of revenue autonomy, they are better equipped to finance development projects and respond to local needs effectively (World Bank, 2010: 11).

The significance of revenue autonomy lies in its contribution to financial sustainability and accountability. Local governments that depend heavily on internally generated revenue are more likely to be accountable to their citizens, as taxpayers demand transparency and efficient use of public funds. This, in turn, can lead to improved governance and better development outcomes.

However, in many developing countries, including Cameroon, municipal revenue autonomy is often limited. Factors such as narrow tax bases, inefficient revenue collection systems and weak administrative capacity hinder the ability of local governments to generate adequate revenue (Smoke, 2001: 15-17). As a result, municipalities remain heavily dependent on central government transfers, which can undermine their autonomy and flexibility in decision-making.

Revenue autonomy is also closely linked to the concept of fiscal responsibility. When municipalities rely largely on locally generated revenues, they become more conscious of expenditure decisions because citizens can directly observe the relationship between taxes paid and services received. According to Lewis (1955: 40–43), local governments that generate substantial own-source revenue are generally more efficient in resource allocation and demonstrate greater accountability to taxpayers.

Moreover, revenue autonomy strengthens local governments' capacity to engage in long-term development planning. Stable and predictable sources of revenue enable municipalities to formulate development strategies, invest in infrastructure and undertake projects that stimulate economic activities within their jurisdictions. Adequate financial resources provide local authorities with flexibility in addressing emerging development challenges and responding to local priorities (Shah, 2006: 18–20).

However, achieving meaningful revenue autonomy remains difficult in many developing countries due to structural economic constraints. Limited economic activity, widespread tax evasion, inadequate property valuation systems, and weak administrative structures often

undermine local revenue generation efforts. Prud'homme (1995: 20–12) argues that without sufficient administrative capacity and an inadequate local tax base, revenue decentralization may fail to produce the expected benefits of improved governance and economic development.

Local Economic Development

Local economic development (LED) refers to a process through which local governments, private sector actors and communities collaborate to improve economic conditions and create opportunities for growth and employment within a specific locality. It encompasses a wide range of activities aimed at enhancing the economic well-being and quality of life of the population (World Bank, 2010: 32-33).

LED initiatives typically include infrastructure development, support for small and medium sized enterprises (SMEs), investment promotion and skills development. By creating an enabling environment for economic activities, local governments can stimulate growth, reduce poverty, and improve living standards (Faguet, 2014: 4-5).

Local economic development is a central objective of decentralization policies. The assumption is that empowering local governments with financial and administrative authority enable them to design and implement development strategies that are tailored to local conditions. When effectively implemented, fiscal decentralization can enhance the capacity of municipalities to drive economic development at the grassroots level.

In this study, local economic development is considered the primary outcome variable, reflecting the extent to which fiscal decentralization contributes to improved economic conditions within municipalities. The relationship between fiscal decentralization and LED is therefore critical in understanding the effectiveness of decentralization reforms in Cameroon.

Local economic development is increasingly recognized as a collaborative and participatory process involving multiple stakeholders. Effective LED initiatives require cooperation among local governments, private sector organizations, civil society groups, community-based organizations and development partners. According to Manor (1999: 15–18), successful local economic development depends on the ability of local institutions to mobilize resources, build partnerships, and create favorable conditions for investment and entrepreneurship.

One of the objectives of LED is to enhance local economic development. It contributes to poverty reduction by improving access to economic opportunities and enhancing the productive capacity of local communities. Investments in transportation networks, markets, electricity supply and business support services facilitate economic activities and increase the competitiveness of local enterprises. Such improvements not only attract investment but also strengthen local economies and improve overall living standards (Mellor, 1976: 69–71).

EMPIRICAL REVIEW Municipal Revenue Autonomy and Infrastructural Development

Empirical literature extensively examines the role of municipal revenue autonomy in influencing infrastructural development outcomes. Revenue autonomy refer to the extent to which local governments possess the authority and capacity to generate, control and allocate financial resources independently of central government interference. Scholars argue that this autonomy is central to improving the efficiency, responsiveness and effectiveness of public

service delivery, particularly in the provision of infrastructure such as roads, schools, healthcare facilities and water supply systems.

Oates (1972: 12-13) provides one of the most influential empirical contributions to the understanding of fiscal decentralization and its impact on public service delivery. His study, grounded in the principles of fiscal federalism, assume that local governments have superior knowledge of local preferences and conditions compared to central authorities. Using evidence primarily from developed countries, Oates employ a comparative analytical approach to demonstrate that municipalities with higher levels of revenue autonomy tend to allocate resources more efficiently toward infrastructure development. The findings indicate that decentralized financial systems promote better alignment between public spending and community needs, leading to improved infrastructural outcomes. Oates conclude that fiscal decentralization enhances allocative efficiency and accountability. However, a major limitation of his work is focus on developed economies with strong institutional frameworks, thereby raising concerns about its applicability to developing contexts such as Cameroon, where institutional capacity and governance structures differ significantly.

Faguet (2014: 6-8) conducted an in-depth empirical analysis of decentralization reforms in Bolivia, providing valuable insights into the relationship between revenue autonomy and infrastructural development. The study assumed that, decentralization enhances local participation and accountability, which in turn improves development outcomes. Using panel data and a quasi-experimental approach, Faguet compare pre- and post-decentralization investment patterns across municipalities. The findings reveal that municipalities with increased financial autonomy significantly reallocate resources toward social and economic infrastructure, particularly in underserved and rural areas. This shift reflects a more equitable distribution of public investment. Faguet concluded that, revenue autonomy enables local governments to better respond to community needs and address infrastructural deficits. Nevertheless, the study's limitation lies in its geographical focus on Latin America, which may not fully capture the institutional and socio-political realities of African countries.

Bird et al, (1998: 21-23) adopted a cross-country econometric approach to analyze the impact of fiscal decentralization on regional development. Their study assume that the effectiveness of decentralization is contingent upon the quality of institutions. Using data from multiple countries, they found that revenue autonomy positively influences infrastructural development in regions with strong governance structures, transparency, and accountability mechanisms. However, in regions with weak institutions, decentralization may lead to inefficiencies and uneven development. The authors concluded that, fiscal decentralization is not a one-size-fits all solution and must be supported by institutional capacity. The limitation of this study be its broad scope, which may overlook local-level dynamics and contextual variations, particularly in specific regions such as the South-West Region of Cameroon.

Smoke (2015: 99-102) provides a comprehensive analysis of decentralization reforms in developing countries, focusing on implementation challenges and outcomes. The study assume that revenue autonomy alone is insufficient to drive development without adequate administrative and technical capacity. Using comparative case studies from Africa and Asia, Smoke find that many local governments struggle to translate revenue autonomy into infrastructural development due to weak revenue bases, limited technical expertise, and inadequate institutional frameworks. The study conclude that capacity building and institutional strengthening are critical for the success of decentralization reforms. However, the

study did not provide in-depth empirical evidence specific to individual countries like Cameroon.

Bardhan (2002: 48-51), examined decentralization and local governance in Cameroon, by providing context-specific insights. The study assumed that financial constraints significantly limit the effectiveness of local governments. Using qualitative methods, including interviews and document analysis, Bardhan found that municipalities rely heavily on central government transfers due to weak internally generated revenue. This dependence constraints their ability to undertake infrastructure projects and respond to local needs. The study concluded that improving revenue mobilization strategies is essential for enhancing infrastructural development. However, the research did not focus specifically on municipalities in the South West Region, thereby leaving a contextual gap.

While Oates and Faguet emphasized the positive impact of revenue autonomy, Bird et al, as well as Smoke, highlight the conditional nature of these benefits. Bardhan brings in the Cameroonian perspective, showing practical constraints. Despite these contributions, there is a lack of localized empirical evidence focusing specifically on municipalities in Fako Division, which this study seeks to address.

Bird et al, (1998: 25–28) investigated the relationship between local government finance and urban infrastructure development. The study assumed that municipalities require adequate own source revenue to finance infrastructure projects effectively. Using comparative evidence from both developed and developing countries, the authors find that municipalities with stronger revenue-generating capacities are more capable of maintaining roads, public markets, drainage systems, and water infrastructure. Their findings further revealed that, revenue autonomy improves planning flexibility and reduces delays associated with dependence on central government transfers. The study concluded that, strengthening municipal revenue sources is essential for sustainable infrastructural development. However, the research largely focused on urban municipalities and may not adequately address challenges faced by semi-urban and rural local governments.

Lewis (1955: 12–15), examined fiscal decentralization reforms in developing countries. The study assume that local governments perform more effectively when they possess sufficient authority over local revenues. Employing a comparative policy analysis, the authors find that municipalities with enhanced revenue autonomy demonstrate greater capacity to undertake infrastructure investments and maintain public facilities. Their findings also suggest that local revenue generation encourages prudent financial management because local officials become more accountable to taxpayers. Nevertheless, the authors caution that revenue autonomy must be accompanied by strong administrative systems and effective financial oversight to avoid inefficiencies. A review of these additional studies reinforced the argument that municipal revenue autonomy contributes positively to infrastructural development. Nevertheless, the literature continues to reveal that the benefits of revenue autonomy depend on factors such as institutional capacity, governance quality and the effectiveness of local revenue collection mechanisms.

THEORETICAL FRAMEWORK

The study employed the fiscal federalism theory and decentralization theory

Fiscal Federalism Theory

The Fiscal Federalism Theory was developed by Wallace E. Oates in 1972 in his book Fiscal Federalism. The theory emerged from earlier contributions by Richard Musgrave, who argued that government functions should be distributed among different levels of government to improve efficiency in public service delivery.

The theory is based on the idea that local governments are better positioned than central governments to understand and respond to the needs and preferences of their communities. Oates argued that when financial resources and expenditure responsibilities are decentralized, local governments can provide public goods and services more efficiently because they possess better knowledge of local conditions. This improves resource allocation, accountability, citizen participation, and overall development outcomes. Fiscal Federalism Theory therefore advocates for the transfer of revenue-raising powers and expenditure responsibilities from the central government to lower levels of government, while maintaining a system of intergovernmental fiscal transfers to address financial imbalances. The theory has become one of the most influential frameworks for explaining fiscal decentralization and its role in promoting local development.

Assumptions of Fiscal Federalism Theory

Fiscal Federalism Theory, developed by Wallace E. Oates, is based on several key assumptions that justify the decentralization of fiscal powers from the central government to local governments.

Firstly, the theory assumes that local governments possess better knowledge of the preferences, priorities and needs of their residents than the central government. Therefore, they are better positioned to provide public goods and services that reflect local demands.

It also assumes that decentralization leads to more efficient allocation of resources because local governments can tailor spending decisions to the specific needs of their communities rather than applying uniform national policies.

More to that, the theory assumes that local governments should have authority over both revenue generation and expenditure decisions. This enables them to finance services and development projects according to local priorities.

Fiscal Federalism assumes that local officials are more accountable to citizens because they operate closer to the people. Citizens can therefore monitor government actions more effectively and demand better service delivery.

To add, the theory assumes that decentralization encourages greater public participation in governance and decision-making, leading to policies and projects that better reflect community interests.

It assumes that preferences for public services vary across regions and communities. Therefore, different local governments should have the flexibility to provide services according to local circumstances rather than following a centralized approach.

The theory assumes that local governments possess the administrative, technical, and financial capacity required to manage resources effectively and deliver public services efficiently.

Fiscal Federalism assumes that central governments provide fiscal transfers to local governments where necessary to address revenue disparities and ensure equitable service provision across jurisdictions.

Relevance of the Theory

Fiscal Federalism Theory is highly relevant to this study because it provides a theoretical explanation for how the transfer of fiscal powers from the central government to local governments can promote local economic development. The theory argues that local governments are more familiar with the needs and preferences of their communities and are therefore better able to allocate resources efficiently and provide services that support development (Oates, 1972).

The theory is particularly relevant to the study's variables. It explains why municipal revenue autonomy can enhance the ability of municipalities to finance development projects, why expenditure authority enables local governments to prioritize spending according to local needs and why financial management capacity is essential for ensuring the effective utilization of public resources. These dimensions are directly linked to the study's indicators of local economic development such as infrastructural development.

Furthermore, the theory supports the idea that decentralization improves accountability, transparency and citizen participation by bringing government closer to the people. This is important in understanding how some selected municipalities in Fako Division can use fiscal powers to address local development challenges and improve the welfare of their communities.

Short comings of Fiscal Federalism theory

The theory assumes that local governments possess the administrative, technical and financial capacity to manage resources effectively. In reality, many local governments, especially in developing countries, lack skilled personnel, adequate resources, and efficient management systems, limiting their ability to perform assigned functions effectively.

Fiscal federalism assumes that local governments can generate sufficient revenue to meet local needs. However, some municipalities have stronger economic bases than others. This can result in wealthier areas developing faster while poorer municipalities lag behind, thereby increasing regional disparities.

The theory assumes that local officials are accountable and responsive to citizens. In practice, decentralization may increase opportunities for corruption, elite capture, favoritism and misuse of public resources, particularly where accountability mechanisms are weak.

Certain public services can be provided more efficiently by the central government because of economies of scale. When these services are decentralized, local governments may incur higher costs and duplicate administrative structures, reducing efficiency.

Some public services benefit people beyond the boundaries of a single municipality. For example, roads, environmental protection, and public health programs often have effects that

extend across jurisdictions. Local governments may underinvest in such services because they cannot capture all the benefits.

The theory assumes that citizens actively participate in local governance and hold officials accountable. However, low levels of civic awareness, limited access to information and political interference can weaken citizen participation and accountability.

In many developing countries, local governments have limited revenue-generating capacity and depend heavily on transfers from the central government. This dependence undermines the autonomy that fiscal federalism seeks to promote.

The theory pays limited attention to political realities. Central governments may retain control over local finances, delay transfers, or influence local decisions, thereby restricting genuine fiscal autonomy.

Contributions of Fiscal Federalism theory to this Study

Fiscal Federalism Theory provides the principal theoretical foundation for this study because it explains how the decentralization of fiscal powers can influence local economic development. The theory argues that local governments are better positioned to identify and respond to the needs of their communities due to their proximity to citizens. Consequently, when municipalities are granted adequate revenue-generating powers, expenditure authority, and financial autonomy, they can allocate resources more efficiently and deliver services that promote local development.

The theory contributes to this study by explaining the relationship between the independent variables, municipal revenue autonomy, expenditure authority and financial management capacity and the dependent variable, local economic development. It suggests that municipalities with greater control over financial resources are more capable of investing in infrastructure. This outcome is an essential indicator of local economic development.

Furthermore, Fiscal Federalism Theory supports the argument that effective decentralization enhances accountability, transparency and citizen participation in governance. By bringing decision-making closer to the people, municipalities can better align development projects with local priorities, thereby improving development outcomes.

In the context of some selected councils in Fako Division, the theory provides a useful framework for assessing whether the fiscal powers transferred to municipalities have enhanced their capacity to stimulate economic development through infrastructural development. Therefore, the theory helps explain how fiscal decentralization can serve as a mechanism for achieving sustainable local economic development and provides a basis for evaluating the effectiveness of decentralization reforms in Cameroon.

DECENTRALIZATION THEORY

The Decentralization Theory was developed by Dennis A. Rondinelli in the early 1980s as a response to the limitations of highly centralized systems of governance, particularly in developing countries. Rondinelli argued that excessive concentration of power and decision making at the central government level often led to bureaucratic inefficiencies, delays in service delivery, and poor responsiveness to local needs.

According to Rondinelli (1981:3), decentralization involves the transfer of authority, responsibility, and resources from central government institutions to lower levels of government, local authorities, semi-autonomous agencies, or community organizations. He maintained that decentralization enhances administrative efficiency, encourages public participation, strengthens local institutions and promotes development by bringing government closer to the people.

Rondinelli identified four major forms of decentralization: deconcentration meaning the redistribution of administrative responsibilities within central government structures, delegation meaning the transfer of responsibilities to semi-autonomous agencies or organizations and devolution which means the transfer of powers, resources and authority to local governments and privatization which refers to the transfer of certain public functions to private sector organizations.

Assumptions of Decentralization Theory

Decentralization Theory is based on several assumptions regarding the relationship between governance, administration and development. These assumptions explain why transferring authority from central government to local institutions can improve development outcomes.

The theory assumes that local authorities are closer to the people and therefore have a better understanding of local problems, priorities and development needs than central government officials.

It assumes that transferring decision-making powers to lower levels of government reduces bureaucratic delays and improves the efficiency of public administration and service delivery.

The theory assumes that decentralization encourages greater involvement of citizens in governance and development processes. Increased participation leads to policies and projects that better reflect community needs.

Rondinelli assumes that local governments can allocate resources more effectively because they possess first-hand knowledge of local conditions and priorities.

The theory assumes that local officials are more accountable to citizens because they operate closer to the communities they serve. This proximity facilitates monitoring and oversight by residents.

The theory assumes that communities have different social, economic and environmental conditions. Therefore, local governments should have the flexibility to design solutions tailored to their specific circumstances.

The theory assumes that local governments and institutions possess or can develop the administrative, technical and financial capacity needed to carry out decentralized responsibilities effectively.

It assumes that transferring authority and resources to local governments stimulates grassroots development by enabling quicker and more responsive implementation of development projects.

Relevance of Decentralization Theory

Decentralization Theory is relevant to this study because it explains how the transfer of authority, responsibilities and resources from the central government to local governments can promote local economic development. According to Rondinelli (1981:83), decentralization brings decision-making closer to the people, enabling local authorities to identify and address the specific needs of their communities more effectively.

The theory is particularly relevant because it supports the study's focus on municipal revenue autonomy, expenditure authority and financial management capacity. It suggests that when municipalities are granted greater control over financial resources and decision-making, they are better able to plan and implement development projects that stimulate economic growth and improve infrastructure.

Furthermore, the theory emphasizes citizen participation, accountability and responsiveness in governance. This principle is important for ensuring that local development initiatives reflect community priorities and that public resources are utilized efficiently. Through decentralization, municipalities can become more responsive to local development challenges and provide services that improve the welfare of the population.

Additionally, the theory is relevant because it highlights the importance of fiscal autonomy in improving the efficiency of local governments. By granting municipalities the authority to mobilize and manage their own resources, decentralization enables them to respond more quickly to local development needs and reduce excessive dependence on the central government.

The theory is also significant to this study because it recognizes local governments as key agents of grassroots development. It assumes that local authorities possess better knowledge of the economic potentials and challenges within their jurisdictions and are therefore in a better position to formulate policies that encourage local investment and economic activities.

Moreover, decentralization theory provides a basis for assessing the relationship between financial management practices and development outcomes. It helps explain how prudent management of municipal revenues and expenditures can influence the provision of public services, infrastructural development and the overall socio-economic well-being of the population.

Finally, the theory is relevant because it serves as a framework for evaluating the successes and shortcomings of decentralization reforms in Cameroon. It enables the study to determine whether the degree of autonomy and resources transferred to some municipalities in Fako Division has been sufficient to achieve the intended objectives of local economic development.

In the context of Fako Division, decentralization theory provides a useful framework for examining whether the powers and responsibilities transferred to municipalities have enhanced their ability to contribute to local economic development. It therefore helps in understanding the effectiveness of decentralization reforms in improving infrastructural development within local communities.

Short-comings of Decentralization Theory

Rondinelli's theory assumes that local governments possess the administrative, technical, and managerial capacity needed to effectively perform the functions transferred to them by the central government. However, in many developing countries, local governments suffer from inadequate human resources, insufficient training and weak institutional structures. As a result, decentralization may lead to poor service delivery and ineffective implementation of development programs instead of the expected improvements.

The theory assumes that decentralization promotes greater citizen participation and democratic governance. In practice, however, local political elites and influential groups often dominate decision-making processes and manipulate public resources for personal or political gain. This phenomenon, known as elite capture, can lead to corruption, favouritism, and unequal distribution of resources, thereby undermining the objectives of decentralization.

One of the major weaknesses of the theory is its failure to adequately address the financial limitations faced by local governments. In many cases, central governments transfer responsibilities to local authorities without providing corresponding financial resources. Consequently, local governments are unable to execute their new functions effectively, resulting in poor infrastructure development.

Decentralization may unintentionally increase disparities between regions. Wealthier local governments often have better revenue-generating capacities, stronger institutions, and greater access to investment opportunities than poorer areas. Consequently, they are able to provide better services and achieve faster development, while less developed regions continue to struggle. This creates unequal development outcomes and may further widen socio-economic disparities within a country.

Although the theory argues that decentralization enhances accountability by bringing government closer to the people, this outcome is not always guaranteed. In many instances, local governments lack effective accountability mechanisms and citizens may have limited opportunities to monitor public officials. Weak transparency and oversight can encourage mismanagement of public funds and reduce public confidence in local governance institutions.

Decentralization often creates difficulties in coordinating policies and programs between different levels of government. The transfer of responsibilities may result in overlapping functions, duplication of duties and conflicts between central and local authorities. Such coordination problems can delay decision-making processes and reduce the overall efficiency of government administration.

The theory assumes that local governments will enjoy significant autonomy after the decentralization process. However, in many countries, central governments continue to exercise considerable control over local authorities through financial dependence, administrative regulations and political influence. This interference limits the decision-making powers of local governments and prevents them from functioning independently.

Another weakness of Rondinelli's theory is that it tends to present decentralization as a generally beneficial approach without sufficiently considering the unique political, economic

and social conditions of individual countries. The success of decentralization depends heavily on factors such as institutional capacity, political stability and the level of economic development. Therefore, policies based solely on the theory may not produce similar outcomes in all countries.

Contribution of the theory to the study

Decentralization theory contributes significantly to this study by providing a framework for understanding how the transfer of authority, responsibilities and resources from the central government to local governments can influence local economic development. The theory explains that local governments are better positioned to identify community needs and implement development policies that address local challenges because they operate closer to the people (Rondinelli, 1981; 19).

The theory contributes to the study by supporting the argument that municipal revenue autonomy, expenditure authority and financial management capacity are essential for effective local governance and development. It suggests that when municipalities have the authority to mobilize revenue, make expenditure decisions and manage financial resources efficiently, they can undertake development projects that improve infrastructural development.

Furthermore, decentralization theory helps explain the importance of citizen participation, accountability and responsiveness in local governance. These principles are critical for ensuring that development initiatives reflect local priorities and that public resources are utilized effectively. The theory therefore provides a basis for examining whether decentralization reforms have strengthened the capacity of some selected municipalities in Fako Division to promote local economic development.

The theory also complements Fiscal Federalism Theory by emphasizing the administrative and institutional aspects of decentralization, whereas Fiscal Federalism focuses mainly on financial relationships and resource allocation. Together, the two theories provide a comprehensive framework for analyzing the impact of fiscal decentralization on local economic development.

Linkage Between the Two Theories

Fiscal federalism theory and decentralization theory are complementary and jointly provide a comprehensive framework for this study.

Fiscal Federalism Theory explains the allocation of financial resources and responsibilities whereas decentralization theory explains the institutional, administrative, and political processes through which these resources are managed.

Together, they provide a holistic understanding on how fiscal decentralization influences local economic development. While Fiscal Federalism focuses on the “what and why” of financial allocation, decentralization theory addresses the “how” of implementation.

Relevance of Theories to the Study

Both fiscal federalism and decentralization theories are highly relevant to this study because they provide the theoretical foundation for understanding how fiscal decentralization influences local economic development in some selected municipalities of Fako Division. Fiscal federalism theory, developed by Wallace E. Oates, is relevant because it explains the

financial dimension of decentralization. The theory argues that local governments can provide public goods and services more efficiently when they are granted revenue-generating powers and expenditure authority. This directly relates to the study's variables of municipal revenue autonomy, expenditure authority, and financial management capacity. The theory helps explain how these fiscal powers can contribute to infrastructural development

On the other hand, decentralization theory, developed by Dennis A. Rondinelli, is relevant because it focuses on the transfer of authority, responsibilities and decision-making powers from the central government to local governments. The theory emphasizes citizen participation, accountability, responsiveness and administrative efficiency. It explains how local governments can better identify community needs and implement development initiatives that improve local economic conditions. Together, the two theories complement each other in explaining the relationship between fiscal decentralization and local economic development. While Fiscal federalism theory focuses on the financial autonomy and resource allocation aspects of decentralization, decentralization theory highlights the administrative and governance dimensions. Both theories support the view that empowering municipalities with adequate resources, authority and capacity can improve infrastructural development.

RESEARCH METHODOLOGY

Research Design

Research design refers to the overall plan or blueprint that guides the researcher in collecting, measuring, and analyzing data in order to answer the research questions and achieve the study objectives. It provides a systematic framework that ensures the study is conducted in a logical, valid, and reliable manner (Creswell, 2014: 12).

This study adopts a descriptive and explanatory research design. The descriptive aspect of the design is used to provide a detailed account of fiscal decentralization practices within some selected municipalities in Fako Division. It focuses on describing key variables such as municipal revenue autonomy, expenditure decision-making authority, intergovernmental fiscal transfers and local economic development.

The explanatory (analytical) component of the research design seeks to establish the relationship between fiscal decentralization and local economic development. Specifically, it examines how independent variables—municipal revenue autonomy, expenditure decision making authority, and intergovernmental fiscal transfers—affect the dependent variable, which is local economic development. This approach allows the researcher not only to describe phenomena but also to explain causal relationships between variables (Saunders et al, 2019: 18).

The study further adopts a case study design, focusing on some selected municipalities in Fako Division of Cameroon. The case study approach is appropriate because it allows for an in-depth investigation of fiscal decentralization within a real-life context. It enables the researcher to obtain detailed insights into how financial powers are exercised at the municipal level and how they influence development outcomes (Amin, 2005: 16).

In addition, the study employs a mixed-methods approach, combining both quantitative and qualitative data collection techniques. Quantitative data be used to measure variables and analyze relationships statistically, while qualitative data provide deeper insights into the experiences, perceptions, and challenges faced by municipal authorities and stakeholders. The

combination of these methods enhances the validity and reliability of the findings by providing a more comprehensive understanding of the research problem (Creswell, 2014: 21).

The choice of this research design is justified by the nature of the study, which seeks to both describe and explain the relationship between fiscal decentralization and local economic development. It is also appropriate for capturing the complex interactions between financial, administrative and institutional factors within municipalities.

Population of the Study

The population of this study comprised of a total of about 700 staff; municipal officials, finance and accounting personnel, revenue collection officers, development planning officers, councilors and administrative staff in the selected municipalities of Fako Division, South-West Region of Cameroon.

Target Population

The target population for this study consists of key stakeholders involved in fiscal decentralization and local economic development within municipalities in the South-West Region of about 500 personnels. Specifically, the population includes:

Municipal officials (mayors, councilors, and municipal staff), government officials involved in local governance and finance, local economic actors such as business owners and traders and community members who are beneficiaries of municipal services and development projects. These groups are selected because they possess relevant knowledge and experience regarding the functioning of fiscal decentralization and its impact on local development. Municipal officials provide insights into financial management and decision-making processes, while community members and economic actors help assess the actual outcomes of development initiatives.

Sample Population

To determine the sample size(population) for this study, a combination of purposeful selection for qualitative depth and statistical formulas for quantitative breadth was required. In the qualitative phase, the research follows the principle of theoretical saturation as described by Amin (2008:5), where the sample size is determined by the point at which no new information or themes emerge from the data. Consequently, through purposive sample technique, 15 key informants were selected, comprising 5 Lord Mayors, 5 Council Treasurers, and 5 Council finance officials from the Fako Division. This small but expert-led sample size is consistent with the Republic of Cameroon's (2019) Law No. 2019/024 framework, which centralizes decision-making power within specific municipal roles, making these individuals the primary authorities on fiscal decentralization hurdles like the "tutelle" system.

For the quantitative component, the sample size is calculated using Slovin's Formula or the Cochran to ensure statistical significance at a 95% confidence level and a 5% margin of error. Given the combined population of major Fako Division municipalities like Buea, Limbe I, II,III, and Tiko, a target sample of 200 respondents is established for the administration of structured questionnaires using a purposive sampling technique. This sample is distributed across the previously defined strata, informal traders, and civil servants, council workers to

capture a representative cross-section of the local economy. As noted by the World Bank (2010) in its assessment of Cameroonian subnational governance, a sample size of this magnitude is necessary to provide a reliable correlation between municipal investment spending and tangible improvements in local service delivery. This dual-layered approach ensures that the study is both deep enough to understand institutional challenges and broad enough to generalize findings regarding the economic welfare of the South-West population

Qualitative and quantitative research

Research can be broadly categorized into qualitative and quantitative approaches. According to
Barbie, (2010:91), the distinction between these approaches is largely based on the degree of statistical expertise required. Quantitative research relies heavily on numerical data and statistical analysis, while qualitative research emphasizes the non-numerical aspects of human experience.

Source of data collection

Data collection sources refer to the specific origins from which a researcher gathers information to answer research questions. In academic research, these are typically categorized into primary sources, which involve gathering new, original data directly from respondents and secondary sources, which involve the analysis of existing data or documents produced by others.

Primary sources

The primary sources for this study are derived from field research aimed at capturing the current fiscal reality of municipalities in the South-West. These include semi-structured interviews; a qualitative method using open-ended questions to allow for detailed discussion and structured questionnaires, which use standardized questions to collect quantitative data. According to the Republic of Cameroon's (2019) Law No. 2019/024, local councils are now the primary units of development; therefore, primary data is gathered directly from Lord Mayors, Council Treasurers, and local business owners in Buea, Tiko and Limbe municipalities. This approach is supported by Saunders et al, 2019: 26), who argue that direct engagement with local actors is the only way to uncover the practical challenges of the "tutelle" system that are often omitted from official reports.

Secondary sources

The secondary sources consist of documentary analysis, which is the systematic review of printed or electronic materials to provide historical and legal context. For this project, secondary data includes Municipal Administrative Accounts, Council Development Plans (CDPs), and the Annual Activity Reports from FEICOM. These documents provided the financial figures necessary to track revenue trends. Furthermore, the study consults peer reviewed journals and reports from the World Bank (2021) to benchmark Cameroon's decentralization progress against international standards. By integrating these existing records with fresh field data, the research achieves triangulation, a technique used to cross-verify findings from multiple sources to increase the overall credibility of the project, as recommended by Barbies (2019:51).

Instruments of data collection

Instruments of data collection refer to the tools and techniques used by the researcher to gather relevant information for the study. Given that this study adopts a mixed-methods approach, both quantitative and qualitative instruments are employed to ensure comprehensive data collection and analysis (Creswell, 2014: 218). The main instruments used in this study include questionnaires, interview guides, and documentary analysis.

Questionnaire

Questionnaires were structured written instruments containing questions designed to obtain information from respondents. In this study, the questionnaire constitutes the principal quantitative instrument used to collect data from municipal officials, local economic actors, and community members in some selected councils in Fako Division. The questionnaires consist mainly of close-ended and Likert-scale questions that enable respondents to indicate their level of agreement or disagreement on issues relating to fiscal decentralization and local economic development. The instrument was designed based on the study objective and hypothesis to ensure that relevant information is obtained from respondents. The questionnaire was divided into sections examining questions on municipal revenue autonomy and indicators of local economic development. Fifty questionnaires each were administered to Buea and Tiko respectively and One hundred to Limbe I,II and III municipalities.

According to Bowen (2009:54), questionnaires are effective because they standardize responses and facilitate easy coding and analysis of data. The use of questionnaires in this study is appropriate because it enables the researcher to collect information from a relatively large number of respondents within a short period and ensures uniformity in responses, thereby facilitating statistical analysis and comparison. The questionnaire also guarantees confidentiality and anonymity, as respondents can provide information independently without fear of identification or victimization. This encourages honest responses and enhances the reliability of the data collected.

Interview Guide

In addition to the questionnaire, the study utilizes a semi-structured interview guide as a qualitative data collection instrument. Interviews involved a direct verbal interaction between the researcher and respondents and provide an opportunity for respondents to explain their experiences, opinions, and perceptions regarding fiscal decentralization and local economic development in Fako Division.

The interview guide was structured in a manner that allows the researcher to ask similar questions to selected respondents while still giving them the opportunity to provide detailed explanations. This ensures uniformity in data collection while maintaining flexibility in obtaining rich and comprehensive information. According to Kumar (2005:41), interviews help capture the meanings that respondents attach to their experiences and actions.

The interviews are administered to key informants such as mayors, municipal staff, finance officers, councilors, and other stakeholders involved in local governance and development. The interview guide focuses on major themes including the effectiveness of municipal revenue

generation mechanisms and the impact of fiscal decentralization on local economic development.

Interviews are particularly important in this study because they provide deeper insights into issues that may not be adequately captured through questionnaires, especially those relating to institutional challenges, governance practices, and the practical implementation of fiscal decentralization policies. Furthermore, unclear responses can be clarified immediately during the discussion, thereby improving the accuracy and reliability of the information collected.

Methods of data presentation and analysis

The method of data presentation and analysis refers to the systematic procedure through which raw information collected from the field is organized, interpreted, and transformed into meaningful findings that address the objectives of the study. In this research on fiscal decentralization and local economic development in some selected municipalities in Fako Division, data presentation and analysis are important because the researcher collected information from different categories of respondents through questionnaires, interviews and documentary sources. After the data were collected, they were arranged and analyzed in a manner that facilitated a clear understanding of the relationship between fiscal decentralization and local economic development indicators. According to Creswell (2014:19), data analysis involves preparing data for interpretation, organizing them into categories, and presenting findings in a way that reflects the objective of the study.

In this study, quantitative data obtained through questionnaires are presented using statistical tables, chart, frequencies, and percentages. These methods help summarize a large number of responses into simple numerical forms that can easily be interpreted. Each questionnaire item is coded according to response categories so that the researcher can determine the number of respondents who strongly agree, agree, disagree, strongly disagree or neutral with statements relating to fiscal autonomy and infrastructure development. Frequencies show the number of respondents in each category, while percentages facilitate comparison by converting raw figures into proportional values.

The use of tables in data presentation is important because tables provide a clear visual arrangement of responses according to the study variables and objective. Each table presents data in rows and columns to enable readers to identify patterns and trends emerging from respondents' answers. After each table, descriptive interpretation is provided to explain what the figures imply concerning the effect of fiscal decentralization on local economic development in the municipalities of Fako Division. This descriptive explanation helps connect statistical findings to the practical realities observed during fieldwork.

Qualitative data obtained through interviews and documentary analysis are analyzed descriptively by identifying common themes, recurring ideas and explanations emerging from respondents' experiences and opinions. Similar responses are grouped into thematic categories relating to financial autonomy, infrastructure development, and challenges affecting local economic development. The integration of quantitative and qualitative findings strengthens the study because statistical evidence is complemented by practical explanations and experiences obtained from the field, thereby providing a comprehensive understanding of the relationship

between fiscal decentralization and local economic development in some selected municipalities in Fako Division.

Ethical Consideration

Ethical approval and institutional research authorization were obtained from the department from the head of department which enabled the researcher to conduct the research. The reference number was Ref. 2026/72/UB/D/FLPS/HOD. Ethical considerations serve as the moral framework that protects the rights of participants and the integrity of the data. The first priority is informed consent, which requires that all respondents; including mayors, municipal treasurers, and council employees are fully aware of the research purpose and participate voluntarily with the right to withdraw at any stage. Given that municipal financial data and administrative performance can be politically or professionally sensitive, anonymity and confidentiality were strictly maintained; the researcher ensured that no response can be traced back to a specific individual or council by using codes or aggregate data. Furthermore, the researcher adhered to the principle of beneficence, ensuring the study aimed to provide constructive insights for local governance rather than causing professional harm to those involved. Finally, academic honesty and data integrity were essential, meaning the findings must be reported accurately without any manipulation or bias to reflect the true state of fiscal autonomy and development in the South-West Region.

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Revenue Autonomy and Infrastructure Development

It presents findings on revenue autonomy and infrastructure development in some selected municipalities in Fako Division. It examines respondents' views on internal revenue generation, financial autonomy, dependence on central government, tax collection efficiency, use of municipal funds, and the extent to which revenue generation affects infrastructure such as roads, water, electricity and public service delivery.

Table One shows the Distribution of Responses on Revenue Autonomy and Infrastructure Development

No	Issues Raised	F (n)/ P (%)	SA	A	SD	D	N	Total
1	The municipality generates enough internal revenue.	**F**	38	41	44	20	21	**164**
		P	23.2	25	26.8	12.2	12.8	**100**
2	Revenue autonomy significantly improves local infrastructure.	**F**	43	54	27	17	23	**164**
		P	26.2	32.9	16.5	10.4	14	**100**

3	Dependence on the central government limits local development.	**F**	40	53	37	27	7	**164**
		P	24.4	32.3	22.6	16.5	4.3	**100**
4	Available municipal funds are used effectively for public works.	**F**	37	53	40	25	9	**164**
		P	22.6	32.3	24.4	15.2	5.5	**100**
5	Improved revenue generation leads to better service delivery.	**F**	53	68	22	12	9	**164**
		P	32.3	41.5	13.4	7.3	5.5	**100**
6	The municipality has diversified sources of internal revenue.	**F**	29	58	26	35	16	**164**
		P	17.7	35.4	15.9	21.3	9.8	**100**
7	Tax collection systems in the municipality are efficient.	**F**	34	45	27	27	31	**164**
		P	20.7	27.4	16.5	16.5	18.9	**100**
8	Delays in revenue collection affect infrastructure development.	**F**	45	42	45	28	4	**164**
		P	27.4	25.6	27.4	17.1	2.4	**100**
9	Citizens are adequately informed about how municipal revenue is generated and used.	**F**	59	45	35	14	11	**164**
		P	36	27.4	21.3	8.5	6.7	**100**
10	Improved financial autonomy would accelerate infrastructure development.	**F**	31	65	31	6	31	**164**
		P	18.9	39.6	18.9	3.7	18.9	**100**

SA: Strongly Agree, A: Agree, D: Disagree, SD: Strongly Disagree, N: Neutral Source: Field Survey, 2026

The table shows that the majority of respondents, 26.8%, strongly disagreed that the municipality generates enough internal revenue. This was followed by 25.0% who agreed, while 23.2% strongly agreed. Respondents who were neutral accounted for 12.8%, while those who disagreed represented 12.2%.

On whether revenue autonomy significantly improves local infrastructure, the majority of respondents agreed, 32.9%. This was followed by 26.2% who strongly agreed. Respondents who strongly disagreed accounted for 16.5%, while 14.0% were neutral. The least represented group was those who disagreed, 10.4%.

The table also shows that the majority of respondents, 32.3%, agreed that dependence on the central government limits local development. This was followed by 24.4% who strongly agreed. Respondents who strongly disagreed accounted for 22.6%, while 16.5% disagreed. The least represented group was neutral respondents with 4.3%.

With regard to whether available municipal funds are used effectively for public works, the majority of respondents agreed, 32.3%. This was followed by 24.4% who strongly disagreed. Respondents who strongly agreed accounted for 22.6%, while 15.2% disagreed. The least represented group was neutral respondents with 5.5%.

On whether improved revenue generation leads to better service delivery, the majority of respondents agreed, 41.5%. This was followed by 32.3% who strongly agreed. Respondents who strongly disagreed accounted for 13.4%, while 7.3% disagreed. The least represented group was neutral respondents with 5.5%.

The data further show that the majority of respondents, 35.4%, agreed that the municipality has diversified sources of internal revenue. This was followed by 21.3% who disagreed, while 17.7% strongly agreed. Respondents who strongly disagreed accounted for 15.9%, while the least represented group was neutral respondents with 9.8%.

On whether tax collection systems in the municipality are efficient, the majority of respondents agreed, 27.4%. This was followed by 20.7% who strongly agreed, while 18.9% were neutral. Respondents who strongly disagreed and those who disagreed were equally represented at 16.5% each.

The table also reveals that respondents were equally represented at 27.4% for those who strongly agreed and those who strongly disagreed that delays in revenue collection affect infrastructure development. This was followed by 25.6% who agreed, while 17.1% disagreed. The least represented group was neutral respondents with 2.4%.

With regard to whether citizens are adequately informed about how municipal revenue is generated and used, the majority of respondents strongly agreed, 36.0%. This was followed by 27.4% who agreed. Respondents who strongly disagreed accounted for 21.3%, while 8.5% disagreed. The least represented group was neutral respondents with 6.7%.

Finally, the data shows that the majority of respondents, 39.6%, agreed that improved financial autonomy would accelerate infrastructure development. Respondents who strongly agreed, strongly disagreed and remained neutral were equally represented at 18.9% each, while the least represented group was those who disagreed with 3.7%.

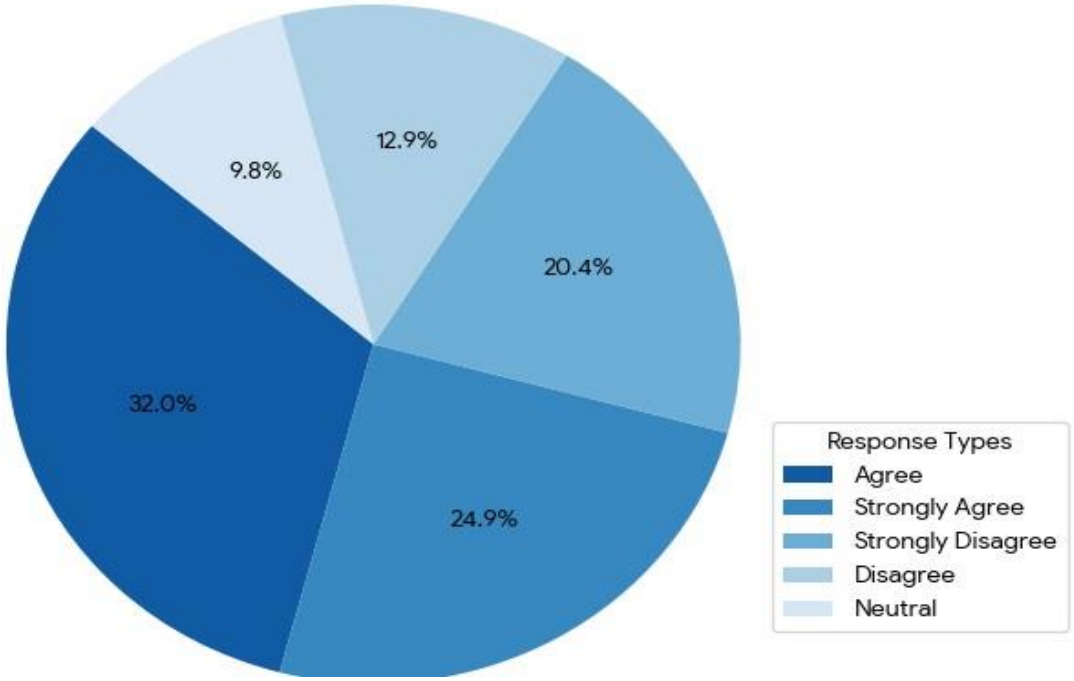
Table Two shows the Distribution of Total Respondents' Perception on Revenue Autonomy and Infrastructure Development

Types of Response	Cumulative Frequency	Total Percentage (%)
Strongly Agree	409	24.9
Agree	524	32.0
Strongly Disagree	334	20.4

Disagree	211	12.9
Neutral	162	9.8
Total	**1640**	**100**

Source: Field Survey, 2026

Pie Chart showing the distribution of Total Respondents' Perception on Revenue Autonomy and Infrastructure Development



The table and figure above show that the majority of responses fell under agree, 32.0%, followed by strongly agree, 24.9%. Respondents who strongly disagreed accounted for 20.4%, while those who disagreed constituted 12.9%. The least represented response category was neutral with 9.8%. When the responses are grouped, the general agreement rate stood at 56.9%, while the general disagreement rate was 33.3%. Neutral responses accounted for 9.8%. This indicates that most respondents accepted that revenue autonomy influences infrastructure development in some selected municipalities in Fako Division. The findings suggest that the ability of municipalities to generate, control, and use revenue play an important role in the provision of infrastructure. The high agreement rate implies that respondents perceived internal revenue generation, financial autonomy, diversified revenue sources and effective tax collection as important factors in improving roads, water, electricity, and other public services.

TESTING OF HYPOTHESIS

H_{01}: Municipal revenue autonomy has no significant effect on infrastructural development in some municipalities in Fako Division.

H_1: Municipal revenue autonomy has a significant effect on infrastructural development in some municipalities in Fako Division.
Hence, the hypothesis sought to test whether municipal revenue autonomy has a significant effect on infrastructural development in some municipalities in Fako Division.

Table Three shows Observed Frequencies for the Hypothesis

S/N	SA	A	SD	D	N	Row Total
1	38	41	44	20	21	164
2	43	54	27	17	23	164
3	40	53	37	27	7	164
4	37	53	40	25	9	164
5	53	68	22	12	9	164
6	29	58	26	35	16	164
7	34	45	27	27	31	164
8	45	42	45	28	4	164
9	59	45	35	14	11	164
10	31	65	31	6	31	164
Column Total	**409**	**524**	**334**	**211**	**162**	**1640**

Source: Field Survey, 2026

The expected frequencies were calculated from the row totals, column totals and grand total. Since each row total is 164 and the grand total is 1640, the expected values for each row were as follows: SA = 40.9, A = 52.4, SD = 33.4, D = 21.1 and N = 16.2.

Table Four shows Summary of Chi-Square Test for Hypothesis

Statistical Item	Value
Calculated Chi-square value	139.23
Degree of freedom	36
Level of significance	0.05
Critical value	50.99
Decision	Reject H_{01} and accept H_1

Source: Researcher's Computation, 2026

The calculated Chi-square value for hypothesis was 139.23, while the critical value at the 0.05 level of significance and 36 degrees of freedom was 50.99. Since the calculated Chi-square value is greater than the critical value, the null hypothesis is rejected, and the alternative hypothesis is accepted. This means that municipal revenue autonomy has a significant effect on infrastructural development in some selected municipalities in Fako Division. The result suggests that the observed responses were not due to chance. Rather, it indicates that revenue related factors such as internal revenue generation, revenue autonomy, financial autonomy, tax collection, revenue diversification, and effective use of municipal funds significantly influence the provision and improvement of infrastructure.

Interview Findings on Municipal Revenue Autonomy and Infrastructural Development

The first specific objective of the study was to examine the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division. In line with this objective, interviewees were asked to explain how their municipalities generate revenue, whether the municipalities have enough financial independence, how revenue availability affects infrastructure such as roads, water and electricity, and the challenges faced in revenue generation.

The responses showed that municipal revenue is generated through different sources. These include internal revenue, local taxes, council facilities, fiscal revenue, non-fiscal revenue, equalization funds, government subventions and transfers from state institutions. One interviewee explained that the municipality generates revenue through income-generating activities such as council stores and local taxes. The respondent stated that: *"We generate revenue through income-generating activities such as council stores and taxes."* This response shows that councils depend partly on local sources of income to finance their activities. Council stores and local taxes are important because they provide revenue that can be used to support public works, service delivery and other municipal responsibilities.

Another respondent explained that municipal revenue is generated locally through taxpayers, but also through state and city council support. According to the respondent: *"We generate revenue locally through our taxpayers. Sometimes, we also receive subsidies from the state and the city council."* This response shows that although municipalities generate part of their revenue locally, they still depend on external support from higher authorities. This means that municipal revenue autonomy is not complete because councils still rely on subsidies and support from the state and city council. Such dependence may affect the speed at which councils plan and execute development projects.

A finance officer gave a broader explanation of the sources of municipal revenue. The respondent stated that: "*The council generates revenue through fiscal revenue, non-fiscal revenue, equalization funds and government subventions."* This response shows that municipal revenue sources are diversified. Fiscal revenue may include taxes and other legally established payments, while non-fiscal revenue may include rents, council facilities and other municipal services. Equalization funds and government subventions also support council budgets. However, the existence of these sources does not necessarily mean that councils have full control over the revenue generated.

On the issue of financial independence, most interviewees stated that municipalities do not have enough financial independence. One respondent said: *"No, we do not have enough financial independence because the money given to us by the state sometimes delays for several quarters."* This response shows that delays in the transfer of funds affect municipal planning

and project implementation. When funds delay for several quarters, councils may find it difficult to maintain roads, extend water supply, provide electricity, improve sanitation or complete ongoing projects. This weakens the practical effect of decentralization because councils may have responsibilities without having timely access to the funds needed to carry them out.

Another interviewee linked the limitation of financial independence to the way fiscal revenues are collected and returned to councils. The respondent explained that: *"All council fiscal revenues are collected by the state and then sent back to the council with a deduction of ten percent for recovery charges."* This response shows that although councils are expected to benefit from fiscal revenue, they do not always collect or control such revenue directly. The deduction of ten percent for recovery charges also reduces the amount finally available to the council. This means that municipal financial autonomy may exist in principle, but in practice, councils remain limited by central control over collection and redistribution.

The interview findings also showed that revenue availability directly affects infrastructural development. One respondent stated that: *"If we have enough finances, we can supply what the people need."* This response indicates that councils can only provide services and infrastructure when they have sufficient financial resources. The needs of the population, such as roads, water, electricity and sanitation, require money for planning, execution and maintenance. Without adequate revenue, these needs may remain unattended.

Another respondent explained the relationship between revenue and infrastructure more clearly by stating that: *"When we have enough revenue, we can provide roads, water extension and electricity extension. If we do not have enough revenue, it will affect the development of the municipality."* This response directly links municipal revenue to infrastructural development. It shows that roads, water and electricity depend on the financial capacity of councils. Where revenue is available, councils can extend services to new areas and improve existing facilities. Where revenue is inadequate, infrastructure projects may be delayed, abandoned or poorly maintained.

The interviews further revealed several challenges affecting revenue generation. These include taxpayer resistance, poor tax compliance, limited taxpayer education, difficulties with electronic payment systems, weak revenue collection systems, delays in transfers from the state and the socio-political crisis in the Anglophone regions. One respondent noted that: *"Taxpayers have to be sensitized on the importance of paying taxes because it is that same money that the council uses to develop the municipality."* This response shows that revenue generation is not only a financial issue but also a matter of public awareness and trust. If taxpayers understand that council revenue is used for development, they may be more willing to pay their taxes. Another respondent emphasized the need for computerized systems and proper taxpayer records. The respondent stated that: *"Most things need to be computerized and there should be a database of all business persons."* This response shows that effective revenue generation requires proper administrative systems. A computerized system and database of business persons can help councils identify taxpayers, monitor tax payment, reduce leakage and improve revenue planning. This can also make revenue collection more transparent and efficient.

From the interview findings, it can be concluded that municipal revenue autonomy affects infrastructural development in some municipalities in Fako Division. The interviews revealed that councils generate revenue from taxes, council stores, rents, fiscal revenue, non-fiscal revenue, equalization funds and government subventions. However, the councils still face limited financial independence because some revenues are controlled by the state, delayed or reduced before reaching the municipalities. The findings therefore show that municipal revenue

autonomy can improve infrastructural development, but its effectiveness depends on timely revenue collection, taxpayer compliance, financial independence, computerized systems and greater control over municipal resources

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DISCUSSION OF FINDINGS

Discussion of Findings on Municipal Revenue Autonomy and Infrastructural Development

The objective of the study sought to examine the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division. The findings revealed that municipal revenue autonomy has a significant effect on infrastructural development. This was supported by the questionnaire findings, where the general agreement rate stood at 56.9%, while the general disagreement rate was 33.3% and neutral responses accounted for 9.8%. The Chi square test also confirmed this result, as the calculated Chi-square value of 139.23 was greater than the critical value of 50.99 at the 0.05 level of significance and 36 degrees of freedom. Consequently, the null hypothesis was rejected while the alternative hypothesis was accepted. These findings agree with the conceptual review, where municipal revenue autonomy was described as the ability of local governments to generate, control and utilize their own financial resources without excessive dependence on central government transfers. The literature emphasized that when municipalities have a high degree of revenue autonomy, they are better equipped to finance development projects and respond to local needs. The findings of this study support this position because respondents generally accepted that improved revenue generation, diversified revenue sources and effective tax collection can improve infrastructure such as roads, water, electricity and public services.

The findings also agree with Oates' Fiscal Federalism Theory, which argues that local governments are better placed to provide public goods because they are closer to the people and have better knowledge of local needs. In the context of this study, some selected municipalities in Fako Division are closer to local communities and therefore understand the infrastructural needs of the population. The findings show that when such municipalities have access to adequate revenue, they are more likely to respond to these needs through road maintenance, water extension, electricity support, sanitation services and other public works. The result further supports Faguet's view that fiscal decentralization enables local governments to reallocate resources toward social and economic infrastructure. The findings showed that revenue availability affects the ability of councils to implement projects. Interviewees confirmed this by explaining that councils require sufficient revenue to provide roads, water, electricity and other services. One respondent stated that when councils have enough revenue, they can provide roads, water extension and electricity extension. This confirms that revenue autonomy is not only a financial issue but also a development issue.

However, the findings also support the position of Smoke, who argued that revenue autonomy alone is insufficient where local governments face weak revenue bases, limited administrative capacity and institutional challenges. Although respondents agreed that revenue autonomy influences infrastructure development, the interviews showed that councils still face several revenue generation challenges. These include taxpayer resistance, weak tax compliance, delays in revenue transfers, electronic payment difficulties, limited taxpayer education and continued dependence on the state and city councils. This confirms that revenue autonomy can only improve infrastructural development when councils have the capacity and freedom to mobilize and manage revenue effectively.

The findings also agree with Bardhan's position on decentralization in Cameroon, which emphasized that municipalities often rely heavily on central government transfers due to weak internally generated revenue. The interview responses showed that some revenues are collected by the state and later transferred to councils, sometimes with delays. Some respondents also complained that funds may appear on paper but are not physically available to the council on time. This finding confirms the Cameroonian reality where decentralization reforms exist, but practical financial autonomy remains limited.

The findings further relate to Decentralization Theory, which emphasizes that decentralization should promote responsiveness, accountability and local participation. In this study, respondents linked revenue generation to taxpayer sensitization and public trust. Interviewees recommended that citizens should be sensitized on the importance of paying taxes because municipal revenue is used to provide public services. This shows that revenue autonomy must be supported by citizen awareness, transparency and accountability. Where citizens see that taxes are used for roads, water, electricity and sanitation, they may be more willing to pay. Therefore, the findings of the study confirm that municipal revenue autonomy significantly affects infrastructural development in some municipalities in Fako Division. However, the findings also show that the benefits of revenue autonomy depend on the ability of councils to collect revenue efficiently, reduce dependence on delayed transfers, improve taxpayer compliance and manage revenue transparently. This means that fiscal decentralization can promote infrastructural development, but only when municipalities have both legal authority and practical financial capacity.

SUMMARY OF FINDINGS

Findings on Municipal Revenue Autonomy and Infrastructural Development

The objective of the study sought to examine the effect of municipal revenue autonomy on infrastructural development in some municipalities in Fako Division. The findings revealed that municipal revenue autonomy has a significant effect on infrastructural development. From the questionnaire analysis, the general agreement rate stood at 56.9%, while the general disagreement rate was 33.3%. Neutral responses accounted for 9.8%. This shows that most respondents accepted that municipal revenue autonomy influences infrastructural development. The findings further revealed that improved revenue generation leads to better service delivery. This was supported by 41.5% of respondents who agreed and 32.3% who strongly agreed. The study also found that revenue autonomy significantly improves local infrastructure, as 32.9% of respondents agreed and 26.2% strongly agreed. Similarly, many respondents agreed that dependence on the central government limits local development, while improved financial autonomy would accelerate infrastructural development.

The hypothesis tested also supported this finding. The calculated Chi-square value for hypothesis one was 139.23, while the critical value at 0.05 level of significance and 36 degrees of freedom was 50.99. Since the calculated Chi-square value was greater than the critical value, the null hypothesis was rejected while the alternative hypothesis was accepted. This means that municipal revenue autonomy has a significant effect on infrastructural development in some municipalities in Fako Division.

Interview findings also supported the questionnaire results. Respondents explained that municipalities generate revenue through taxes, council stores, market tolls, rents, fiscal

revenue, non-fiscal revenue, equalization funds and government subventions. However, most interviewees stated that municipalities do not have enough financial independence because some revenues are collected or controlled by the state and city councils. They also explained that when councils have enough revenue, they are able to provide roads, water, electricity and other public services. Based on these findings, the objective of the study was achieved.

CONCLUSION

Summarized Problem Statement

The study examined fiscal decentralization and local economic development in some municipalities in Fako Division. The problem that motivated the study was the continued difficulty faced by municipalities in promoting infrastructural development, despite the decentralization reforms introduced in Cameroon. Although municipalities are expected to mobilize revenue, make expenditure decisions and manage financial resources for local development, many councils still experience limited financial autonomy, dependence on central government transfers, delays in fund disbursement, weak revenue collection systems and challenges of transparency and accountability.

These problems affect the ability of municipalities to provide basic infrastructure such as roads, water, electricity, sanitation facilities and market spaces. The study therefore sought to determine how municipal revenue autonomy affect local economic development in some municipalities in Fako Division.

The research question asked: To what extent does municipal revenue autonomy affect infrastructural development in some municipalities in Fako Division? The findings revealed that municipal revenue autonomy has a significant effect on infrastructural development. This was supported by the questionnaire findings, where the general agreement rate stood at 56.9%, while the general disagreement rate was 33.3% and neutral responses accounted for 9.8%. The Chi-square test also confirmed this result. The calculated Chi-square value of 139.23 was greater than the critical value of 50.99 at the 0.05 level of significance and 36 degrees of freedom. Consequently, the null hypothesis, which stated that municipal revenue autonomy has no significant effect on infrastructural development, was rejected, while the alternative hypothesis was accepted.

The study therefore concludes that municipal revenue autonomy significantly affects infrastructural development in some municipalities in Fako Division. When municipalities have adequate revenue sources and greater control over their finances, they are better able to provide and maintain roads, water, electricity, sanitation facilities and other public services. However, where councils depend heavily on central government transfers or face delays in revenue collection, infrastructural development becomes limited.

RECOMMENDATIONS

The findings revealed that municipal revenue autonomy has a significant effect on infrastructural development. Based on this finding, the study recommends that municipal councils should strengthen internal revenue generation by improving tax collection systems, updating taxpayer databases and diversifying local revenue sources.

Municipal councils should intensify taxpayer sensitization campaigns in order to educate citizens and business owners on the importance of paying taxes and council dues. These

campaigns should clearly explain that taxes and local charges are used to finance development projects within the municipality.
The central government should give councils greater practical control over local revenue collection and ensure that revenues collected on behalf of municipalities are transferred on time.

Delays in revenue transfers should be reduced because they affect planning, project execution and infrastructural development.

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