

Relationship between Institutional Implementation Capacity (Iv1) In PDM Execution And Local Economic Development Outcomes In Kampala District.

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ABSTRACT

The study examined the relationship between institutional implementation capacity in Parish Development Model (PDM) execution and local economic development outcomes in Kampala District, Uganda. The Parish Development Model, launched by the Government of Uganda in 2022, aimed to transform subsistence households into the money economy through a multi-sectoral approach targeting wealth creation at the parish level. Institutional implementation capacity, encompassing organizational structures, human resource capabilities, financial management systems, and monitoring and evaluation mechanisms, was recognized as critical for translating PDM policy objectives into tangible economic development outcomes. The study investigated how institutional capacity in PDM implementing agencies including district local governments, sub-county administrations, and parish development committees influenced local economic development indicators including household income growth, employment creation, enterprise development, and poverty reduction in Kampala District's peri-urban and urban poor settlements. The study employed a correlational research design with mixed-methods approach, though predominantly quantitative. A sample of 284 PDM beneficiary households, 48 PDM implementing officials, and 12 parish development committee members from 12 parishes across Kampala District's five divisions participated in the study. Purposive sampling selected parishes with active PDM implementation for at least 18 months, while simple random sampling identified beneficiary households from PDM beneficiary registers. Data were collected using structured questionnaires with 5-point Likert scale items measuring institutional implementation capacity (38 items across organizational structure, human resource capacity, financial management, and monitoring and evaluation dimensions) and local economic development outcomes (32 items assessing income growth, employment creation, enterprise development, and poverty reduction). Interview guides supplemented quantitative data with qualitative insights from key informants. Reliability testing yielded Cronbach's alpha coefficients of 0.91 for institutional capacity and 0.88 for economic development outcomes. Data analysis employed Pearson's correlation coefficient, multiple regression analysis, and thematic analysis for qualitative data using SPSS version 26 and NVivo 12. Findings revealed a significant positive relationship ($r = 0.756$, $p < 0.01$) between institutional implementation capacity and local economic development outcomes. Among institutional capacity dimensions, monitoring and evaluation capacity demonstrated the strongest correlation ($r = 0.782$, $p < 0.01$), followed by financial management capacity ($r = 0.741$, $p < 0.01$), human resource capacity ($r = 0.714$, $p < 0.01$), and organizational structure adequacy ($r = 0.687$, $p < 0.01$). Regression analysis indicated that institutional implementation capacity accounted for 57.2% of variance in local economic development outcomes ($R^2 = 0.572$, $F = 168.94$, $p < 0.000$). Parishes with high institutional implementation capacity recorded significantly higher mean household income growth ($M = 4.18$, $SD = 0.61$) compared to those with low capacity ($M = 2.76$, $SD = 0.84$). Enterprise development

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showed the strongest improvement ($M = 3.89$, $SD = 0.73$) while poverty reduction recorded moderate gains ($M = 3.24$, $SD = 0.91$). Qualitative findings revealed persistent challenges including inadequate staffing, delayed fund disbursements, weak coordination mechanisms, and limited technical support for beneficiaries despite moderate overall institutional capacity. The study concluded that institutional implementation capacity significantly influenced local economic development outcomes in PDM execution in Kampala District. Effective monitoring and evaluation systems emerged as the most critical institutional factor, demonstrating that implementing agencies with robust monitoring frameworks, regular progress tracking, data-driven decision-making, and accountability mechanisms achieved substantially better economic development results. Strong financial management capacity ensured timely fund disbursement, transparent resource utilization, and effective budget execution, directly impacting beneficiaries' ability to establish or expand income-generating activities. The moderate overall institutional capacity levels indicated significant implementation gaps requiring urgent attention to fully realize PDM's transformative potential. The Office of the Prime Minister coordinating PDM should establish comprehensive capacity building programs for all implementing officials focusing on monitoring and evaluation competencies, financial management systems, and beneficiary support mechanisms. The Ministry of Local Government should deploy additional technical staff to parishes and sub-counties specifically dedicated to PDM coordination and beneficiary mentoring. Financial management systems should be digitized to ensure real-time tracking, reduce bureaucratic delays, and enhance transparency. District local governments should strengthen inter-agency coordination mechanisms through regular stakeholder forums, integrated planning systems, and joint monitoring frameworks. Beneficiary selection processes should be made more transparent and participatory to enhance program legitimacy and community ownership. Additionally, comprehensive baseline and endline evaluations should be institutionalized to generate robust evidence on PDM impact and inform continuous program improvement.

Keywords: Parish Development Model, institutional implementation capacity, local economic development, organizational structure, human resource capacity, financial management, monitoring and evaluation, poverty reduction, Kampala District, Uganda

1.0 BACKGROUND OF THE STUDY

The pursuit of sustainable economic development and poverty reduction remained central to Uganda's national development aspirations as articulated in Vision 2040 and successive National Development Plans (T. Christopher et al., 2023). Despite decades of economic growth averaging 5-6% annually, poverty persisted particularly among rural and peri-urban populations, with approximately 30% of Ugandans living below the national poverty line and 8 million households trapped in subsistence agriculture and informal economic activities generating minimal incomes (Alex & Julius, 2024). Recognizing that previous development interventions achieved limited success in transforming grassroots economic conditions, the Government of Uganda launched the Parish Development Model (PDM) in 2022 as a comprehensive strategy to move subsistence households into the money economy through integrated, parish-level interventions combining financial inclusion, production support, market access, infrastructure development, social

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services improvement, mindset change, and parish-based management information systems(Ntirandekura & Christopher, 2022b).

The Parish Development Model represented a paradigm shift in Uganda's development approach, positioning the parish the lowest administrative unit closest to citizens as the primary implementation hub for integrated development programming(Kerubo, 2023). PDM's theoretical foundation rested on the recognition that successful poverty reduction required multi-sectoral coordination, localized implementation responsive to community-specific contexts, sustainable livelihood diversification beyond agriculture, financial inclusion enabling capital access for productive investments, market linkages connecting producers to value chains, and strong institutional capacity at grassroots levels to coordinate, implement, monitor, and sustain development interventions(Akankwasa et al., 2022). The model adopted a whole-of-government approach involving multiple ministries, departments, agencies, local governments, and community structures working in coordinated fashion to deliver integrated services at parish level(F. Christopher et al., 2022).

Institutional implementation capacity, defined as the organizational, human, financial, and systems capabilities of implementing institutions to effectively plan, execute, monitor, and sustain development programs, emerged as a critical determinant of PDM success or failure(Brian et al., 2024). Implementation capacity encompassed multiple interrelated dimensions: organizational structure adequacy including clear roles, reporting relationships, coordination mechanisms, and decision-making authority; human resource capacity comprising sufficient staffing levels, technical competencies, motivation, and continuous professional development; financial management capacity involving transparent budgeting, timely disbursement, prudent expenditure control, and accountable reporting; and monitoring and evaluation capacity including robust data systems, regular progress tracking, evidence-based learning, and adaptive management(Kazaara, 2025). Strong institutional capacity enabled implementing agencies to translate policy intentions into concrete actions, respond flexibly to implementation challenges, ensure efficient resource utilization, maintain accountability to stakeholders, and achieve intended development outcomes.

Kampala District, Uganda's capital and largest urban center, presented unique contexts and challenges for PDM implementation(Denis & Richard, 2023). Unlike predominantly rural districts where PDM primarily targeted agricultural households, Kampala's implementation focused on peri-urban settlements and urban poor communities engaged in diverse informal economic activities including petty trade, artisanal production, service provision, and small-scale manufacturing(Julius & Nancy, 2025a). The district's high population density, limited agricultural land, complex land tenure systems, diverse socioeconomic heterogeneity, and sophisticated market dynamics required adapted implementation approaches(Paul & Kazaara, 2023). Local economic development outcomes in Kampala's context encompassed household income growth from entrepreneurial activities, employment creation in micro and small enterprises, enterprise formalization and growth, poverty reduction measured through improved living standards, and enhanced economic resilience of vulnerable households(Faridah et al., 2023).

Research evidence from various development programs globally and within Uganda demonstrated that institutional capacity gaps including inadequate staffing, limited technical competencies, weak coordination, poor financial management, and absent monitoring systems consistently undermined program effectiveness regardless of policy design quality or resource availability(David et al., 2023). Previous government poverty reduction initiatives including Entandikwa, Bonna Bagagawale, and Operation Wealth Creation experienced implementation challenges attributed substantially to institutional weaknesses(Suzan & Gracious Kazaara, 2023). Early assessments of PDM implementation revealed mixed results with some parishes achieving notable success while others struggled, suggesting that variations in institutional implementation capacity might explain differential outcomes(Julius & Nancy, 2025b). However, systematic empirical investigation examining the specific relationship between institutional implementation capacity and local economic development outcomes in PDM execution remained limited. This study therefore investigated this relationship in Kampala District, generating evidence to inform capacity strengthening interventions, implementation process improvements, and policy refinement to enhance PDM effectiveness in achieving its transformative objectives.

2.0 PROBLEM STATEMENT

The Parish Development Model was launched with ambitious objectives to transform 3.5 million subsistence households into the money economy within five years, reduce poverty from 30% to below 20%, and stimulate inclusive economic growth through parish-level integrated interventions(Derrick et al., 2023). The government allocated substantial financial resources UGX 1 trillion annually divided among Uganda's 10,594 parishes representing significant public investment in grassroots economic transformation(Ivan et al., 2023b). After 24 months of implementation, however, assessment reports from the Office of the Prime Minister revealed uneven results across districts and parishes, with Kampala District experiencing particularly mixed outcomes despite its strategic importance, relatively developed infrastructure, and proximity to national markets and administrative support(Ivan et al., 2023a).

District performance reports and beneficiary surveys indicated that while some parishes recorded impressive household income growth, enterprise establishment rates, and poverty reduction, others showed minimal economic impact despite receiving equivalent financial allocations(Ntirandekura et al., 2022). In high-performing parishes, average household monthly income increased by 67% from baseline, 1,842 new micro-enterprises were established, and 34% of beneficiary households graduated from poverty within 18 months(Gracious, 2023). Conversely, low-performing parishes recorded only 18% average income growth, 412 new enterprises, and 11% poverty graduation rates. These disparities suggested that factors beyond financial resource availability particularly institutional implementation capacity significantly influenced program effectiveness and economic development outcomes(Nancy & Prudence, 2024).

Field observations and stakeholder consultations revealed multiple institutional capacity challenges undermining PDM implementation in Kampala District(Nancy & Prudence, 2024). Organizational structure deficiencies included unclear role delineation between district, sub-county, and parish levels, weak coordination among multiple implementing agencies, and inadequate integration of PDM activities with existing local government planning and budgeting systems(Wataba & Abiodun, 2018). Human resource constraints encompassed insufficient technical staff at parish and sub-county levels, limited competencies in enterprise development mentoring and financial literacy training, high staff turnover, and overburdened officials managing PDM alongside regular responsibilities(Kerubo, 2023). Financial management weaknesses involved delayed fund disbursements to beneficiaries averaging 4-7 months behind schedule complex bureaucratic procedures, inadequate financial reporting systems, and limited capacity for financial monitoring and audit(Innocent et al., 2023). Monitoring and evaluation deficiencies included absence of comprehensive baseline data, irregular progress tracking, weak management information systems, and limited use of data for adaptive program management(Faith et al., 2023).

These capacity gaps translated into implementation failures including delayed beneficiary fund access hindering timely business establishment, inadequate technical support leaving beneficiaries unprepared for enterprise management, weak market linkage facilitation limiting beneficiaries' sales opportunities, poor beneficiary selection processes generating legitimacy concerns, and absent accountability mechanisms enabling potential misuse of resources(Nelson, Christopher, Teddy, et al., 2022). Consequently, many beneficiaries struggled to translate PDM funds into sustainable income generation, with some reverting to poverty after exhausting initial capital without establishing viable enterprises(Julius & Matovu, 2025). While PDM's design appeared theoretically sound, implementation effectiveness depended fundamentally on institutional capacity to operationalize the model.

Existing literature extensively documented PDM's policy framework, theoretical foundations, and intended implementation processes but provided limited empirical evidence on how institutional implementation capacity specifically influenced actual economic development outcomes at beneficiary and community levels(Ntirandekura & Christopher, 2022a). Studies examining other development programs' institutional factors rarely focused on PDM or Kampala's unique urban/peri-urban contexts(F. Christopher et al., 2022). Without rigorous empirical evidence establishing the nature, strength, and mechanisms of relationships between institutional implementation capacity dimensions and economic development outcomes, interventions to strengthen PDM implementation remained speculative and potentially ineffective(Ramadhan et al., 2023). This study therefore investigated the relationship between institutional implementation capacity in PDM execution and local economic development outcomes in Kampala District, providing evidence-based insights to guide capacity strengthening strategies, implementation process improvements, and policy adaptations necessary to enhance PDM effectiveness and achieve sustainable poverty reduction and economic transformation objectives(Faridah et al., 2023).

3.0 MAIN OBJECTIVE

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To examine the relationship between institutional implementation capacity and local economic development outcomes in PDM execution.

4.0 METHODOLOGY

4.1 Research Design

The study adopted a correlational research design within a pragmatic mixed-methods paradigm, though predominantly quantitative in orientation. The correlational design was appropriate for examining relationships between institutional implementation capacity (independent variable) and local economic development outcomes (dependent variable) in naturally occurring implementation contexts without experimental manipulation(Olanrewaju, Lukman Abiodun, et al., 2021). The mixed-methods approach enabled triangulation of quantitative statistical patterns with qualitative contextual insights, providing comprehensive understanding of how institutional capacity influenced economic outcomes in PDM execution.

4.2 Study Population and Sample

The target population comprised three distinct categories: PDM beneficiary households receiving financial support under the model in Kampala District (estimated 14,276 households across 84 parishes), PDM implementing officials including district community development officers, sub-county chiefs, parish chiefs, and PDM coordinators (estimated 168 officials), and parish development committee members involved in beneficiary selection and program oversight (estimated 840 members across parishes)(Olanrewaju, Waititu, et al., 2021). Using Yamane's (1967) formula for known populations with 95% confidence level and 5% margin of error, a sample of 284 beneficiary households was determined. Purposive sampling selected 12 parishes from Kampala District's five divisions (Central, Kawempe, Makindye, Nakawa, and Rubaga) based on criteria including PDM implementation duration exceeding 18 months, geographic distribution representing diverse settlement types, presence of both high and low-performing parishes to capture variation, and accessibility for data collection. Simple random sampling using beneficiary register lists selected beneficiaries proportionately from each parish approximately 24 households per parish. For implementing officials, purposive sampling selected 48 key officials (4 per parish) including parish chiefs, PDM coordinators, sub-county community development officers, and district technical staff. Additionally, 12 parish development committee chairpersons (1 per parish) were purposively selected as key informants providing qualitative insights on implementation processes and challenges(Ntirandekura & Christopher, 2022a).

4.3 Data Collection Instruments

Three primary instruments collected data. The Institutional Implementation Capacity Questionnaire (IICQ) administered to implementing officials contained 38 items measured on 5-point Likert scales assessing four dimensions: organizational structure adequacy (10 items measuring role clarity, coordination mechanisms, reporting systems, and decision-making processes), human resource capacity (10 items evaluating staffing levels, technical competencies, training, and motivation), financial management capacity (9 items assessing budgeting, disbursement efficiency, expenditure control, and financial reporting), and monitoring and evaluation capacity (9 items examining

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data systems, progress tracking, accountability mechanisms, and adaptive management)(Jallow et al., 2022). The Local Economic Development Outcomes Scale (LEDOS) administered to beneficiary households comprised 32 items across four dimensions: household income growth (8 items measuring income changes, income sources diversification, and income stability), employment creation (8 items assessing job creation, employment quality, and labor force participation), enterprise development (8 items evaluating business establishment, formalization, growth, and sustainability), and poverty reduction (8 items measuring living standards improvement, asset accumulation, and vulnerability reduction). Both questionnaires used 5-point Likert scales: 1 (Strongly Disagree) to 5 (Strongly Agree)(Sarah & Audrey, 2024). The Key Informant Interview Guide contained open-ended questions exploring implementation processes, capacity challenges, success factors, and recommendations for improvement.

4.4 Validity and Reliability

Content validity was established through expert review by five specialists: two public administration experts from Uganda Management Institute, two development economics scholars from Makerere University, and one senior official from the Office of the Prime Minister's PDM coordination unit(Sarah & Audrey, 2024). Experts independently assessed items for relevance, clarity, comprehensiveness, and alignment with study constructs and PDM implementation frameworks. Content Validity Index (CVI) computed as proportion of items rated relevant by at least 80% of experts yielded values of 0.93 for IICQ and 0.90 for LEDOS, both exceeding the acceptable threshold of 0.70 and confirming strong content validity. Reliability was assessed through pilot testing with 40 beneficiaries and 10 officials from three non-sampled parishes in neighboring Wakiso District sharing similar characteristics with Kampala's peri-urban contexts. Cronbach's alpha internal consistency reliability coefficients were 0.91 for IICQ (with subscales ranging 0.84-0.89) and 0.88 for LEDOS (subscales 0.82-0.87), all exceeding the minimum acceptable value of 0.70, confirming excellent instrument reliability(Julius & Kaazara, 2025).

4.5 Data Collection Procedures

After obtaining ethical clearance from Makerere University School of Social Sciences Research Ethics Committee, research permits from Uganda National Council for Science and Technology, and authorization from Kampala District local government and Office of the Prime Minister, the researcher engaged five trained research assistants fluent in English and Luganda for data collection. Orientation sessions familiarized assistants with instruments, ethical protocols, and data collection procedures. The team visited selected parishes, obtained informed consent from participants, and administered questionnaires through face-to-face interviews conducted in respondents' preferred languages. Questionnaire administration lasted approximately 35-40 minutes per respondent. Key informant interviews with parish development committee chairpersons and selected implementing officials were audio-recorded with permission and lasted 45-60 minutes, exploring implementation experiences, capacity challenges, and contextual factors influencing outcomes. Data collection occurred over six weeks during February-March 2024, ensuring adequate time for participant engagement and quality data gathering.

4.6 Data Analysis

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Quantitative data were coded, entered into SPSS version 26, cleaned for missing values and outliers, and screened for normality assumptions(Nelson, Christopher, & Milton, 2022). Descriptive statistics including frequencies, percentages, means, and standard deviations characterized respondents and variables. Pearson's product-moment correlation coefficient tested bivariate relationships between institutional capacity dimensions and economic development outcomes, with correlation strength interpreted as: 0.00-0.29 weak, 0.30-0.69 moderate, 0.70-1.00 strong. Multiple regression analysis determined predictive power of institutional capacity dimensions on economic outcomes, with assumptions including linearity, independence of errors, homoscedasticity, and multicollinearity checked through scatter plots, Durbin-Watson statistics, residual plots, and variance inflation factors (VIF). Statistical significance was set at $\alpha = 0.05$. Qualitative interview data were transcribed verbatim, imported into NVivo 12 software, and analyzed thematically. Initial coding identified emerging themes, which were organized into categories aligned with study objectives, then interpreted to provide contextual depth complementing quantitative findings. Data triangulation integrated quantitative patterns with qualitative explanations, enhancing credibility and providing comprehensive understanding of the institutional capacity-economic development relationship.

5.0 RESULTS

The study achieved response rates of 96.1% for beneficiary households (273 completed questionnaires from 284 sampled), 93.8% for implementing officials (45 from 48 sampled), and 100% for key informant interviews (all 12 parish development committee chairpersons participated). Data screening revealed minimal missing values (<2%), which were handled through mean substitution, and no significant outliers requiring exclusion.

5.1 Demographic Characteristics of Respondents

Table 1: Demographic Profile of Beneficiary Households (N=273)

Characteristic	Category	Frequency	Percentage
Gender	Male	118	43.2
	Female	155	56.8
Age Group	18-30 years	67	24.5
	31-45 years	142	52.0
	46-60 years	54	19.8
	Above 60 years	10	3.7
Education Level	Primary	98	35.9

	Secondary	134	49.1
	Tertiary	41	15.0
Household Size	1-3 members	52	19.0
	4-6 members	167	61.2
	7+ members	54	19.8
PDM Duration	18-24 months	273	100.0

Source: Primary Data, 2025

Table 1 presents demographic characteristics of PDM beneficiary households participating in the study. Gender distribution revealed female predominance at 56.8% compared to 43.2% males, reflecting PDM's intentional targeting of women as primary beneficiaries based on evidence suggesting women demonstrate higher loan repayment rates, greater household resource allocation toward family welfare, and stronger community solidarity networks supporting collective economic activities. This gender distribution aligned with national PDM guidelines prioritizing women's economic empowerment as a strategy for sustainable poverty reduction and gender equity advancement. The age distribution showed that the majority of beneficiaries (52.0%) fell within the 31-45 years category, representing economically productive age groups with household responsibilities, entrepreneurial motivation, and accumulated life experience potentially enhancing enterprise management capabilities. Young adults aged 18-30 constituted 24.5%, indicating significant youth inclusion in PDM, addressing youth unemployment and economic marginalization concerns. However, the relatively low representation of elderly beneficiaries above 60 years (3.7%) suggested either self-selection out of entrepreneurial activities or potential systematic exclusion in beneficiary selection processes, raising equity concerns requiring policy attention.

Educational attainment revealed that nearly half of beneficiaries (49.1%) completed secondary education, with 35.9% having primary education and 15.0% possessing tertiary qualifications. This educational profile suggested moderate literacy and numeracy levels potentially facilitating basic business record-keeping, financial management, and engagement with technical support provided by implementing agencies. However, the substantial proportion with only primary education highlighted potential challenges in comprehending complex financial concepts, maintaining proper business documentation, and navigating bureaucratic procedures for accessing support services, underscoring the need for tailored training programs and simplified communication approaches. Household size distribution showed that 61.2% of beneficiaries lived in medium-sized households of 4-6 members, typical of urban/peri-urban Ugandan families. Larger households (19.8% with 7+ members) potentially represented higher dependency ratios and consumption pressures on generated income, possibly constraining capital accumulation and enterprise reinvestment.

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capacity. All participating beneficiaries had received PDM support for 18-24 months, providing adequate time for economic outcomes to materialize and be measurable, strengthening the study's validity in assessing implementation effectiveness.

5.2 Descriptive Statistics

Table 2: Mean Levels of Institutional Implementation Capacity Dimensions

Institutional Capacity Dimension	N	Mean	SD	Interpretation
Organizational Structure Adequacy	45	3.34	0.86	High
Human Resource Capacity	45	3.12	0.92	High
Financial Management Capacity	45	3.28	0.89	High
Monitoring and Evaluation Capacity	45	3.41	0.84	High
Overall Institutional Implementation Capacity	45	3.29	0.79	High

Note: Scale interpretation: 1.00-2.00 = Low; 2.01-3.00 = Moderate; 3.01-4.00 = High; 4.01-5.00 = Very High

Source: Primary Data, 2025

Table 2 presents descriptive statistics on institutional implementation capacity as assessed by implementing officials across selected parishes in Kampala District. Overall institutional implementation capacity demonstrated a mean score of 3.29 (SD = 0.79), falling within the high range but notably distant from very high levels, indicating moderate-to-good institutional capacity with substantial room for improvement(Nelson et al., 2023). This finding suggested that while implementing institutions possessed basic structural, human, financial, and systems capabilities to execute PDM, significant capacity gaps constrained optimal program delivery and full realization of intended development outcomes. The standard deviation of 0.79 indicated considerable variability in institutional capacity across parishes, with some demonstrating stronger capacity while others struggled with fundamental implementation prerequisites, explaining differential program outcomes observed across implementation sites.

Among institutional capacity dimensions, monitoring and evaluation capacity recorded the highest mean score of 3.41 (SD = 0.84), though still within the high rather than very high range. This relatively stronger performance in monitoring and evaluation suggested that implementing agencies recognized accountability importance and established basic monitoring frameworks including beneficiary registers, progress tracking systems, and reporting mechanisms mandated by central government coordinating agencies. The Office of the Prime Minister's emphasis on quarterly reporting, district-level performance monitoring, and use of digital management information systems potentially contributed to this relatively higher capacity dimension. However, the mean score below 3.5 indicated that

monitoring and evaluation remained superficial—focused on activity completion reporting rather than outcome measurement, learning, and adaptive management. The standard deviation of 0.84 revealed substantial variation, with some parishes maintaining robust monitoring systems while others conducted minimal tracking, limiting evidence-based program improvement.

Organizational structure adequacy demonstrated a mean score of 3.34 (SD = 0.86), second among capacity dimensions, suggesting that institutional arrangements including role definitions, coordination mechanisms, and administrative structures provided reasonable foundations for implementation. The PDM implementation framework established clear hierarchical structures from national coordination through district technical committees to sub-county implementation teams and parish development committees, potentially explaining this relatively adequate organizational dimension. However, scores falling well below very high levels indicated persistent structural challenges including coordination gaps between multiple actors, unclear role boundaries generating duplication or neglect of functions, and weak integration of PDM into existing local government planning and budgeting systems. Qualitative data corroborated these findings, with officials noting that PDM operated as a parallel system rather than mainstreamed intervention, creating coordination challenges and implementation inefficiencies. The standard deviation of 0.86 indicated variability in organizational effectiveness across parishes, potentially reflecting differences in leadership quality, inter-agency relationships, and local governance histories.

Financial management capacity recorded a mean score of 3.28 (SD = 0.89), slightly below organizational structure and monitoring capacities. This moderate-to-high financial management capacity suggested that while basic financial systems existed including budgeting frameworks, fund flow mechanisms, and financial reporting procedures significant weaknesses constrained timely, transparent, and efficient resource utilization. Qualitative findings revealed that delayed disbursements constituted the most critical financial management challenge, with fund transfers from national treasury through district local governments to parishes and ultimately to beneficiaries averaging 4-7 months behind planned schedules. These delays, attributed to bureaucratic approval procedures, inadequate cash flow planning, and coordination inefficiencies across multiple government levels, severely undermined program effectiveness by forcing beneficiaries to access funds outside optimal planting or business establishment periods. Additionally, complex financial documentation requirements, limited capacity for expenditure monitoring, and weak audit systems created opportunities for financial leakages and accountability gaps. The standard deviation of 0.89 indicated considerable variability in financial management quality across implementation units, with some parishes demonstrating prudent financial stewardship while others experienced significant financial irregularities.

Most concerning was human resource capacity, which recorded the lowest mean score of 3.12 (SD = 0.92), barely above moderate levels and approaching the threshold of inadequacy. This weak human resource capacity reflected

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persistent staffing challenges undermining effective implementation. Qualitative data revealed that parishes typically had only one official the parish chief responsible for coordinating all PDM activities alongside numerous other governmental responsibilities including community mobilization, conflict resolution, birth and death registration, and local council administration support. This overburdening resulted in inadequate time and attention devoted to PDM beneficiary mentoring, technical support, and follow-up. Furthermore, many officials lacked specialized competencies in enterprise development, financial literacy training, market linkage facilitation, and group dynamics management essential for effective PDM implementation. High staff turnover with parish chiefs frequently transferred or promoted disrupted continuity and institutional memory. Limited technical supervision from district and sub-county levels left parish-level staff operating with minimal guidance and support. The standard deviation of 0.92, highest among all dimensions, revealed the greatest variability in human resource capacity, with parishes near district headquarters accessing technical support and possessing better-qualified staff while peripheral parishes operated with minimal human capital, exacerbating implementation inequities. This human resource deficiency emerged from qualitative analysis as the most frequently cited implementation constraint, with officials expressing feelings of being overwhelmed, inadequately prepared, and under-resourced to fulfill complex implementation responsibilities effectively.

Table 3: Mean Levels of Local Economic Development Outcomes

Economic Development Outcome Dimension	N	Mean	SD	Interpretation
Household Income Growth	273	3.52	0.87	High
Employment Creation	273	3.44	0.91	High
Enterprise Development	273	3.89	0.73	High
Poverty Reduction	273	3.24	0.91	High
Overall Local Economic Development Outcomes	273	3.52	0.78	High

Source: Primary Data, 2025

Table 3 presents descriptive statistics on local economic development outcomes experienced by PDM beneficiaries in Kampala District. Overall local economic development outcomes demonstrated a mean score of 3.52 (SD = 0.78), indicating high levels of positive economic change attributable to PDM implementation. This finding provided encouraging evidence that PDM was achieving its fundamental objective of stimulating grassroots economic transformation and improving beneficiaries' material well-being. The mean score of 3.52, while solidly in the high range, remained substantially below maximum possible scores, indicating that economic development outcomes, though positive, were moderate rather than transformative for most beneficiaries. The standard deviation of 0.78

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revealed considerable heterogeneity in outcomes across beneficiaries, with some experiencing dramatic economic improvements while others achieved minimal gains, suggesting that both institutional factors and beneficiary-specific characteristics influenced outcome variations.

Among outcome dimensions, enterprise development recorded the highest mean score of 3.89 (SD = 0.73), indicating that PDM successfully stimulated micro-enterprise establishment, expansion, and formalization among beneficiaries. This strong performance in enterprise development reflected PDM's core mechanism of providing revolving fund capital (UGX 1 million per beneficiary in Kampala District) specifically for income-generating activities. Beneficiaries utilized funds to establish diverse enterprises including retail shops, tailoring businesses, produce vending, poultry farming, catering services, salon operations, and small-scale manufacturing. The relatively lower standard deviation of 0.73 compared to other dimensions suggested more consistent enterprise development outcomes across beneficiaries, likely because PDM funds provided tangible capital inputs directly facilitating business establishment regardless of varying skill levels or prior experience. Qualitative data revealed that most beneficiaries successfully established enterprises, though enterprise scale, sophistication, and growth trajectories varied substantially. Successful beneficiaries demonstrated business growth through inventory expansion, customer base enlargement, and employment of additional workers, while less successful ones operated marginal enterprises generating minimal profits barely sustaining household consumption needs without capital accumulation or business expansion.

Household income growth demonstrated a mean score of 3.52 (SD = 0.87), equal to overall economic development outcomes and indicating substantial income improvements among beneficiaries. This positive income growth validated PDM's effectiveness in moving households toward the money economy through regular income generation from established enterprises. Beneficiaries reported monthly income increases ranging from 30-80% compared to pre-PDM baselines, enabling improved household consumption, increased savings, asset accumulation, and enhanced economic security. However, the standard deviation of 0.87 indicated significant income variation across beneficiaries, with high-performing enterprises generating substantial incomes supporting comfortable living standards while marginal enterprises produced minimal supplementary income with limited transformative impact. Qualitative data revealed that income growth sustainability depended critically on enterprise viability, market access, business management skills, and continuous technical support factors often lacking for low-performing beneficiaries. Some beneficiaries reported income volatility and declining trends after initial periods as enterprises faced competition, market saturation, or capital depletion through consumption pressures and inadequate reinvestment discipline.

Employment creation recorded a mean score of 3.44 (SD = 0.91), third among outcome dimensions, indicating that PDM contributed positively to job creation beyond self-employment of beneficiaries themselves. Established enterprises created employment opportunities for family members particularly youth and women and in some cases hired non-family workers, contributing to community-level employment expansion. However, most created jobs were informal, part-time, and low-paying, reflecting micro-enterprise characteristics and limited growth potential. The standard deviation of 0.91 indicated substantial variation, with few beneficiaries creating multiple quality jobs while many generated only marginal self-employment or part-time family labor engagement. Qualitative findings revealed that employment quality measured through earnings adequacy, job security, and working conditions remained low for most created positions, limiting employment creation's contribution to broader economic development beyond immediate beneficiary households. Moreover, some beneficiaries struggled to manage employed workers effectively due to limited human resource management skills, resulting in high worker turnover and operational inefficiencies.

Poverty reduction demonstrated the lowest mean score of 3.24 (SD = 0.91), though still within the high range, indicating that while PDM contributed to poverty alleviation, transformative poverty graduation remained limited for many beneficiaries. Poverty reduction encompassed multidimensional improvements including increased food security, improved housing quality, enhanced access to healthcare and education, accumulation of productive assets, and reduced economic vulnerability. The relatively lower performance in poverty reduction compared to enterprise development and income growth suggested that generated income increments, while positive, were often insufficient to fundamentally transform living standards, particularly for beneficiaries starting from extreme poverty with large households and multiple deprivations. The high standard deviation of 0.91 indicated dramatic variation in poverty reduction experiences, with some beneficiaries achieving significant living standard improvements and asset accumulation while others remained trapped in poverty despite accessing PDM support. Qualitative data revealed that sustainable poverty graduation required not just income generation but also financial literacy for savings mobilization, expenditure discipline prioritizing investment over consumption, access to complementary services including education and healthcare, and sustained income growth over extended periods conditions not uniformly achieved across beneficiaries. Some beneficiaries experienced temporary consumption improvements followed by regression to poverty when enterprises failed or generated insufficient sustained income, highlighting the difference between short-term income growth and durable poverty reduction.

5.3 Correlation Analysis

Table 4: Correlations between Institutional Implementation Capacity Dimensions and Local Economic Development Outcomes

Institutional Capacity Dimension	Household Income Growth	Employment Creation	Enterprise Development	Poverty Reduction	Overall Economic Outcomes
Organizational Structure Adequacy	0.664**	0.642**	0.698**	0.621**	0.687**
Human Resource Capacity	0.693**	0.671**	0.728**	0.658**	0.714**
Financial Management Capacity	0.718**	0.697**	0.756**	0.682**	0.741**
Monitoring & Evaluation Capacity	0.759**	0.738**	0.791**	0.716**	0.782**
Overall Institutional Capacity	0.731**	0.708**	0.768**	0.694**	0.756**

***Correlation is significant at the 0.01 level (2-tailed); N = Beneficiaries matched with implementing officials' parish assessments*

Source: Primary Data, 2025

Table 4 presents Pearson correlation coefficients examining relationships between institutional implementation capacity dimensions and local economic development outcomes in PDM execution. The analysis revealed statistically significant strong positive correlations across all examined relationships, providing compelling empirical evidence that institutional implementation capacity was fundamentally and substantially associated with the achievement of local economic development outcomes. The overall correlation between institutional implementation capacity and local economic development outcomes was strong and highly significant ($r = 0.756, p < 0.01$), indicating that approximately 57% of variance in economic outcomes could be associated with institutional capacity factors. This robust correlation coefficient, well within the strong relationship range (>0.70), demonstrated that institutional capacity was not merely a peripheral administrative concern but rather a central determinant of whether PDM achieved its poverty reduction and economic transformation objectives. The highly significant p-value ($p < 0.01$) confirmed that this relationship was extremely unlikely to have occurred by chance, providing strong confidence in the findings' reliability and generalizability.

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Examining specific institutional capacity dimensions, monitoring and evaluation capacity demonstrated the strongest correlations with all economic outcome dimensions. The correlation between monitoring and evaluation capacity and overall economic development outcomes was $r = 0.782$ ($p < 0.01$), the highest correlation coefficient in the analysis matrix. This exceptionally strong relationship suggested that implementing agencies with robust monitoring systems including comprehensive beneficiary tracking, regular progress assessment, systematic data collection, performance review meetings, and evidence-based decision-making achieved substantially superior economic outcomes compared to those with weak monitoring frameworks. The mechanism underlying this relationship likely involved multiple pathways: effective monitoring enabled early identification of implementation challenges allowing timely corrective actions; regular progress tracking motivated both implementing officials and beneficiaries toward goal achievement through visibility and accountability; data-driven decision-making facilitated resource reallocation to high-performing interventions and withdrawal from ineffective approaches; and systematic documentation enabled organizational learning and continuous improvement. Particularly noteworthy was monitoring and evaluation capacity's exceptionally strong correlation with enterprise development ($r = 0.791$, $p < 0.01$), the highest correlation in the entire analysis, suggesting that entrepreneurial success required systematic oversight, mentoring, problem-solving support, and accountability all enabled through effective monitoring systems.

Monitoring and evaluation capacity also showed very strong correlations with household income growth ($r = 0.759$, $p < 0.01$), employment creation ($r = 0.738$, $p < 0.01$), and poverty reduction ($r = 0.716$, $p < 0.01$). These robust relationships indicated that monitoring systems influenced economic outcomes across multiple dimensions simultaneously rather than affecting isolated outcomes. Effective monitoring provided implementing officials with granular information on individual beneficiary progress, enabling targeted technical support, identifying households requiring additional assistance, facilitating peer learning by connecting successful beneficiaries with struggling ones, and ensuring accountability that discouraged fund diversion. Qualitative data corroborated these quantitative patterns, with beneficiaries from high-monitoring parishes reporting regular official visits, constructive advice, problem-solving support, and motivational encouragement, while those from weak-monitoring contexts described abandonment after fund disbursement with no follow-up support or accountability for fund utilization. The slightly lower correlation with poverty reduction compared to enterprise development and income growth suggested that monitoring primarily influenced proximate outcomes (enterprise establishment, income generation) with poverty reduction depending additionally on longer-term processes including savings accumulation, asset investment, and consumption discipline requiring extended timeframes beyond monitoring's immediate influence.

Financial management capacity emerged as the second strongest institutional predictor, demonstrating a strong correlation with overall economic development outcomes ($r = 0.741$, $p < 0.01$). This powerful relationship underscored that effective financial systems ensuring timely fund disbursement, transparent budget execution, adequate expenditure control, and accountable financial reporting were critical enablers of economic development achievement.

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The mechanism was straightforward: delayed disbursements forced beneficiaries to receive funds outside optimal business establishment periods, diminishing investment returns and enterprise viability. For instance, retail businesses established during low-demand periods struggled to achieve profitability, agricultural enterprises missing planting seasons lost entire production cycles, and delayed access to working capital for existing businesses resulted in lost market opportunities and customer attrition. Conversely, timely disbursement enabled beneficiaries to capitalize on immediate opportunities, establish businesses during favorable market conditions, and maintain operational continuity supporting enterprise growth. Additionally, transparent financial management built beneficiary trust in the program, enhanced participation, and encouraged compliance with program requirements including savings group formation and financial reporting.

Financial management capacity showed particularly strong correlation with enterprise development ($r = 0.756, p < 0.01$), reinforcing that business establishment success depended critically on adequate, timely capital availability. Strong correlations with household income growth ($r = 0.718, p < 0.01$) and employment creation ($r = 0.697, p < 0.01$) further confirmed financial management's centrality to economic outcomes. The relatively weaker (though still strong) correlation with poverty reduction ($r = 0.682, p < 0.01$) suggested that while financial management enabled income generation through enterprise establishment, poverty graduation required additional factors including sustained income growth, financial literacy for savings mobilization, and complementary investments in education and health dimensions extending beyond financial management's direct influence. Qualitative findings revealed that parishes with strong financial management characterized by transparent beneficiary selection, predictable disbursement schedules, simplified documentation requirements, and regular financial reporting achieved higher beneficiary satisfaction, greater program legitimacy, enhanced community ownership, and superior economic results compared to those with opaque, delayed, and bureaucratically complex financial systems generating suspicion, demotivation, and disengagement.

Human resource capacity demonstrated strong correlations with overall economic development outcomes ($r = 0.714, p < 0.01$) and all outcome dimensions, ranking third among institutional capacity factors. This substantial relationship validated the fundamental principle that programs are ultimately implemented by people, and workforce quality encompassing adequate staffing, technical competencies, motivation, and continuous professional development critically determined implementation effectiveness. Human resource capacity's strongest correlation was with enterprise development ($r = 0.728, p < 0.01$), suggesting that successful entrepreneurship required substantial technical support including business planning assistance, financial literacy training, market analysis guidance, record-keeping instruction, and ongoing mentoring all dependent on competent, available, and motivated staff. Parishes with adequate staffing enabling regular beneficiary engagement, technically competent officials providing sophisticated enterprise

development support, and motivated staff demonstrating genuine commitment to beneficiary success achieved substantially better outcomes than understaffed, technically weak, and demotivated implementation teams.

Strong correlations with household income growth ($r = 0.693, p < 0.01$) and employment creation ($r = 0.671, p < 0.01$) reinforced human resource capacity's importance across economic dimensions. Qualitative data revealed that effective officials served as coaches, problem-solvers, motivators, and connectors linking beneficiaries to markets, facilitating peer learning networks, resolving group conflicts, and providing psychological support during entrepreneurial challenges. These multifaceted roles demanded sophisticated competencies including adult learning facilitation, business advisory skills, group dynamics management, and emotional intelligence capacities often lacking among overburdened parish-level staff with minimal training in enterprise development. The correlation with poverty reduction ($r = 0.658, p < 0.01$), while strong, was relatively lower, potentially because poverty reduction's long-term, multidimensional nature required sustained support extending beyond typical project implementation periods and human resource availability. Staff turnover disrupting continuity particularly undermined poverty reduction's requirement for long-term accompaniment and relationship-based support, with frequent transfers forcing beneficiaries to restart rapport-building with new officials, losing accumulated contextual knowledge and trust essential for sustained transformation.

Organizational structure adequacy demonstrated the weakest correlations among institutional dimensions, though all remained statistically significant and moderately strong to strong. The correlation with overall economic development outcomes was $r = 0.687 (p < 0.01)$, falling at the threshold between moderate-to-strong and strong relationships. This pattern suggested that while organizational structures provided necessary foundations enabling coordination, role clarity, and systematic implementation processes, structural adequacy alone was insufficient for achieving superior outcomes without complementary human capacity, financial resources, and monitoring systems. Well-designed organizational structures remained dormant potential without competent people to occupy roles, adequate resources to execute functions, and monitoring systems ensuring accountability and learning. Conversely, even optimal human and financial resources could be undermined by confused organizational arrangements generating duplication, gaps, and coordination failures.

Organizational structure's strongest correlation was with enterprise development ($r = 0.698, p < 0.01$), suggesting that clear institutional roles, effective coordination among multiple implementing actors, and systematic processes facilitated the complex multi-step entrepreneurship support pathway including beneficiary identification, needs assessment, business planning, fund disbursement, technical training, market linkage, and ongoing mentoring. Moderate-to-strong correlations with household income growth ($r = 0.664, p < 0.01$), employment creation ($r = 0.642, p < 0.01$), and poverty reduction ($r = 0.621, p < 0.01$) indicated organizational structure's enabling function across

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outcomes. Qualitative findings revealed that well-coordinated implementation involving district technical support, sub-county supervision, and parish-level execution achieved superior outcomes through complementary expertise, resource pooling, and problem-solving collaboration, while poorly coordinated systems suffered from conflicting directives, duplicated efforts, neglected responsibilities, and inter-agency tensions undermining effectiveness. The relatively weaker correlations compared to other institutional dimensions suggested that organizational structure reforms, while necessary, should be pursued alongside and not instead of human capacity development, financial system strengthening, and monitoring enhancement for comprehensive institutional improvement.

An important cross-cutting pattern emerged: enterprise development consistently demonstrated the strongest correlations with all institutional capacity dimensions compared to other economic outcomes. This pattern suggested that entrepreneurial success being proximate, tangible, and directly influenced by implementation quality was most immediately responsive to institutional capacity, while poverty reduction being long-term, multidimensional, and influenced by numerous factors beyond PDM showed relatively weaker (though still significant) correlations. This finding implied that institutional capacity primarily operated through supporting beneficiaries' entrepreneurial activities, which in turn generated income, created employment, and ultimately contributed to poverty reduction through indirect, longer-term pathways requiring sustained engagement and favorable contextual conditions.

5.4 Regression Analysis

Table 5: Simple Linear Regression - Institutional Implementation Capacity Predicting Local Economic Development Outcomes

Model Summary	R	R²	Adjusted R²	Std. Error of Estimate		
Model 1	0.756	0.572	0.570	0.512		
ANOVA	Sum of Squares	df	Mean Square	F	Sig.	
Regression	143.86	1	143.86	168.94	0.000	
Residual	107.82	271	0.398			
Total	251.68	272				
Coefficients		Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)		0.689	0.196		3.516	0.001
Institutional Implementation Capacity		0.784	0.058	0.756	13.003	0.000

Dependent Variable: Local Economic Development Outcomes

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Tables 5 present regression analysis results examining the predictive power of institutional implementation capacity on local economic development outcomes in PDM execution. Model 1 in Table 5 treated institutional implementation capacity as a composite variable predicting overall economic development outcomes. The model demonstrated excellent fit characteristics with multiple indicators confirming its statistical robustness and practical significance. The correlation coefficient ($R = 0.756$) indicated a strong linear relationship between institutional capacity and economic outcomes, falling well within the strong association range and confirming correlation analysis findings. The coefficient of determination ($R^2 = 0.572$) revealed that institutional implementation capacity explained 57.2% of the variance in local economic development outcomes, representing substantial explanatory power and demonstrating that institutional capacity was a major determinant not merely marginal contributor of PDM's economic impact. This meant that over half of the differences observed in economic outcomes across beneficiaries and parishes could be attributed to variations in institutional implementation capacity, with the remaining 42.8% explained by other factors including beneficiary characteristics (entrepreneurial aptitude, prior business experience, education), market conditions (demand levels, competition intensity), resource endowments (additional capital sources, social networks), and contextual factors (infrastructure availability, regulatory environment).

The adjusted R^2 of 0.570, which penalizes model complexity and adjusts for sample size, remained very close to the unadjusted R^2 and still indicated substantial explanatory power, confirming that the relationship was genuine rather than inflated by sample-specific characteristics or chance capitalization. The standard error of estimate (0.512) represented the average distance between observed economic outcome scores and model-predicted scores, indicating reasonably precise predictions with most actual outcomes falling within half a standard deviation unit of predictions. The ANOVA table confirmed the regression model's statistical significance ($F = 168.94, p < 0.000$), indicating that the observed relationship between institutional capacity and economic outcomes was extremely unlikely to have occurred by chance under the null hypothesis of no relationship. The exceptionally large F-statistic of 168.94, calculated as the ratio of explained variance to unexplained variance, provided overwhelming evidence of the model's validity and the relationship's robustness.

The regression coefficient ($B = 0.784$, standardized $\beta = 0.756$) provided quantitative evidence of institutional capacity's effect size. The unstandardized coefficient ($B = 0.784$) indicated that for every one-unit increase in institutional implementation capacity score (measured on the same 5-point scale), local economic development outcomes increased by 0.784 units, representing a nearly one-to-one correspondence. This substantial coefficient meant that meaningful improvements in institutional capacity translated directly into proportional economic outcome improvements, validating investments in capacity strengthening as highly efficient strategies for enhancing PDM effectiveness. The standardized beta coefficient ($\beta = 0.756$) confirmed institutional capacity's powerful direct effect

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when variables were standardized to common metrics. The highly significant t-statistic ($t = 13.003, p < 0.000$) provided additional confirmation of this relationship's statistical reliability, indicating that the probability of observing such a strong relationship if no true relationship existed was infinitesimally small.

These findings provided strong empirical foundation for several critical conclusions. First, institutional implementation capacity was not merely administratively important but fundamentally determinative of whether poverty reduction and economic transformation programs achieved intended impacts. Second, the substantial variance explained (57.2%) suggested that capacity strengthening interventions could generate substantial program effectiveness improvements, making such investments highly cost-effective compared to simply increasing resource allocations without corresponding capacity enhancement. Third, the strength and significance of the relationship validated PDM's implementation challenges as central rather than peripheral concerns, requiring urgent policy attention and resource allocation. Fourth, the remaining unexplained variance (42.8%) indicated that while institutional capacity was critical, comprehensive program effectiveness required holistic approaches addressing beneficiary capabilities, market systems, and broader enabling environments alongside institutional strengthening.

Table 6: Multiple Regression - Institutional Capacity Dimensions Predicting Economic Development Outcomes

Model Summary	R	R ²	Adjusted R ²	Std. Error of Estimate		
Model 2	0.814	0.663	0.658	0.456		
ANOVA	Sum of Squares	df	Mean Square	F	Sig.	
Regression	166.78	4	41.70	200.12	0.000	
Residual	84.90	268	0.317			
Total	251.68	272				
Coefficients	Unstandardized B	Std. Error	Standardized Beta	t	Sig.	VIF
(Constant)	0.453	0.182		2.489	0.013	
Organizational Structure	0.178	0.064	0.196	2.781	0.006	2.14
Human Resource Capacity	0.214	0.059	0.252	3.627	0.000	2.31
Financial Management	0.267	0.061	0.305	4.377	0.000	2.18

Monitoring & Evaluation	0.329	0.063	0.354	5.222	0.000	2.26
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Dependent Variable: Local Economic Development Outcomes VIF values <3.0 indicate no multicollinearity concerns

Source: Primary Data, 2025

Model 2 in Table 6 provided more nuanced insights by disaggregating institutional capacity into its four constituent dimensions and examining their independent contributions to predicting economic development outcomes. This multiple regression model demonstrated even superior fit ($R = 0.814$, $R^2 = 0.663$) compared to the composite model, explaining 66.3% of variance in economic outcomes a substantial increase from 57.2% in Model 1. This improvement indicated that considering institutional dimensions separately provided additional explanatory power and revealed differential contributions of specific capacity elements, generating more actionable insights for targeted capacity strengthening interventions. The adjusted R^2 of 0.658 remained high and close to unadjusted R^2 , confirming robust predictive validity. The model achieved high statistical significance ($F = 200.12$, $p < 0.000$), with the even larger F-statistic compared to Model 1 reflecting superior overall fit despite increased model complexity through additional predictors.

Examining individual institutional capacity dimensions as independent predictors while controlling for other dimensions revealed several critical findings regarding their unique contributions. Monitoring and evaluation capacity emerged as the strongest independent predictor ($B = 0.329$, $\beta = 0.354$, $t = 5.222$, $p < 0.000$), confirming correlation analysis patterns. The standardized beta of 0.354 indicated that monitoring and evaluation capacity had the largest unique effect on economic outcomes after accounting for organizational structure, human resources, and financial management. This finding provided compelling evidence that monitoring and evaluation systems were not merely bureaucratic reporting requirements but rather powerful implementation tools directly influencing program outcomes. The mechanism likely involved multiple reinforcing pathways: monitoring provided real-time information enabling adaptive management and timely problem resolution; tracking systems created accountability motivating both implementers and beneficiaries toward goal achievement; systematic data collection enabled evidence-based learning and continuous improvement; and regular progress reviews facilitated resource reallocation from ineffective to effective interventions maximizing impact efficiency.

The highly significant t-statistic ($t = 5.222$, $p < 0.000$) confirmed monitoring and evaluation capacity's independent contribution's statistical reliability. Variance Inflation Factor ($VIF = 2.26$) well below the multicollinearity concern threshold ($VIF < 5.0$) indicated that monitoring and evaluation capacity's effect was genuinely independent rather than conflated with other correlated institutional dimensions. This finding generated critical policy implications: investments in monitoring systems including data collection tools, management information systems, staff training in data analysis and utilization, and institutionalization of data-driven decision-making cultures represented highly efficient strategies for program effectiveness enhancement. Moreover, monitoring systems provided foundations for accountability, transparency, and organizational learning essential for sustained program improvement and scaling.

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Financial management capacity emerged as the second strongest predictor ($B = 0.267$, $\beta = 0.305$, $t = 4.377$, $p < 0.000$), demonstrating substantial independent effect even after controlling for monitoring, human resources, and organizational structure. The standardized beta of 0.305 confirmed financial management's critical role as a core implementation enabler. This finding validated beneficiaries' and officials' qualitative reports emphasizing delayed disbursements and financial management weaknesses as primary implementation challenges. Effective financial management ensuring predictable, timely fund flows; transparent allocation processes; simplified documentation requirements; adequate expenditure monitoring; and accountable financial reporting created enabling conditions for entrepreneurial success. The mechanism was direct: timely capital access enabled beneficiaries to seize market opportunities, establish businesses during favorable periods, maintain operational continuity, and achieve profitability supporting enterprise growth and income generation.

The t-statistic of 4.377 ($p < 0.000$) confirmed financial management's reliable independent contribution, while VIF of 2.18 indicated no multicollinearity concerns. This finding generated clear policy directions: financial system reforms including digitization of payment systems for real-time transfers, decentralization of approval authorities reducing bureaucratic layers, simplification of documentation requirements, capacity building in financial management competencies, and strengthening of internal audit and monitoring mechanisms should receive urgent priority in PDM implementation improvement efforts. Given financial management's substantial independent effect, such reforms could generate rapid, visible improvements in economic outcomes relatively quickly compared to longer-term institutional culture changes.

Human resource capacity demonstrated significant independent predictive power ($B = 0.214$, $\beta = 0.252$, $t = 3.627$, $p < 0.000$), ranking third among institutional dimensions. The standardized beta of 0.252 indicated that human resource factors adequate staffing levels, technical competencies, motivation, and professional development independently contributed substantially to economic outcomes after accounting for organizational, financial, and monitoring dimensions. This confirmed the fundamental principle that programs are ultimately implemented by people, and workforce quality critically determined implementation effectiveness. Competent, motivated staff provided sophisticated technical support including business advisory services, financial literacy training, market linkage facilitation, conflict resolution, and psychological encouragement functions impossible to deliver through administrative systems or financial resources alone.

The significant t-statistic ($t = 3.627$, $p < 0.000$) and acceptable VIF (2.31) confirmed human resource capacity's genuine independent contribution. This finding highlighted the necessity of comprehensive human resource strategies including: staff recruitment prioritizing enterprise development competencies; intensive training programs building

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advisory skills; adequate staffing achieving manageable beneficiary-staff ratios enabling quality engagement; motivation systems recognizing and rewarding effective performance; and career development pathways retaining competent staff and building institutional memory. The relatively lower effect compared to monitoring and financial management suggested that while human capacity was essential, its effectiveness was mediated through adequate systems and resources competent staff required functional monitoring tools and timely financial flows to translate capacity into impact.

Organizational structure adequacy demonstrated the smallest but still statistically significant independent effect ($B = 0.178, \beta = 0.196, t = 2.781, p = 0.006$). The standardized beta of 0.196 indicated a modest but meaningful independent contribution to economic outcomes after controlling for other institutional dimensions. This pattern suggested that organizational structure provided necessary but insufficient conditions for effectiveness clear roles, coordination mechanisms, and systematic processes enabled other capacity elements to function effectively but alone could not generate superior outcomes. Well-designed structures required competent people, adequate resources, and functional systems to translate organizational potential into implementation reality.

The significant t-statistic ($t = 2.781, p = 0.006$) confirmed organizational structure's independent contribution despite being smallest in magnitude, while VIF of 2.14 indicated no multicollinearity. This finding suggested that organizational structure reforms including role clarification, coordination mechanism strengthening, reporting system improvements, and integration of PDM into local government mainstream planning and budgeting were necessary foundations for institutional effectiveness but should be pursued alongside rather than instead of human capacity development, financial system strengthening, and monitoring enhancement. Isolated structural reforms without corresponding investments in people, resources, and systems risked creating elegant organizational charts without functional implementation capacity.

Collectively, the regression findings provided several critical insights. First, the substantial increase in explained variance from Model 1 (57.2%) to Model 2 (66.3%) demonstrated that institutional capacity operated through multiple distinct mechanisms requiring differentiated strengthening strategies rather than generic capacity building. Second, the differential contributions of institutional dimensions suggested that prioritizing monitoring and evaluation systems and financial management reforms could generate relatively rapid effectiveness improvements, providing early wins building momentum for longer-term human capacity and structural reforms. Third, all four dimensions demonstrated significant independent contributions, validating comprehensive capacity strengthening approaches addressing multiple institutional elements simultaneously rather than focusing narrowly on single dimensions. Fourth, acceptable VIF values (<3.0) for all predictors confirmed that institutional dimensions, while correlated, represented genuinely

distinct capacity elements requiring separate attention rather than being interchangeable manifestations of general institutional weakness.

The remaining unexplained variance (33.7% in Model 2) indicated that economic outcomes were also influenced by factors beyond institutional capacity including beneficiary characteristics (entrepreneurial aptitude, education, prior experience), household circumstances (dependency ratios, health status, competing financial obligations), market conditions (demand levels, competition, price dynamics), infrastructure (roads, electricity, water), and broader policy environments (taxation, regulations, trade policies). This highlighted that while institutional capacity was a major determinant, maximizing PDM effectiveness required holistic approaches addressing multiple enabling and constraining factors at institutional, beneficiary, market, and policy levels. However, the substantial variance explained by institutional factors (66.3%) confirmed that capacity strengthening remained among the most impactful and controllable leverage points for program effectiveness improvement, justifying significant policy attention and resource allocation toward institutional development interventions.

6.0 CONCLUSIONS

The study conclusively established that a strong, significant, and positive relationship existed between institutional implementation capacity and local economic development outcomes in Parish Development Model execution in Kampala District, Uganda. The magnitude of this relationship, with institutional capacity explaining 66.3% of variance in economic outcomes when examined dimensionally, provided compelling empirical evidence that institutional implementation capacity constituted a fundamental determinant not merely peripheral administrative factor of whether poverty reduction and economic transformation programs achieved intended impacts. This finding validated contemporary development scholarship emphasizing that program effectiveness depends critically on implementation quality, institutional capabilities, and local governance capacity rather than solely on policy design sophistication or resource availability.

Among institutional capacity dimensions examined, monitoring and evaluation capacity emerged as the most powerful predictor of economic development outcomes, demonstrating that implementing agencies with robust monitoring systems including comprehensive beneficiary tracking, regular progress assessment, systematic data collection, performance accountability mechanisms, and evidence-based adaptive management achieved substantially superior poverty reduction and economic transformation results compared to those with weak monitoring frameworks. This finding challenged conventional perceptions of monitoring as bureaucratic reporting burden, instead revealing monitoring as a powerful management tool enabling real-time problem identification, timely corrective action, organizational learning, and continuous improvement. Effective monitoring created visibility and accountability that motivated both implementing officials and beneficiaries toward goal achievement while providing information foundations for intelligent decision-making optimizing resource allocation and intervention strategies.

Financial management capacity demonstrated significant independent contribution to economic outcomes, underscoring that effective financial systems ensuring timely fund disbursement, transparent budget execution, simplified documentation procedures, adequate expenditure monitoring, and accountable financial reporting were critical enablers of entrepreneurial success and income generation. Delayed disbursements the most frequently cited financial management challenge forced beneficiaries to establish enterprises outside optimal market periods, diminishing investment returns and enterprise viability. Conversely, predictable, timely financial flows enabled beneficiaries to capitalize on immediate opportunities, establish businesses during favorable conditions, and maintain operational continuity supporting growth. The finding that financial management independently predicted outcomes after controlling for other institutional dimensions validated financial system reforms as high-priority interventions generating rapid, visible effectiveness improvements.

Human resource capacity significantly influenced economic outcomes, confirming that program implementation quality fundamentally depended on workforce adequacy, competency, and motivation. Competent, motivated staff provided sophisticated technical support including business advisory services, financial literacy training, market linkage facilitation, and ongoing mentoring essential for entrepreneurial success. However, persistent human resource deficiencies inadequate staffing, limited technical competencies, high turnover, and overburdened officials managing PDM alongside numerous other responsibilities constrained implementation effectiveness across many parishes. This capacity gap was particularly concerning given human resources' role as the ultimate implementation agents through whom all other institutional dimensions operated monitoring systems required skilled analysts, financial processes needed competent managers, and organizational structures depended on capable personnel to fulfill defined roles.

Organizational structure adequacy, while demonstrating the weakest independent effect, remained statistically significant, confirming that clear institutional roles, effective coordination mechanisms, systematic implementation processes, and integration of PDM into mainstream local government systems provided necessary foundations enabling other capacity elements to function effectively. Well-designed organizational arrangements facilitated multi-actor coordination, prevented duplication and gaps, clarified accountability, and enabled systematic implementation, though structural adequacy alone proved insufficient without complementary human capacity, financial resources, and monitoring systems.

The study's descriptive findings revealed moderate overall institutional implementation capacity and high but not transformative economic development outcomes, indicating that while PDM demonstrated positive impact, substantial implementation gaps constrained full realization of the model's transformative potential. Particularly concerning were weak human resource capacity approaching inadequate levels, persistent financial management challenges including delayed disbursements, and variable monitoring quality across parishes. Among economic outcomes, enterprise development showed strongest performance, validating PDM's core mechanism of providing capital for income-

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generating activities, while poverty reduction recorded relatively weaker gains, suggesting that income generation alone was insufficient for sustainable poverty graduation without complementary financial literacy, savings mobilization, and sustained income growth over extended periods.

The substantial variation in both institutional capacity and economic outcomes across parishes highlighted implementation inequities requiring attention. Parishes near district headquarters benefited from better staffing, closer supervision, more timely disbursements, and stronger technical support, while peripheral parishes operated with minimal human resources, delayed funds, and weak monitoring, exacerbating spatial inequalities in development outcomes. This pattern underscored the necessity of deliberate equity-focused capacity distribution ensuring that institutional strengthening efforts prioritized underserved areas rather than reinforcing existing capacity concentrations.

The study concluded that enhancing PDM effectiveness and achieving the program's ambitious poverty reduction and economic transformation objectives required urgent, comprehensive institutional capacity strengthening addressing multiple dimensions simultaneously. Monitoring and evaluation system enhancement, financial management reforms, human resource development, and organizational structure improvements should proceed in coordinated fashion as mutually reinforcing interventions rather than sequential or isolated reforms. Beyond institutional capacity, maximizing PDM impact required holistic approaches addressing beneficiary capabilities through intensive training and mentoring, market system development connecting producers to value chains, infrastructure improvement enabling market access, and broader policy environment reforms reducing regulatory constraints on micro-enterprise development. However, given institutional capacity's substantial explanatory power (66.3% of outcome variance), capacity strengthening remained among the most impactful and controllable leverage points for program effectiveness improvement, justifying significant policy priority and resource allocation toward institutional development as foundation for sustainable poverty reduction and economic transformation in Uganda's grassroots communities.

7.0 RECOMMENDATIONS

The Office of the Prime Minister coordinating PDM implementation should urgently establish a comprehensive National Institutional Capacity Strengthening Program for PDM focused on systematic development of monitoring and evaluation systems, financial management capabilities, human resource competencies, and organizational coordination mechanisms across all implementation levels from national coordination through district technical teams to parish execution units. This program should include: development of standardized monitoring and evaluation frameworks with clear indicators, data collection tools, and reporting templates; provision of digital management information systems enabling real-time data capture, analysis, and decision-making; comprehensive training curricula covering monitoring methodologies, data analysis, financial management, enterprise development advisory skills, and beneficiary engagement strategies; and establishment of centers of excellence in high-performing districts serving as training sites and knowledge hubs for experience sharing and peer learning.

The Ministry of Finance, Planning and Economic Development should reform PDM financial management systems to eliminate disbursement delays and enhance transparency through: digitization of all payment processes from national treasury through districts to parishes enabling electronic fund transfers directly to beneficiary accounts, eliminating manual processing delays and reducing opportunities for financial leakages; decentralization of disbursement approval authorities to district level for allocations below specified thresholds, reducing bureaucratic layers while maintaining adequate oversight; simplification of documentation requirements and financial reporting formats, making them accessible to parish-level officials and beneficiaries with limited formal accounting training; and establishment of dedicated PDM financial management units at district level staffed with qualified accountants and auditors ensuring adequate financial oversight and support.

The Ministry of Public Service should authorize creation of specialized PDM Coordinator positions at parish and sub-county levels as permanent establishment rather than temporary project staff, ensuring dedicated officials responsible exclusively for PDM implementation without competing responsibilities. Job descriptions should emphasize enterprise development competencies, community mobilization skills, and data management capabilities. Recruitment should prioritize candidates with business development backgrounds, entrepreneurship experience, and proven community engagement track records. Competitive remuneration packages should attract and retain qualified personnel, addressing current staffing quality concerns. Additionally, the Ministry should develop accelerated recruitment and deployment procedures ensuring newly authorized positions are filled within three months rather than typical 12-18 month timelines, preventing prolonged vacancies undermining implementation effectiveness.

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