

1. INTRODUCTION

1-1 Background

Decentralisation reforms are currently ongoing in the majority of developing countries. The nature of decentralisation reforms vary greatly - ranging from mundane technical adjustments of the public administration largely in the form of deconcentration to radical redistribution of political power between central governments and relatively autonomous Local Governments (LGs).

Decentralisation reforms hold many promises - including local level democratisation and possibly improved service delivery for the poor. However, effective implementation often lacks behind rhetoric and the effective delivery of promises also depends on a range of preconditions and the country specific context for reforms. In several countries it can be observed that decentralisation reforms are pursued in an uneven manner - some elements of the Government may wish to undertake substantial reforms - other elements will intentionally or unintentionally counter such reforms. Several different forms of decentralisation - foremost elements of devolution, deconcentration and delegation may be undertaken in either a mutually supporting or contradictory manner.

Japan International Cooperation Agency (JICA) recognises that its development assistance at the local level generally and specifically within key sectors that have been decentralised will benefit from a better understanding of the nature of decentralisation in the countries where it works. The present study on local level service delivery, decentralisation and governance in East Africa is undertaken with this in mind. The study is primarily undertaken with a broad analytical objective in mind and is not specifically undertaken as part of a programme formulation although future JICA interventions in East Africa are intended to be informed by the study.

1-2 Objective of the Study

The specific objectives of the study are:

1. Provide a basic comparative analysis of the forms and processes of decentralisation reforms in the 3 East African countries: Kenya, Tanzania and Uganda;
2. Analyse the specific modalities in the 3 countries for local service delivery planning and provision within the 3 sectors of basic education, Primary Health Care (PHC) and agricultural extension;
3. Explore the impact of the specific forms of decentralisation and local level service delivery arrangements in terms of efficiency, accountability (transparency) and democratic process

(participation); this will include analysis of various practices for direct user participation in planning and delivery of services².

1-3 Key Concepts

Decentralisation is often used as a concept without strict definitions. The World Bank (WB) for instance uses the term “decentralisation” to describe a broad range of public sector reorganisations:

Decentralisation – the transfer of authority and responsibility for public functions from the Central Government (CG) to intermediate and LGs or quasi-independent government organizations and/or the private sector – is a complex multifaceted concept. Different types of decentralisation should be distinguished because they have different characteristics, policy implications, and conditions for success.

There is a broad agreement to this use of terminology although it may be debated whether “privatisation” rightly should be included or the term reserved exclusively for transfer of functions and powers within the public sector itself, as public versus private provision of service reflects another dimension³.

It is also generally accepted to make a distinction between at least 3 main types of decentralisation⁴ - a distinction we will use throughout this study:

Deconcentration is often considered to be the weakest form of decentralisation; it redistributes decision making authority and financial and management responsibilities among different levels of the CG. It can merely shift responsibilities from CG officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of CG ministries.

Delegation is a more extensive form of decentralisation. Through delegation CGs transfer responsibility for decision-making and administration of public functions to semi-autonomous organisations not wholly controlled by the CG, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Usually these organisations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

² This is referred to in the Terms of Reference as “forms of collective action”.

³ United Nations Development Programme (UNDP) 2004 also includes privatisation as part of its definition of decentralisation as a special kind named “market decentralisation”. See http://www.undp.org/governance/docs/DLGUD_PN_English.pdf

⁴ The definitions below follow WB Decentralisation Briefing Notes (www.worldbank.org/html/fpd/urban/decent/decent.htm)

Devolution is the 3rd type of decentralisation. When governments devolve functions, they transfer authority for decision-making, planning, resource allocation, finance, and management to quasi-autonomous units of LG with corporate status. Devolution usually transfers responsibilities for services to municipalities/district councils etc that elect their own chairpersons/mayors and councils, raise their own revenues and have independent authority to make investment decisions. In a devolved system LGs have clear and legally recognised geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of decentralisation that underlies most political decentralisation.

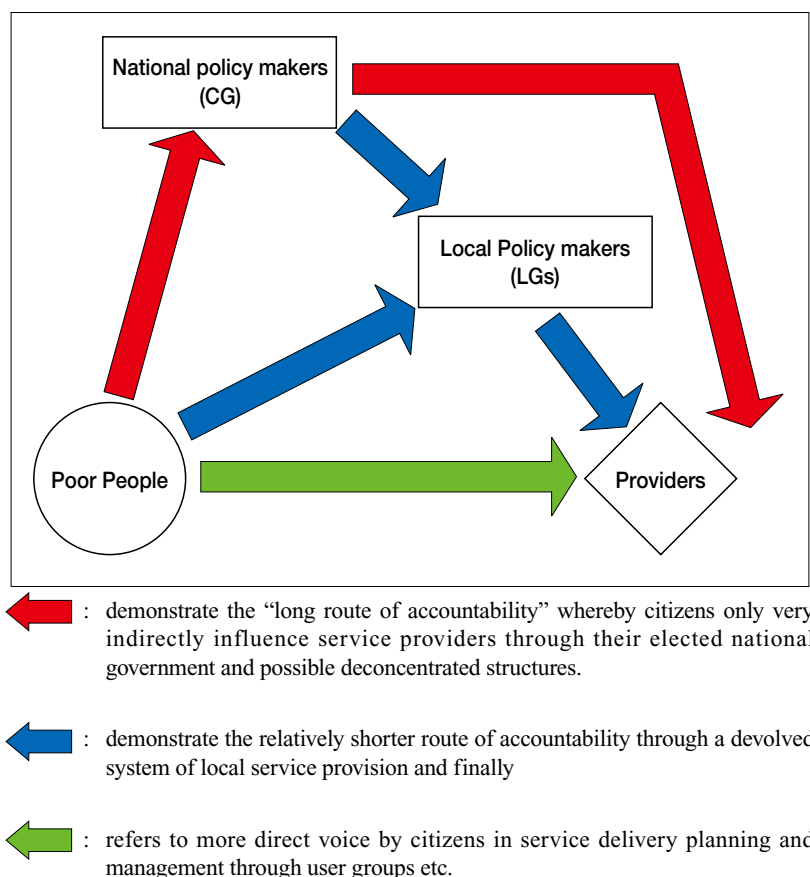
Another important dimension, which should be kept in mind when reviewing experiences from decentralisation is the distinction between political (local decision-making power and political representation), administrative (organisation of the activities, administration structures etc.) and fiscal decentralisation (covering issues such as the extent to which sub-national governments/local governments have autonomy on resources for local service delivery)⁵.

In addition to the above it has furthermore been a common trend within many sectors to strive for decentralisation directly to various user groups such as health users management committees, school management committees etc. This is often done in combination with the above-mentioned forms of decentralisation through devolution, deconcentration or delegation. In this study we will analyse the various forms of decentralisation as they in practice have been interpreted and applied in the 3 East African countries for local level service delivery of (basic) education, (primary) health care and agriculture extension. In practice this includes:

- Examples of devolved systems of service delivery; in principle for all 3 sectors in both Uganda and Tanzania as the LGs are primary responsible for these services,
- Examples of deconcentrated local service delivery: the most dominant form for local service delivery in Kenya, but when a service provided by LGs in Uganda entirely is funded by CG transfers and in great detail planned for at central level we will in this study also refer to such situations as “deconcentration”.
- Some examples of partial privatisation - most prominently a feature of the reforms of the systems for delivery of agricultural extension services and promotion of private service delivery in particularly secondary education and
- In all sectors various forms of direct decentralisation to user groups: school management committees, health user management committees and farmers groups.

⁵ see ‘www.undp.org/governance/docs/DLGUD_Pub_FDPR.pdf’ for an overview of fiscal decentralisation issues.

Figure 1-1 Basic Accountability Relationships



1-4 Study Team and Methodology

The following team of consultants undertook the Uganda case study: Per Tidemand, Jesper Steffensen and Emmanuel Ssewankambo. The work was undertaken August - September 2006 with subsequent report writing. A first Draft report was circulated for comments in October and 2nd draft in January. This report incorporates the final comments revived from JICA end January 2007.

The Ministry of Local Government (MoLG) provided administrative support and methodological guidance to the study. Special thanks go to the Permanent Secretary Mr. Vincent B. Ssekono and the Assistant Commissioner Policy and Planning Mr. Sam Emurot. The study was financed by JICA and the team also benefited from professional comments and guidance from JICA and its Institute for International Cooperation. However, the study does not necessarily reflect the official view of neither JICA nor the Government of Uganda (GoU) and the consultant team is responsible for all conclusions and any errors.

The study is based on the following.

1. Review of the extensive literature on LGs and local level service delivery within Primary Education (PE), PHC and agriculture extension sectors and of the development in the findings from the three-country study on *A Comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda*, 2004⁶. This includes a large number of LG and sector plans, policies, reviews and evaluations.
2. Interviews at national level with:
 - Staff from the MoLG, including the Local Government Finance Commission (LGFC)
 - Staff from ministries responsible for finance, planning and economic development; public service, including the Public Service Commission (PSC)
 - Staff from ministries responsible for health, education, and agriculture - in particular the relevant Commissioners of Policy and Planning as well as the National Agricultural Advisory Services (NAADS) and Programme for Modernisation of Agriculture (PMA) Secretariats
 - Non-state agencies including the Uganda Local Government Associations (ULGA) and Uganda Health Consumers Association (UHCA)
 - Development partners and programmes and projects
 - Selected key informants
3. Field work in 3 rural districts: Lira, Mayuge, and Rakai. These districts were selected to represent variation in effectiveness of LGs in planning and delivery of services. The criteria for their selection included their performance in annual assessments of LG capacities under the Local Government Development Programme (LGDP) as well as their ranking in provision of health and educational services. Rakai was furthermore included as a district with some experiences under NAADS and PMA Non-Sectoral Conditional Grant (NSCG) programme. Lira was specifically included in order to have some experiences from the Northern Region - including implementation experiences under Northern Uganda Social Action Fund (NUSAF). Box 1-1 gives an overview of the districts sampled.

⁶ Steffensen Jesper, Tidemand Per, Ssewankambo Emmanuel (2004).

Box 1-1 Brief Overview of the Districts Sampled**Lira district**⁷

Lira District is located in Northern Uganda. The district is subdivided into 3 counties, 1 municipal council and 15 sub-counties. The total population of the District is 426,829 (excl. Lira Municipality) of whom 209,909 are males and 216,920 females. The District experiences high levels of poverty with 71 % of the population living below the poverty line. The average income is Uganda Shillings (UGX) 170,000 per annum, mainly derived from agriculture, the backbone of the Lira economy. Lira District received a reward in the annual assessment of minimum conditions and performance measures in the 2004 and 2005 annual assessments, however it was among the 20 poor performers in the health and education sectors based on the respective sector league tables. It is implementing the NAADS and NUSAF programmes.

Mayuge district⁸

Mayuge District is located in Eastern Uganda, north of Lake Victoria. The District was formed in 2001 being split from Iganga District. Mayuge is sub-divided into 1 county, 6 sub-counties and 1 town council, with part of the District located in the Islands of lake Victoria. The total projected population as per 2002 population census is 375,292 and the main economic activities in the District are peasantry farming and fishing. Mayuge District received a penalty in the annual assessment of minimum conditions and performance measures in the 2004 and 2005 annual assessments and was among the 20 poor performers in the education sector. It does not benefit from the NAADS programme.

Rakai district⁹

Rakai District is located in the South Western region of Uganda, west of Lake Victoria. The District is comprised of 3 counties - Kooki, Kakuuto and Kyotera¹⁰, 17 sub-counties and 3 town councils. About 96 % of the population is rural, a situation which reflects the basically agricultural nature of the district economy. The total population of the District is 470,365 of whom 230,043 are males and 240,322 females. Rakai District received a reward in the annual assessment of minimum conditions and performance measures in the 2004 and 2005 annual assessments, and was among the 20 good performers in the health and education sectors based on the respective sector league tables. It is implementing the NAADS and PMA-NSCG programmes.

In each district the team conducted interviews with:

- General administrative staff (administrators, planners, finance, Human Resource Management (HRM) staff),
- Sector staff - heads of departments,
- Administrative and sector staff in Lower Local Governments (LLGs) (sub-counties),
- Politicians (at various levels such as district, sub-counties, parishes and villages),
- Representatives of various user groups:

⁷ Information extracted from Lira District Development Plan for 2006/2007–2008/2009.

⁸ Information extracted from Mayuge District Primary Health Care Work Plan for the year 2006/2007.

⁹ Information extracted from Rakai District Government Development Plan for 2006/2007–2008/2009.

¹⁰ Rakai District was comprised of four counties but starting financial year 2006/2007, Kabula County was split and formed into Lyantonde District.

- health unit management committees,
- school management committees,
- farmers groups,
- Frontline service providers: health staff at clinics, teachers/head teachers and extension workers.

1-5 Report Outline

The entire study is comprised of 4 reports:

1. Country case study Kenya
2. Country case study Tanzania
3. Country case study Uganda (this report) and
4. Synthesis Report

The Synthesis Report provides a summary of the 3 country reports in the form of a comparative analysis of decentralisation and local service delivery across the 3 countries. The Synthesis report also expands on the methodological approach and provides a brief literature review on the relationship between decentralisation and service delivery.

This Country Report on Uganda is divided into the following 6 main chapters:

1. **Introduction;** background and methodology for the study,
2. **The overall institutional arrangements;** a discussion of the general institutional arrangements, in particular the LG system responsible for local service delivery. The chapter is in part an update and synthesis of the study we undertook for the WB in 2004 ¹¹ and in a similar manner it analyses 5 main dimensions of the system:
 - The overall legal and policy framework,
 - The administrative and political structures,
 - The fiscal dimensions (expenditure assignments, sources and levels of funding, expenditure patterns),
 - Human Resource (HR) dimensions (LG HR capacities and systems for personnel management),
 - Institutional arrangement for reform coordination, focussing on CG oversight and support.

¹¹ Jesper Steffensen, Per Tidemand, Harriet Naitore (Kenya only), Emmanuel Ssewankambo (Uganda only), Eke Mwaipopo (Tanzania only).

3. **Education sector:** the strategies for decentralising the sector, the planning, financing and human resource aspects of decentralised service delivery and the various modes of service delivery. Analysis of the impact of decentralisation within the sector on governance and service delivery.
4. **Health sector:** the strategies for decentralising the sector, the planning, financing and HR aspects of decentralised service delivery and the various modes of service delivery. Analysis of the impact of decentralisation within the sector on governance and service delivery.
5. **Agricultural sector:** the strategies for decentralising the sector, the planning, financing and HR aspects of decentralised service delivery and the various modes of service delivery. Analysis of the impact of decentralisation within the sector on governance and service delivery.
6. **Conclusion**
 - Summarises the overall situation of the reform so far, including progress, achievements, impact of decentralisation and key lessons:
 - Linkages between different forms of decentralisation and service delivery,
 - Linkages between different forms of decentralisation and governance,
 - Coherence between different sector modalities,
 - Coherence between sector user groups and overall (LG) structures.
 - Summarises the key challenges and bottlenecks that affect the future evolution of decentralisation policy in each country, given the current achievements and performances and outline key policy issues/options.
 - Suggests possible ways in which Donors/Japan might be able to provide effective support in the area of decentralisation for improved local service delivery in East Africa.

2. GENERAL LOCAL SERVICE DELIVERY ARRANGEMENTS

2-1 Overview of Legal and Policy Issues

2-1-1 Background to the Legal and Policy Issues

Local services in Uganda are delivered within the context of decentralisation pursuing devolution as the main mode of governance. The decentralisation policy intentions and processes are legally and institutionally well anchored, supported by a strong legal framework, especially the Constitution of the Republic of Uganda and the Local Government Act (LGA) Cap. 243.

In Uganda, decentralisation was defined as a democratic reform, which seeks to transfer political, administrative, financial and planning authority from the centre to LG councils. It seeks to promote popular participation, empower local people to make own decisions and enhance accountability and responsibility. It also aims at introducing efficiency and effectiveness in the generation and management of resources and in the delivery of services¹². In the same vein, decentralisation has also been referred to as the transfer of power over decision-making and implementation to lower administrative levels to improve efficiency and effectiveness in service delivery.¹³

The decentralisation policy intentions, processes and provisions incorporated in the legal framework were dictated by the circumstances that prevailed in the country and were practiced even before they were legalised. For instance the institutional arrangements based on elected local councils at both LGs and administrative units were a refinement and consolidation of the operation of Resistance Councils temporarily made to work in the war torn country in the 1980s even without any legal framework.

“I have always maintained that the nature, content and extent of decentralisation in Uganda was dictated by the circumstances that prevailed at the time” – Bidandi Ssali, Minister of LG for 14 years.

The implementation of the decentralisation policy in Uganda was intensive and largely successful at the beginning of the reforms (since 1992) because of high level political commitment starting from the President, the Minister of LG and Parliament; committed and competent technocrats pivoting around the Decentralisation Secretariat; and the timing of introducing decentralisation that coincided with the Constitutional review process which facilitated the detailed integration of the decentralisation policy in the Constitution¹⁴.

¹² Republic of Uganda, the Decentralisation Secretariat 1994: Decentralisation in Uganda - *The Policy and its Implications*

¹³ Decentralisation Policy Strategic Framework (DPSF), January 2006 p. 13.

¹⁴ Please refer to Steffensen, Tidemand and Ssewankambo, 2004: *A comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda*, Final Country Study, August 2004, for a review of the experiences up to May 2004.

The commitment and early successes notwithstanding, the implementation of decentralisation in Uganda has encountered legal, policy and operational challenges. There are cases of lack of legal harmonisation with some of the sectors and there has been a lack of 1 coherent decentralisation policy document. There has also been changing circumstances necessitating the revision of the legal and policy issues. For instance the Constitution and LGA Cap. 243 has been revised on a number of occasions since their promulgation in 1995 and enactment in 1997 respectively.

The government is still legally committed to the implementation of decentralisation by devolution. One of the principles to which the decentralisation policy is anchored as stated in the recently developed DPSF is devolution of power. It is argued that power is devolved from the centre to LGs, to enable local governments make decisions and allocate resources based on local priorities. Power is also devolved from higher to LLGs to allow decisions to be made at the lowest level of service delivery (the principle of subsidiarity and non-subordination). Devolved powers have to be used in the best interest of the people to enhance service provision, reduce poverty and improve livelihoods¹⁵.

2-1-2 Division of Tasks for Local Service Delivery between the Different Levels

The commitment to decentralisation by devolution is manifested by the division of tasks between the different levels of government (see Table 2-1). The central institutions are mainly responsible for formulating policies, setting standards, issuing guidelines, sector coordination, and technical supervision and backstopping. LGs have the primary mandate for service provision but there are intentions of increasing the involvement of the user groups including School Management Committees (SMCs), Health Unit Management Committees (HUMCs) and farmer groups especially in service planning and operation under sector specific programmes¹⁶.

However, the commitment to decentralisation by devolution is encountering a number of challenges¹⁷. Most of the funding for local service delivery through CG transfers is largely earmarked to sector specific activities. There is limited financing by the LGs due to dwindling LG own local revenues. This has compromised the participation and autonomy of the LGs in local service delivery planning, local level implementation and inspection, and service Operation and Maintenance (O&M).

¹⁵ DPSE, January 2006, p. 17.

¹⁶ As will be discussed in details below, whereas the user groups are in place, their functionality has been affected by the fact that the community members no longer contribute to service delivery and hence have no incentives to demand for accountability and improved service provision.

¹⁷ Detailed analysis of the challenges is made in the subsequent chapters.

Table 2-1 Division of Tasks for Local Service Delivery between the Different Levels

Function	Health	Education	Agriculture extension
Policy, setting standards, issuing guidelines and sector coordination	MoH	MoES	MAAIF
Planning at 'local' level	Respective HUMCs, HSD, DDHS and approval by district councils. MoH provides guidelines and backstops the process. Role of LLGs limited to funding from LGDP. Under NUSAF planning is done by the "community".	SMCs, District Education Office, DTPCs and approval by the Councils. Limited involvement of LLGs apart from LGDP funded projects. The community in northern Uganda is involved in projects under NUSAF.	Farmers forum under NAADS, Role of LLGs limited to PMA-NSCG and LGDP funded projects
Financing	Mainly by CG transfers for salaries, supplies and development. User fees abolished in public health facilities in 2001. Patients pay in private health facilities and/or private wings of public facilities. Limited financing by the LGs from other sources like local own revenue, LGDP and NUSAF.	For PE nearly all funding derives from CG transfer under UPE (apart from private schools). Despite attempts to introduce flexibility most of the grants are largely earmarked; Secondary education: partly CG transfers (for salaries and limited supplies) but large contributions by parents through payment of school fees. Universal post primary is being planned and will be gradually introduced from 2007.	Mainstream CG funding for local service delivery mainly for wage and recurrent non-wage – but also limited. Main funding from the CG is through NAADS and PMA-NSCG. Farmers are expected to co-finance service contracts overtime, but presently they make very limited contributions.
Monitoring, regulation and inspection	Higher level units are supposed to inspect lower levels hence MoH, Referral Hospitals, DDHS, District hospitals and HSD are involved. The role of the HUMCs in inspection is limited especially after the abolition of user fees.	MoES District Education Office, SMC supposed to inspect but they are not very effective, particularly after the introduction of free PE.	District Production Office responsible for regulatory functions but there are complaints regarding non-funding of this mandate. Farmer Groups expected over time to take charge of monitoring the services provided by private sector extension providers.
Construction/ implementation	For capital investments, Contracts Committees procure private contractors; Private contractors are in charge of construction; DDHS and District Engineer are in charge of supervision HUMCs are also supposed to oversee construction but are not effective. MoH provides standard structures.	Contracts Committee procures private contractors; Private contractors are in charge of construction; District Education Office and District Engineer are in charge of supervision SMCs also oversee construction. MoES provides standard structures.	Farmers' groups' forum at sub-county level are responsible for management of service contracts. Sub-county LG responsible for implementation of PMA grant. Technical support from District Production Office.
Service delivery operations and facility management	HUMCs (Medical staff in charge is secretary)	SMCs (Head Teacher is Secretary)	Main emphasis on Farmers Forum at sub-county level for management of service contracts.

DDHS: District Director of Health Services, DTPCs: District Technical Planning Committees, HSD: Health Sub-District, MAAIF: Ministry of Agriculture, Animal Industries and Fisheries, MoES: Ministry of Education and Sports, MoH: Ministry of Health, UPE: Universal Primary Education

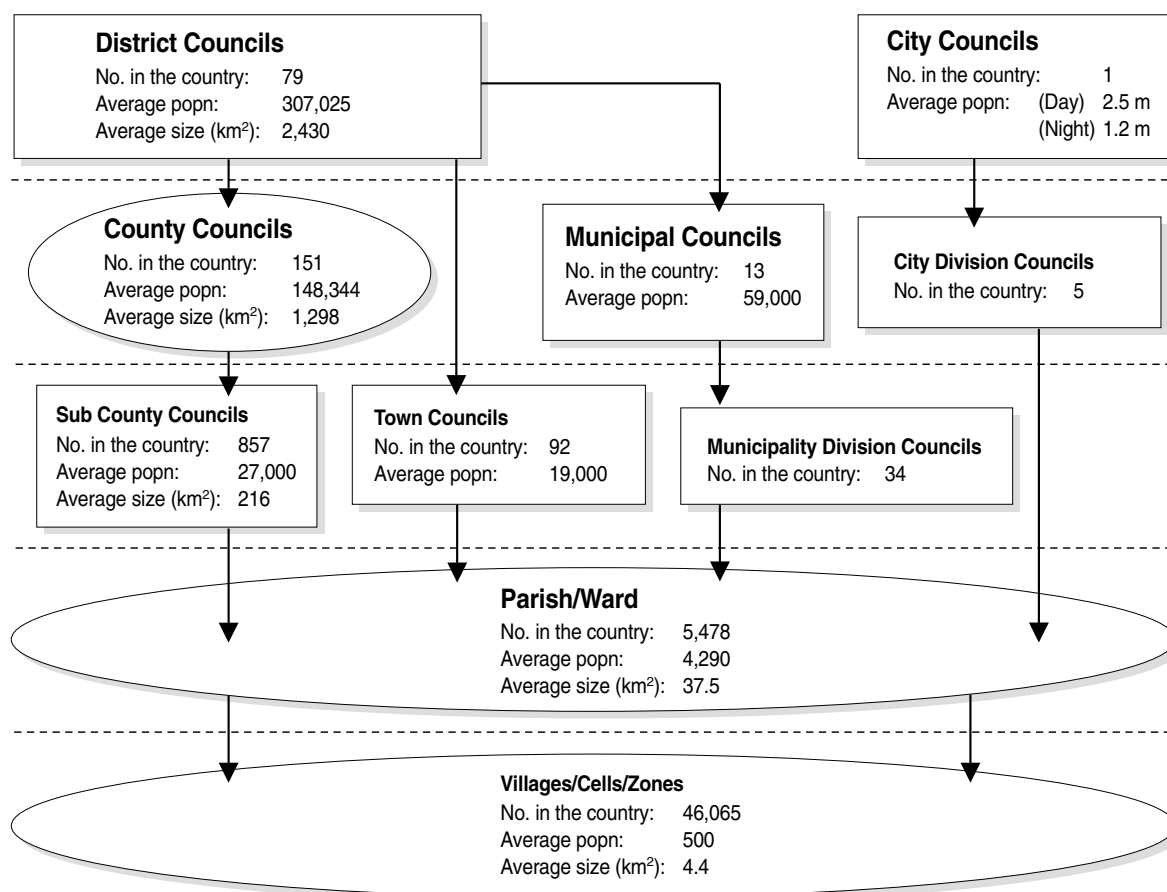
2-2 Local Administration and Political Structures

2-2-1 The System of LGs

Article 176 (1) of the Constitution and the LGA Cap. 243 (section 3), stipulates that the system of LGs shall be based on a district as a unit under which there shall be LLGs and administrative units. It further says that, the LGs include: district and sub-county councils in rural areas, city and city division councils in a city; municipal and municipal division councils in a municipal; and town councils in a town. In addition, section 45 of the LGA Cap. 243 specifies that the administrative units include: the county, parish and village in rural areas; parish or ward, town board and the village in urban areas¹⁸. Figure 2-1, gives an overview of the system of LGs in Uganda.

The boxes refer to institutions with status as LGs, whereas the oval figures refer to the level of institutions with only administrative status.

Figure 2-1 LG and Administrative Units: Layers, Number and Size (August 2006)



¹⁸ For a detailed description of the system of local governments in Uganda refer to Jesper Steffensen, Per Tidemand and Emmanuel Ssewankambo in *A Comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda - Country case study Uganda* Chapter 3, August 2004.

Since 2004, there have been a number of changes in the system of LG in Uganda. The key ones are discussed below.

a) Creation of new districts

Subject to the provisions of the Constitution, Parliament may alter the boundaries of districts and create new districts. Any measure to alter the boundary of a district or to create a new district shall be supported by a majority of all members of Parliament (Article 179, Section 1 and 2).

By 2004, Uganda had a total 56 higher LGs (55 districts and 1 city). This number was increased to 69 by the creation of 13 new districts starting Fiscal Year (FY) 2005/2006. More 11 districts were created and started operation in FY 2006/2007 making the total Higher Local Governments (HLGs) now to be 80 (79 districts and 1 city). Furthermore the number of town councils increased as well from 69 in 2004 to 92 in 2006.

The creation of new districts has mainly been justified by the need to bring appropriate services nearer to the people especially in cases of unique physical set up that make it difficult for the population to access services; increasing effectiveness in administration; responding to the wishes of the people concerned; and addressing marginalization of the areas demanding a district by the original/mother district.

In Mayuge District, the informants reported that they were greatly marginalized and hardly received services when they were administered under Iganga District. Notwithstanding other factors like the increase in the volume of funds transferred to districts, they cited a number of improvements especially in the quantity and quality of services and vehemently argued that these achievements could not be attained had they not attained the district status.

In Lira District, the informants argued that the creation of Amolatar District was technically justified as it was very expensive and cumbersome to administer that part of the District due to the long distances and poor roads. They reported that the distance from Lira to Namasale one of the areas in the new Amolatar District is 160 km and it takes a whole day of travel. They further asserted that Amolatar District has a high population, viable revenue sources, and basic physical infrastructure in place.

There are however associated concerns including inadequate HRs in both the new and mother districts; inadequate physical infrastructure especially in the new districts given the meager and delayed start-up funds; transaction costs in connection with the establishment; economically unviable districts increasing the administrative overheads and creating a greater financial burden to the CG; and creation of supervision burden to the CG.

The staff in Lira District argued that whereas the creation of Amolatar District was discussed and seen as technically viable by staff in Lira District, the later creation of Dokolo District was reported not discussed in the Lira District Council and was perceived as being politically driven rather than being technically viable. They reported that this has in turn led to huge staffing gaps in the District. They gave an example of the Chief Administrative Officers (CAOs) office where only 1 position of the Assistant Chief Administrative Officer (ACAO) is filled leaving the positions of the CAO, Deputy CAO and 2 ACAOs vacant. They further reported that the un-conditional grant they now receive is not even sufficient to meet the wage bill and have to use the funds intended for local revenue compensation to bridge the wage gap.

Worth to note is that the creation of the new districts is often not based on thorough analytical work on capacity and the potential for the new councils (e.g. reviewing economies of scales) to operate efficiently and often coincides with the election period a behavior that can tempt one to infer that the process is mainly politically rather than technically driven. Hence the intentions and processes of creating the new districts is likely to compromise the effectiveness of service delivery in both the new and “mother” districts, a key objective it is supposed to attain. Hence there is need to further elaborate and adhere to an objective and transparent criteria for the creation of new districts.

b) Creation of town boards

The LGA Cap. 243 section 46 (3) provides for a town board consisting of the CAO as chairperson, the district engineer, district director of health services, district planner, district police commander and the town clerk of the town board. It is provided that the town clerk who shall be appointed by the district service commission shall be the secretary of the town board. A town board shall perform such functions as the Minister may, by statutory instrument, prescribe (LGA Cap. 243 48 A).

The provision for a town board is intended to enhance proper physical planning prior to gazetting an urban area as a town council and the delivery of services unique to urban settlements like solid waste management, sewerage, public toilet facilities, street lighting etc.

However, the town boards have neither been formed nor are operational in a number of districts. Discussions with the LGs on how the town boards will operate revealed that there is need to elaborate and clarify a number of issues including criteria for identifying an area to be a town board, role definition and reporting obligations vis a vis other LGs and administrative unit organs as well as financing (sources, modalities, accountability etc.).

c) Creation of the regional tier

Uganda had a federal system of local governance at the time of independence in 1962. This

federal system was abolished in 1966. In 1995, the Constitution provided freedom for 2 or more districts to co-operate in the areas of culture and development and thus provided for a basis of cultural functions of the traditional kingdoms (Article 176). This clause was made as a partial response to representatives of Buganda who requested for the re-introduction of a federal arrangement. It was stipulated that if several districts co-operate, they may set up a council, trust fund or the like for managing agreed common affairs. However, such institutions shall have no power to levy taxes. However, this provision of the Constitution was largely never implemented (only embraced by Busoga), but Buganda continued to agitate for a federal status during the constitutional review processes to-date.

The Constitution of the Republic of Uganda article 178 (6) now provides for the creation of regional governments that are also body corporate. The operation of the regional governments is detailed in the 5th schedule of the Constitution.

Despite the potential virtues of this amendment including economies of scale during the delivery of services, it was made before most of the operational issues were sorted out and has encountered obvious acceptability challenges especially in Buganda region that preferred a federal status. The outstanding issues include: the relationships between the CG and regional tiers, between regional tiers and LGs; role distribution and mandates (including menu of investments); fiscal issues including local revenue sources and CG funding of the regional tiers (allocation formulas, per capita allocations etc.); administrative structures (HRs) and political structures (including election of the prime ministers and representation in the regional assembly); and planning, implementation, reporting and accountability mechanisms.

“The study found that the road to the Constitutional amendment and ratification was made without adequate consultation of stakeholders. The ratification of the Regional Tier Government was done in a rush manner with other political consideration other than the introduction of the Regional Tier Government as a viable institution”. – Views by the LGs analysed by ULGA, July 2006.

2-2-2 Political Structure at LG Level

Section 9 (1) of the LGA Cap. 243 specifies that a council shall be the highest political authority within the area of jurisdiction of a LG and shall have legislative and executive powers to be exercised in accordance with the Constitution and the LGA.

Section 12 (1) of the LGA Cap. 243 and article 183 of the Constitution, stipulates that there shall be a district chairperson who shall be (a) the political head of the district; (b) elected by universal adult suffrage through a secret ballot.

The Constitution of Uganda section 16 (2) stipulates that an executive committee shall consist of the chairperson, the vice chairperson and such number of secretaries, not exceeding 3, as the council may determine. This was an amendment of the 1995 Constitution that stipulated that the number of executives was to be decided upon by council and even the previous provision that set the number of executives at nine. The amendment was made to reduce the operation costs of the executive since section 19 (1) of the LGA spells-out that: a chairperson; vice chairperson; and secretaries shall be on full-time service of the council.

In 2001, the LGA section 12 was amended and subsection 11 added stipulating that, 'A Speaker and Deputy Speaker shall be on full time service of the Council and shall resign a public office immediately upon election as such or upon the coming into force of this Act'. However, LGA Cap. 243 now says that a Speaker shall be on full-time service of the district council (Section 11 subsection 11).

In 1997, the law stipulated that a maximum 15 % of local revenue may be paid as *allowances* for councillors, executives, members of the District Service Commission (DSC) and other council committees. Later this was changed to 20 %, and the DSC started to be paid from the consolidated fund and not from local revenues as the case was previously. From FY 2005/2006, the district executive, the speakers and LLG chairpersons are being paid from CG transfers. This has affected the activities/meetings of council as districts find difficulties in paying the other councilors allowances and it has also generated conflict between the executive and councilors. In Lira District, it was reported that this situation has created animosity in the council where the ordinary councilors always disagree and conflict with the members of the executive. Whereas the structures of elected representatives are in place, their efficiency in decision-making is hampered by a number of factors including lack of sufficient information and resources. In particular, the cost of council operations places significant encumbrances on the resources of a number of LGs¹⁹.

Nevertheless, it has been reported that Uganda has largely succeeded in increasing the democratic legitimacy and accountability of the LG system. For example during the Joint Annual Review of Decentralisation (JARD) 2004, it was argued that the local councils routinely exercise power and authority over a broad range of issues including planning, budgeting, monitoring and supervision of LG activities, as well as passing district ordinances and 'byelaws'²⁰ This was confirmed in the annual assessment of minimum conditions and performance measures where it was unearthed that council, executive and committee performance was good in all districts apart from Katakwi and Nakapiriprit²¹.

¹⁹ *Overview of the status of decentralisation 1993–2004* presented to the JARD 2004, p. 6, 18.

²⁰ *Ibid.*, p. 5.

²¹ *Annual assessment of minimum conditions and performance measures for local governments 2005*, final national synthesis report, February 2006, p. 40.

2-2-3 LG Elections

When the National Resistance Movement (NRM) took over power in 1986, it introduced the Resistance Councils from village to the district levels. At the village level, all the residents forming the village councils directly elected each of the committee members by lining behind their preferred candidate. At the respective higher levels (parish, sub-county, county and district), the executives of the immediate lower level formed an electoral college that participated in the election of the executive by lining behind the preferred candidate.

Amendments in the election procedures were made in the 1997 LGA where all LG councils started to be directly elected as opposed to the indirect elections via a hierarchy of committees. All chairpersons of LGs started to be elected by universal adult suffrage through a secret ballot, using one ballot box for all candidates at each polling station. However, whereas the elections of councillors started to be direct, they still involved lining behind the preferred candidate. At this time, the law provided for affirmative action in favour of youth and disabled persons in addition to the female representatives that were provided for in the Constitution of 1995. The Constitution provides that women councillors should form 30 % of the Council.

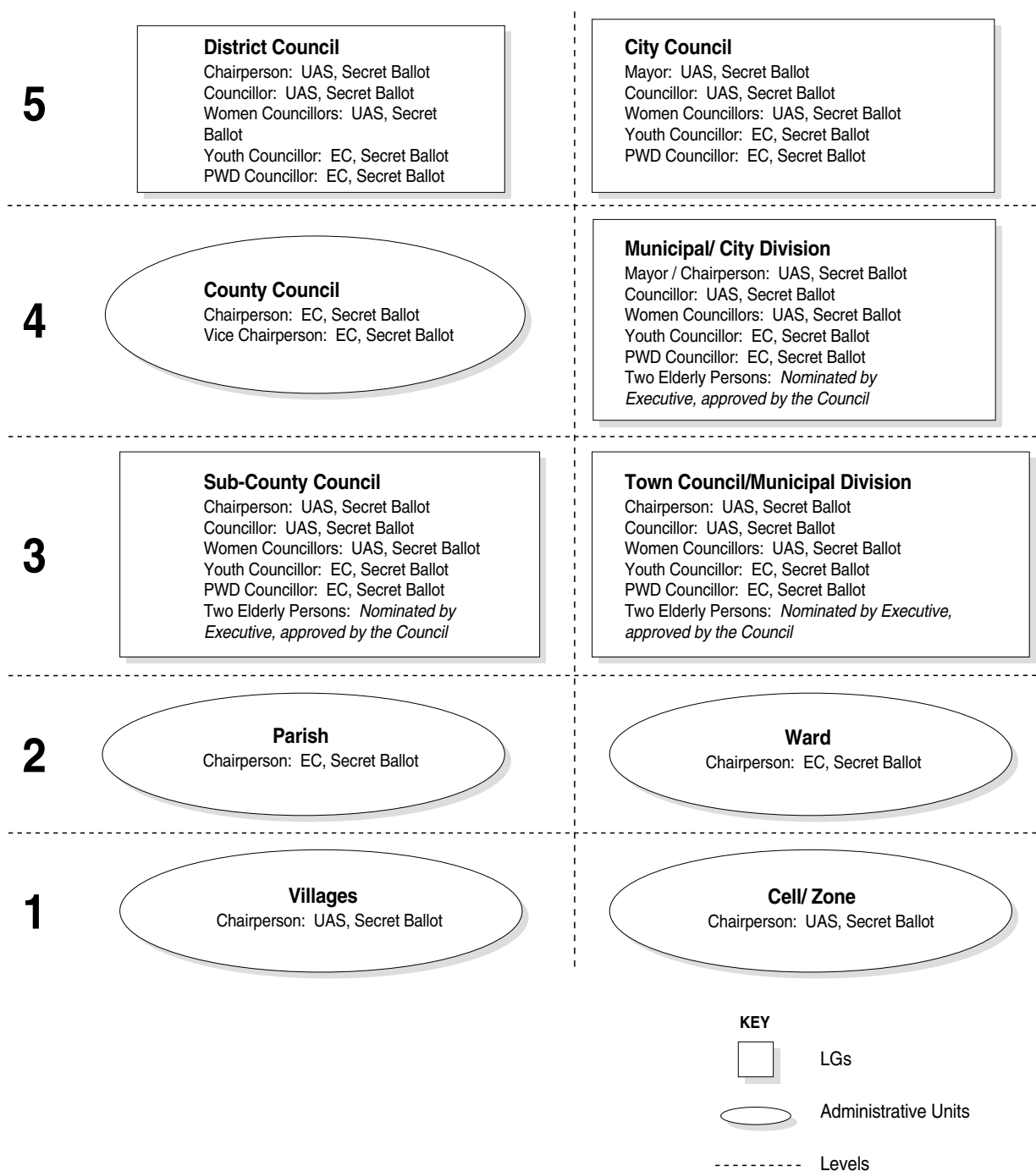
In 2001, the election procedure was amended again and provided for the election of councillors (male and female) by universal adult suffrage through a secret ballot using 1 ballot box for candidates at each polling station. However the 2 district youth councillors (one female and another male) are elected by an electoral college consisting of all sub-county youth councils and the district youth executive elects the youth councillors through a secret ballot. The 2 councillors (female and male) representing persons with disabilities are elected using a secret ballot by the National Union of Disabled People of Uganda forming an electoral college, including all members of the district executive committee and sub-county executive committees. Further the law provided for the election of 2 elderly persons a male and female above the age of 55 years in LLG councils. The 2 are nominated by the respective executive committees for approval by their respective councils. However, the elderly persons are ex-officio to their respective councils and hence have no voting powers.

Amendments were also made at the village level where the village council, by universal adult suffrage, elects the Village Chairperson by secret ballot. The Village Chairperson in turn nominates the village executive committee for the approval of the village council.

The election of the local councils is based on Article 176 (3) of the Constitution, which states that the system of LG is based on democratically elected councils on the basis of universal adult suffrage. As discussed above, to-date apart from youth councillors, councillors representing persons with disabilities and those representing the elderly, who are elected by electoral colleges, all other

councillors are elected through universal adult suffrage. Further, article 181 (4) of the Constitution stipulates that all LG councils shall be elected every after 5 years as opposed to every after 4 years previously. Figure 2-2 gives a synopsis of the procedures for local council elections.

Figure 2-2 Synopsis of the Procedures for Local Council Elections



EC: Electoral College, PWD: People With Disabilities, UAS: Universal Adult Suffrage

Source: written (drawn) by author

In Uganda, as at the national level, there were no political parties at the LG level till 2005. The LG elections were being held under the movement political system, which was regarded broad-based, inclusive and non-partisan. However, multi-party politics has been introduced at both the national and LG levels.

The introduction of multi-party politics was a long desired Constitutional amendment as it was argued that it would enhance democratic processes and accountability.

“The people are not used to multi-party politics and need to be stimulated to start appreciating and effectively operating under a multi-party system. It is like a cock that has been tied for so long. Even if it is untied, it has to be chased for it to run.” –Ag. the Deputy Chief Administrative Officer (DCAO) Mayuge District.

However, at the LG level, most of the councillors are not conversant with the operations of councils under multi-party dispensation. The people have for long been used to the movement system, and there is a general agreement amongst the informants that they have received insufficient orientation, have limited understanding of multi-party politics and are still shy on multi-party

politics. For example, there are some councils that have failed to operate since they were elected (by September 2006) as exhibited in the failure to constitute an Executive, approve development plans and budgets among others. The situation is anticipated to be worse in lower local councils (parishes and villages) when they are elected early 2007.

All in all, the elections have among others factors permitted sufficient representation of the different levels of local structures and marginalised sections of the community - the women, youth and people with disabilities in leadership positions. In particular, the local council elections of 2002 registered a relatively high turnover in terms of new councillors who were elected²².

Table 2-2 provides an overview of the voter turn out at both the LG and CG levels.

²² Overview of the status of decentralisation 1993–2004 presented to the JARD 2004, p. 4.

Table 2-2 An Overview of Voter Turn-out between LG and CG

Type of election	Year	Registered voters	Total votes cast	Voter turn out
Parliamentary	2006	10,164,988	6,894,800	67.8 %
	2001	10,394,464	5,784,532	55.7 %
	1996	7,880,553	4,782,536	60.7 %
Presidential	2006	10,450,788	7,230,456	69.2 %
	2001	10,775,836	7,511,746	69.7 %
	1996	8,492,231	6,193,816	72.9 %
Local council	2006	10,450,788	4,249,842	46.3 %
	2001	8,181,720	4,063,635	59.7 %

Notes: Voters in districts where candidates were nominated and declared elected unopposed are excluded when computing voter turnout.

Source: Report on the 2005/2006 General Elections by Electoral Commission, August 2006.

From Table 2-2 one notes a higher voter turnout at the Presidential and Parliamentary election than the Local Council elections for the 2 consecutive previous elections. The informants attributed this to a multitude of factors including: more publicity of the Presidential and Parliamentary elections than the local council elections; constituents perception of the CG as the key financer of local service delivery as opposed to local councils (given the fact that the local councils are over dependent on the CG); and elections fatigue of the electorate by the time of local council elections which have always been organised after the Presidential and Parliamentary elections.

A survey carried out on the LG councillors by the Uganda LG Association revealed that 34 % of the council members had no experience in LG affairs (elected for the first time), with the remaining 66 % of the councillors having served an average of 2 terms in council. This represents a reasonably higher percentage of councillors that are re-elected²³. Re-election of the councillors on one hand may imply the increased trust and satisfaction by the constituents of the services provided by the councillors but on the other could imply the relatively less new people presenting themselves to be elected as councillors.

2-2-4 Administrative Structure of LGs

Subject to the Constitution and any other law, a district or an urban council may establish or abolish offices in the public service of a district or urban council in accordance with staff regulations made under the LGA (Cap. 243 section 52). Specifically sections 54 (1) of the LGA Cap. 243 indicates that there shall be a district service commission for each district. Section 55 (1) says that the power to

²³ Please note that the analysis does not include figures for 2006. ULGA has not finalised the analysis of the data.

appoint persons to hold or act in any office in the service of a district or urban council, including the power to confirm appointments, to exercise disciplinary control over persons holding or acting in such offices and to remove those persons from office, is vested in the district service commission.

The LG statute of 1993 had earlier on stipulated that each district would employ its own staff through their DSC except the District Executive Secretary (DES)²⁴, the Deputy, and those staff not yet decentralised at the district level. In 1995, the Constitution stipulated that each district shall have a CAO to head the civil service. The DSC shall appoint the CAO - whereas the CAO (previously DES) and his/her deputy were previously civil servants appointed by CG (Article 188).

From December 2005 this was changed by article 200 of the Constitution, and section 55 (1A) of the LGA Cap. 243 stipulates that the appointment and disciplinary control of CAOs, Deputy CAOs and town clerks of city and municipalities shall be effected by the PSC at central government level instead of the DSC at the LG level. In particular section 64 (1) states that the CAOs shall be the head of the public service in the district and the head of the administration of the district council and shall be the accounting officer of the district. Nonetheless, the CAO shall be responsible to and subject to the general directions of the chairperson and the district council, LGA Cap. 243 section 67 (1).

The arguments advanced for re-centralising the CAO are essentially that a CG appointed CAO will be more protected from local political interference and pressures; the CAO in view of the LG dependence on CG financial transfers should be held centrally accountable since there were several cases of resource misappropriation; it will lead to recruitment of suitable CAOs; CAOs as senior civil servants will be transferable without being re-interviewed which is likely to re-introduce sanity; reduce the turn-over of CAOs and avoid equating decentralisation to localization.

The Constitutional Commission, however, had maintained the importance of having a locally accountable CAO as a pillar of devolved governance. The Commission argued that without the local control of the CAO, the councils will have limited control over the entire LG performance. It was also argued that CG appointment of the CAO will cut the most crucial accountability link between the elected local councils and the LG staff; and such an approach to solving administrative problems in LGs (through centralisation) may result in a snowball effect, whereby local accountability mechanisms become totally undermined. Instead emphasis would have been on further guidance, support and mentoring pertaining the roles and functions of the various stakeholders.

ULGA argued²⁵ “the proposal to revert back to the position of LG CAOs being appointed and

²⁴ The DES was the accounting officer during that period - the equivalent of the CAO today.

²⁵ See ULGA submission on the Constitution (amendment) (No. 2) Bill 2005, other provisions pertinent to local governments and local governments (amendment) Bill No. 8, 2005 to the parliamentary session committee on public service and local government, May 2005, p. 9.

controlled at the CG level is a recall of the already transferred power possessed by LGs in handling this particular office. It will confuse reporting and accountability. It will lead to more officers of LGs being

“This scenario of appointing and disciplining of the CAOs by the PSC (CG) and reporting to the local council on district matters is as subjecting 1 wife to report to 2 husbands.” (Staff in Mayuge District)

re-centralized. In the long run, the entire structure will collapse. CG already has its full representation through the Resident District Commissioner (RDC). The real outcome of the proposal in the Bill is the fact of Recentralisation as against Decentralisation”. It was however clarified that the “CAO is not an employee of the district but work for the district and hence report to councils on matters affecting the district not the centre.” This scenario was seen by the staff in Lira District as likely to lead to District Councils rejecting the CG recruited CAOs.

The issue of the institutional belongings of the CAO is also still unresolved. On one hand there are arguments that the natural home for administrative officers (like the PS and CAOs) is the Presidents Office yet on the other the argument is that MoLG should be the home for effective inspection, and technical support and guidance.

2-2-5 LG Statutory Bodies

a) Procurement in LGs

Under the 1993 statute, a number of administrative functions were devolved to LGs. These include procurement through the establishment of District Tender Boards that took over the functions of the previous Area Tender Boards and some of the Central Tender Board functions.

During the operation of the District Tender Boards, despite reported improvements in adherence to processes especially the competitive procedures in the most recent years, there were a number of concerns noted. Underlying the competitive process there appeared widespread manipulation, collusion in the pricing of tenders, seldom blacklisting of contractors despite widespread concerns about the quality of works in many places. There were corroborated concerns that political interests generally infiltrate the procurement process. There were complaints that the council appoints the tender boards and hence works; goods and services are awarded to people with connections to those in the district administrative and political structures. It was further claimed that the above practice leads to hiking of contract fees (see collusion above), delayed completion of contracts and poor quality work - especially in infrastructure projects²⁶.

The tender boards were hence abolished and contracts committees established under Section 91 of

²⁶ Refer to the Uganda LG Integrated Fiduciary Assessment 2004.

the LGA Cap. 243. The district contracts committees shall comprise a chairperson, a member representing the town councils and 3 other members, all of whom shall be nominated by the CAO from among the public officers of the district council and approved by the Secretary to the Treasury in the Ministry of Finance, Planning and Economic Development (MoFPED).

The introduction of contracts committees was also made to harmonise the LG tendering and procurement regulations with the Public Procurement and Disposal of Public Assets Act. In Lira District, the staff perceived the creation of Contracts Committees as an improvement in the procurement process and argued that it is likely to reduce influence peddling from the elected leaders.

In addition, every district shall have procurement and disposal unit staffed at the appropriate level and shall be headed by a procurement officer who shall be the secretary to the district contracts committee and who shall have no right to vote at a meeting of the district contracts committee.

Notwithstanding the potential virtues, the contracts committee is likely to face the same constraints as the abolished LG tender board if the regulatory bodies including the Internal Audit, Local Government Public Accounts Committee (LGPAC), Inspector General of Government (IGG), Office of the Auditor General (OAG) are not strengthened and made more functional.

2-3 LG Finance

2-3-1 Introduction

This section provides a brief up-date of the development in reforms and initiatives within the field of LG finance since 2004²⁷. The system of LG finance will always be the backbone of any decentralised system, and it is clear from the review, that the recent development in this area has had a pertinent impact on the other decentralisation components, particularly the LG administration and HR management, basic service delivery and good governance performance. Annexes 1–3 provide detailed figures on the trends in LG finance. As the LG share of the total public expenditure still constitutes a relatively high share in Uganda (20–25 %), the development in LG finance also has an overall impact on the national economy, the priorities made and the total national funding system.

The Three-Country Study in August 2004, which was followed by a detailed review of the status in November 2004 under the JARD arrangements, outlined a number of challenges and risks, which required urgent attention. Below is a focus on some of these core issues.

²⁷ Please refer to Steffensen, Tidemand and Ssewankambo, 2004 and the Lister, Steffensen et al. *Joint Evaluation of General Budget Support Uganda- Country Report - Annex on Links Between General Budget Support (GBS) and Decentralisation*, 2005 for a detailed overview of the developments until May 2004

2-3-2 Objectives within Fiscal Decentralisation

The formal objectives within the field of fiscal decentralisation are embodied in; i) the Fiscal Decentralisation Strategy (FDS), 2002, ii) the results and work-plans derived from the JARD 2004 review and more recently iii) the DPSF and the draft Local Government Sector Investment Plan (LGSIP), June 2006. It is clear from these documents and from interviews with various stakeholders, that the formal policy is to improve the LG funding available for LG mandatory functions²⁸, strengthen the targeting of the funding to the most needed areas, improve the objectivity and transparency in the allocation of resources, increase LG autonomy and flexibility in utilisation of funding, improve LG own source revenues, increase the funds transferred to lower local governments, strengthen the downwards accountability and financial management, reporting, monitoring and auditing with the aim to move towards an efficient, accountable and sustainable system of LG service delivery.

2-3-3 Status as of 2004

The 2004 Study highlighted a number of achievements within the field of LG finance, amongst these the FDS, the establishment of a system of discretionary development grants, with procedures to promote good performance, improved planning and budgeting systems, emerging reforms in the allocation criteria, and LG flexibility on the conditional grant schemes, and establishment of an institutional framework for budget dialogue between central and LGs through various committees. These achievements have to a certain extent been sustained, but it is the overall impression, that the risks observed in 2004 within other core areas, especially the LG revenue mobilisation, reduced LG autonomy, lack of predictability in flow of funds, worsening of the funding of basic LG functions, and problems with low downward accountability have not been sufficiently mitigated.

2-3-4 The FDS

At the technical level, a number of results are being achieved, although the resistance from some of the sectors against increased LG autonomy on the conditional sector grants have remained, and has obviously affected the speed of implementing the reform process. Table 2-3 summarizes the progress in core areas of the FDS reform:

²⁸ This is also clearly stated in the Poverty Eradication Action Plan (PEAP) 2004–2008, which contains clear targets for incremental increase in LG own sources revenues.

Table 2-3 Snap-shot of the FDS Development

Reform areas	Achievements	Challenges	Factors/comments
Increased LG autonomy in utilisation of grants	The 10 % flexibility across the PAF service areas (non-wage) has been implemented for the first time in FY 2006/2007 and many LGs have used the increased flexibility to reallocate funds across sectors according to local needs. This has started a sound dialogue on local priorities across sectors.	The sector budget guidelines still contain many restrictions in the utilisation of each grant (budget lines) and provides limited local flexibility. The sector development grants have not been folded into the non-sectoral grants or targeted by the FDS initiatives, hence the LG flexibility in resource allocation on development expenditure has not been improved beyond the LGDP.	Some of the sectors (including education) have been against the increase in LG flexibility in grant utilisation and been concerned that it will compromise the achievement of sector national service delivery targets.
Better targeting of the allocation criteria in the grants towards poor LGs	New allocation criteria have been implemented for the equalisation grants and the UCG, however, the latter has some pitfalls. A new poverty sensitive allocation formula for the LGDP development grant component is under elaboration by LGFC.	The proposals in 2003/2004 for new allocation criteria for the sectors have still not been implemented; a draft cabinet paper is pending. The equalisation grant is still insignificant (below 1 % of the total grants).	Some of the sectors, particularly education have resisted the new transparent formulae with unclear reasons. The regional disparities in Uganda have increased.
Strengthening of the LG budgeting process (LGBFPs and annual work-plans and budgets)	New formats and budget guidelines have been elaborated with better linkages between financial and physical outputs. A simple computerised system is an integrated part of the FDS package.	Some of the districts are still not fully on board in the use of the new procedures and formats. The links to the computerised IFMS have been a challenge.	The support to the roll out of the FDS has been inadequate, but seems to improve in 2006/2007. The FDS reform requires significant CB support, but this support has not been sufficient, timely and has not covered all LGs equally.
Reporting systems	New FDS reporting formats have been elaborated and the reporting has been streamlined.	Some of the sectors are still using their "old" formats despite the FDS reform. Much of the accountability is still towards the sector LMs. There are still multiple reporting and M&E systems, not sufficiently coordinated.	Some of the LMs have not supported the FDS due to sector specific interests.
Improved LG revenues	A number of activities have been launched to improve LG revenues, including studies, setting up of revenue desk in MoLG, CB support to LGs, sensitisation and sharing of best practices, etc. at the technical level and this had a certain impact on the development in own source revenues, but the recent abolishment of the major tax (G-Tax) and other political initiatives have overshadowed this short-lived improvement.	The LG tax base is now extremely narrow, and the revenue autonomy significantly decreased. The abolished tax sources, and the insufficient and late compensation has impacted negatively on most of the LG core operations, and on the good governance performance, particularly in the LLGs, which were nearly entirely dependent on G-Tax, see below. LGs now finance less than 5 % of their expenditures from own source.	Incongruence between the political and technical initiatives on LG own source revenues. Legal initiatives have reduced the LG tax assignments prior to establishment of alternative LG sources. The lack of sufficient compensation has worsened the problems within the core functions of the LGs.
Reduction in the transaction costs and improved predictability of transfers	The accounting and banking requirements have improved, e.g. the number of bank accounts have reduced, and lowered the LG costs of operations.	Delays in transfers still impact negatively on the planning, budgeting and operations. In addition, the late and changing announcement of budget figures seem to have worsened recently.	The IPFs from CG are announced late, are frequently changed and demoralise and compromise the planning process.
Improved institutional coordination of the LG finance issues	The established LG Budget Coordinating Committee is operating and important issues are being discussed on a regularly basis. The associations of LGs are also involved in dialogue on core issues.	To bring the sectors sufficiently on board in the FDS implementation is still a great challenge.	Support to the FDS implementation has been inadequate. ²⁹

CB: Capacity Building, G-Tax: Graduated Tax, IFMS: Integrated Financial Management System, IPF: Indicative Planning Figure, LGBFP: Local Government Budget Framework Paper, LM: Line Ministry, M&E: Monitoring and Evaluation, PAF: Poverty Action Fund

²⁹ Strengthening to Decentralisation in Uganda (SDU), a United States Agency for International Development (USAID) supported project has been covering an increasing number of districts in its support, but other programmes have not complemented sufficiently to ensure a balanced and nation-wide application.

2-3-5 LG Overall Share of Public Expenditures

As it appears from Table 2-4, the LG transfers have increased since 2002, but not as fast as other public expenditures, when the donor projects are included.³⁰ This is an indication that the fast fiscal decentralisation observed in the late 90s have not continued in the most recent years. Please refer to Annex 1 for further details.

Table 2-4 LG Transfers as Share of Total Public Expenditures

B UGX	B 2002/2003	B 2003/2004	B 2004/2005	B 2006/2007
Total public expenditures incl. donor projects	2,768.3	3,098.8	3,454.4	4,106.3
Transfers to LGs	670.2	743.8	805.5	863.8
Share in percentage (%)	24.2	24.0	23.3	21.0

B: Billion

Source: See Annex 1.

2-3-6 LG Revenues

The development in LG own revenues is summarised below. The level of LG own source revenues as share of the total LG revenues has further stagnated since 2004 and dropped significantly since July 1, 2005 when the G-Tax was abolished. This combined with the fact that most (if not all) of the Unconditional Grant (UCG) are used on the under-funded LG core administrative structures leaves little room for LG priority setting in respect of service delivery. LGs are increasingly dependent on grants, which are financing an increasing number of new areas such as the LG political executive at the district level and the LLGs chairpersons, the CAOs and most of the monitoring and inspection activities. However, it is clear from the review, that the UCG is increasingly inadequate to finance the core LG structures as proposed by the CG.³¹ Despite allocation of new functions, the total LG revenues (including grants) have decreased as a share of the total public revenues (and the Gross Domestic Product (GDP)), see Table 2-4 and Annex 1. Table 2-5 shows the overall development in the composition of LG revenues.

³⁰ It should be noted that the LG own revenue sources are not included in this figure, in Table 2-4.

³¹ The Administrative restructuring exercise, spearheaded by Ministry of Public Service (MoPS). This funding problem was identified as one of the major problems during the JARD review in 2004. The salary part of the UCG only finance less than 40 % of the basic LG administration structures as defined in the new restructuring exercise.

Table 2-5 Composition of LG Revenues

(%)

Type of revenue	FY 1997/1998	FY 1998/1999	FY 1999/2000	FY 2000/2001	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2006/2007
LG own source revenue	128.9	119.7	110.7	109.4	94.2	100.7	114.2	Estimate < 66.6
Grants (B UGX)	224.9	285.2	389.0	502.0	610.9	657.1	726.7	863.8
Local own source rev. as % of total rev.	36.4	29.6	22.2	17.9	13.4	13.3	13.6	< 7.2
Total grants as % of total rev.	63.6	70.4	77.8	82.1	86.6	86.7	86.4	> 93.0
Total LG revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Data on LG revenues are based on calculations and estimates from the LGFC Data Bank and data from MoFPED for the period from 1997/1998 to 2000/2001 and should be treated with due caution, see the 2004 *3 Country Study*, Annex 4-2 (data for sub-counties estimated). Revenues Data from 2001/2002–2003/2004 are from the MoLG data-base. 2006/2007 revenues are based on the assumption that the LG own source revenues are like in 2003/2004 (114 B UGX) minus the G-Tax (47.4 B) compared with the budgeted transfers in 2006/2007, but this will not hold as many of the other taxes are also undermined, e.g. market dues, and the incentives to collect all taxes will generally decrease. Source for grant figures: *Joint Evaluation of General Budget Support (GBS), Uganda Country Report*, Annex 5 (2005): Grant figures for 1997/1998, 1998/1999, 1999/2000, 2000/2001, 2001/2002, 2002/2003, 2003/2004 = actual releases. Grant figures for 2004/2005 and 2006/2007 = budget figures (MoFPED).

2-3-7 LG Own Source Revenues

Various initiatives from 2003/2004–2004/2005 reversed the downward trend in LG revenue mobilisation, but the abolishment of the G-Tax revenue from July 1, 2005 has had a significant negative impact on the overall funding of LG expenditures. It has also impacted negatively on the LG accountability, ownership, interrelations between politicians and citizens and the long-term sustainability. This was unanimously the opinion of all stakeholders interviewed at the LG level, and the findings support the Study on Links between GBS and Decentralisation, 2005, conducted by Lister, Steffensen et al. The actual compensation of the reduction in revenue assignments has been transferred late (starting only from December 2005) and was largely insufficient to cover the full fiscal gap. The G-Tax compensation was only 34.8 B UGX against the G-Tax actually collected in 2003/2004, 47.3 B UGX³² (seen in the light of several years of stagnation/decline in own source revenues), furthermore this amount should also finance other initiatives such as funding of politicians- the executive (about 10 B UGX). Based on LGFC estimates the final real compensation for the G-Tax was about 25 B UGX in 2005/2006³³.

According to district findings, the abolishment of G-Tax has lead to a general citizen aversion against all LG taxes, impacted negatively on the interactions between politicians and the constituencies and reduced the ownership of investments as everything is financed from the centre. Furthermore, the

³² Based on table from MoLG. It should be noted that the G-Tax revenues have been much higher before the downward trend in own source revenues started.

³³ Some additional funds were later added to the compensation.

late and insufficient compensation, has had severe impact on core service delivery areas such as education administration and supervision (see the chapters 3–5 on service delivery). The respondents from the LGs clearly stated that the abolition will impact negatively on all other taxes.

We are all getting more dependent on subsidies from above. The funding problems are severe as the abolishment of taxes is not fully compensated, new structures are introduced without funding available and the problem is fuelled by the announced policy with recommendations to the citizens not to pay any fees for basic services. This has created a general feeling that “everything is free.” (Management in Rakai and Mayuge districts) – non-affordable and non-sustainable trend.

The development in Rakai District illustrates the trend (see Annex 4). After 9 months in 2005/2006, the district has only collected 10 % of the amount collected in FY 2000/2001 (final account figures) and the budget is only 21 % of this figure. The budget revenues for FY 2006/2007 is only 22 % of the actually realised revenues in 2004/2005. Similar trend is observed in Mayuge District, which only realised about 26 % in FY 2005/2006 of its 2003/2004 revenue performance level.³⁴ The G-Tax was the most important LG revenue source, particularly for the rural LGs. The abolished G-Tax constituted 63 % of the collected own source revenues in Rakai District in 2004/2005 and 64 % in Mayuge District. Market dues, another important LG revenue source, which has also been affected by the political pronouncements, have observed similar decline in the yield collected.

2-3-8 Intergovernmental Fiscal Transfers

The grants to LGs have continued to increase, although modestly. The grants have decreased as share of the total public expenditures and GDP in the most recent years (see Annex 1). Furthermore, the UCG has continued to shrink compared to the conditional grants (from 17 % in 2000/2001 to 11 % in the budget for FY 2006/2007 and has in reality moved towards a “conditional wage grant” for basic LG administration with no LG discretion to make local priorities, see Table 2-6. The size of UCG wage-component of the UCG only covers about 38 % of the costs of the newly introduced administrative structures (models to be implemented) and even if the entire UCG (non-wage and wage component) is used just for the basic salary expenses, the estimated fiscal gap is in the tune of 50.6 B UGX.³⁵ The autonomy to use UCG for other expenditure items is therefore severely restricted (de-facto is not existing in most LGs).

³⁴ Rakai: Tables provided by the Finance Office. Mayuge District: The District Development Plan and Financial Status of the District, 20th July 2006.

³⁵ Based on tables from the LGFC.

Table 2-6 Composition of the Grants

(%)

	FA 1995/1996	FA 1999/2000	FA 2001/2002	FA 2003/2004	B 2005/2006	B 2006/2007
UCG	34.5	17.2	12.1	11.5	13.8	10.8
Conditional recurrent grants	65.5	70.7	64.8	64.8	63.6	68.7
Development grants	0	11.6	22.5	23.3	22.1	20.0
Equalisation grants	0	0.5	0.6	0.5	0.4	0.4
Total	100	100	100	100	100	100

B: Budgets, FA: Final accounts

Source: See Annex 2

The allocation criteria for the wage part of the UCG have been changed to a fixed percentage of the cost of complying with the newly defined structures (LGs are divided into three model categories), (i.e. not related to the poverty level across districts). The non-wage component follows the population (85 %)/area criteria (15 %).

The equalisation grants have not increased as aimed in the FDS and accounts for less than 1 % of the total grants (see Table 2-6 and Annexes 1, 2 and 3). The proposed improvements in the allocation criteria to improve the targeting of the grants towards the most needy districts have not yet been implemented, but a study of districts in special needs is being commissioned by the LGFC. These initiatives are utmost important as poverty data suggests an increasing regional disparity.

Finally, the objectives to transfer more funds to the LLGs have not yet been fully implemented, but a study is ongoing under LGFC on the options and the LLGs capacity to absorb. However, some sectors have started. (e.g. NAADS is allocating funds per sub-county and the water sector has started with IPFs at this level as well.)

2-3-9 Sector Funding

As in 2004, most funding of the LG service delivery is sourced by grants. Table 2-7 and Annex 3 show that the Production Sector (agriculture support) and health have received increased attention since 2004, whereas the support to education has stagnated/decreased in relative shares of the total grants. Despite the introduced 10 % flexibility across the non-salary components of the core PAF sector grants, the directions and controls from the centre and the guidance/control in form of budget lines, minimum percentages etc. are still significant.

Table 2-7 Sector Grant Allocations

Grant allocations (recurrent and development)	B 2002/2003		B 2003/2004		B 2005/2006	
	B UGX	Percentage	B UGX	Percentage	B UGX	Percentage
Education	363	54	395	53	408	47
Health	96	14	105	14	132	15
Production (including PMA non sector conditional grant)	17	3	21	3	51	6
Roads & drainage	21	3	22	3	22	3
Water/sanitation	26	4	31	4	42	5
Gender, labour and social development (including FAL/CD)	1	0	3	0	5	1
Environment					1	0
Non-Sectoral development (LGDP + Dutch)	51	8	65	9	64	7
Unconditional grants	77	11	83	11	95	11
Equalisation	4	1	4	1	3	0
Compensation					25	3
CAO grant					3	0
Monitoring and IFMS	12	2	5	1	5	1
Boards		–	7	1	7	1
Others	3					
Total	671	100	741	100	863	100

CD: Community Development, FAL: Functional Adult Literacy

Source: Annex 3.

2-3-10 Development Grants

The innovative LGDP grant system whereby capital grants and CB grants are linked against the performance of the LGs in core identified areas, is still appreciated by the LGs. It strengthens the LG planning and budgeting procedures, and is one of the few grants that are allocated to the LLGs and involve communities and LLGs in planning, budgeting and participation. The scheme has shown that if LGs are allowed to make their own priorities within a broad investment menu and fixed incentive framework, they tend to focus on the core poverty alleviation service areas (roads, education, health and water/sanitation) and adhere to the national targets, see Annex 5. This suggests room for further flexibility across the tight conditional grants.

However, concerns from the field have been raised in terms of the operational implementation of elements of the LGDP programme, such as late announcement of and frequent changes of indicative planning figures, need to revise the minimum conditions and performance measures, and need to improve the quality, objectivity and integrity of the entire assessment system³⁶.

³⁶ There is a sense that you can always get away with lack of compliance with the minimum conditions.

Under FDS, it was agreed that the discretion regarding the development transfers would be exercised using the LGDP modality described above. It was anticipated that sectors would gradually be merged with the LGDP modality. However, this has not yet materialised and development grants are still earmarked to the respective sectors. The only discretion being exercised is still under the LGDP and PMA-NSCG but the resources involved are meagre. If the sectors should be persuaded to use the more flexible LGDP funding-system and fold in the sector grants, the issues highlighted above deserve top priority.

2-3-11 Funding of Politicians and Top Management

From 2006, the political executives of the HLG councils and the chairpersons of the LLGs are no longer financed by LG own source revenues. Furthermore, the CAOs, now appointed and disciplined by the centre, are financed by an earmarked grant and not from the UCG and LG own source revenues as the case was previously. According to the field visits, this will have implications for the accountability patterns as “the one, who is paying for the music, sets the songs” (Mayuge District).

2-3-12 Future Sustainability

There is a general agreement amongst most stakeholders that the sustainability of the LG funding system has decreased in the most recent years, with a higher funding share from central government, CG funding of LG politicians (the executive), earmarked funding of the CAOs, and lack of LG own resources for investments and operating costs. This combined with the abolishment of the G-Tax, reduction in the application of market dues, and abolition of sector user fees and charges (e.g. in health and education) – has led to changes in the accountability patterns and led to less interest and participation of citizens in the LG decision-making and activities (see the sector chapters for a discussion of this issue).³⁷

As highlighted, there are a number of recent events, which, if not properly mitigated, might lead to severe risks for the future decentralisation objectives in Uganda and the viability and sustainability of the LG system (on service delivery, governance, participation and empowerment).

LGs are getting increasingly dependent on CG /donor funds (own LG revenue sources have declined from about 35 % of total funds in 1995/1996 to the present level of less than 7 %³⁸). It is clear that the large increase in transfers may be among the factors that have impacted negatively on LG own-source revenue mobilisation³⁹. There are clear signs from the field visits that the recent measures

³⁷ Based on a limited sample of districts (Mayuge and Rakai). However, these findings are supported by other studies (e.g. the Links between GBS and Decentralisation. Lister, Steffensen et al. (2005), which also encompassed field studies).

³⁸ Estimated based on deduction of the G-Tax from the 2003/2004 figures.

³⁹ The theoretical basis for this is available in: Prud' Homme, R: “Fiscal Decentralisation in Africa”, in Public Administration and Development, United Nations Capital Development Fund (UNCDF), Vol. 23, No. 1, p. 25, 2003 and the practical documentation in Steffensen and Tidemand *ibid*.

related to the abolition of the most important LG tax revenue source –G-Tax– without prior elaboration of alternative measures, has led to:

- further undermining of LG ownership of the investments and service facilities,
- reduction in the LG possibilities to cater for operational, maintenance and safeguarding the increasing stock of investments in infrastructure and service facilities,
- diminishing of the possibilities to make co-funding of programmes,
- reduction in the funding for core administration functions important for service delivery and efficiency,
- reduction in the LG autonomy as options for local priorities,
- reduction in the participation and operations of lower levels of LGs,
- reduction in people’s sense of being a part of the LG society – and production efforts,
- a negative impact in the interaction between politicians and citizens and the links between HLGs and LLGs
- reduction in longer term LG sustainability⁴⁰

There is a general understanding that the legal framework and practice of G-Tax administration was far from ideal, and that some adjustments were required. However, these concerns and the downward trend in own-source revenues (caused by high level political “signalling” and lack of incentives to collect, particularly due to the fast increase in CG transfers, lack of a conducive LG tax legislation, and weak administration in tax collection) were being gradually addressed by a number of awareness raising activities⁴¹, introduction of improved procedures for tax collection and the LGDP minimum conditions to access the grants, which had introduced stronger incentives to improve on the LG own-source revenue mobilisation. According to the district findings, these initiatives had started having some initial positive impact on the trend in own source revenues from 2002/2003 to 2004/2005.

These positive signs have been fundamentally undermined by abolition of G-Tax, which, according to the field findings has impacted negatively on the collection of other taxes as well and on the core monitoring functions of the LGs, particularly severe for the LLGs.

Other initiatives have put increased pressure on the funding of LG core activities. A process of restructuring of the LG administrations has been initiated without sufficient planning and funding, leading to frustrations and confusion at the LG level. The increasing funding gap means that the UCG

⁴⁰ These problems are well documented in the recently published JARD documents, MoLG, 2004 and the study supports the GBS-Decentralisation link study from 2005, see Lister, Steffensen et al. Op. cit.

⁴¹ LGFC has published a number of publications on best practices and disseminated these during a series of workshops in 2003/2004.

is translated into an insufficient conditional wage grant for core administration. The creation of 24 new districts in the last 2 years has put further stress on and fragmented the limited funding and administrative capacity. It is obvious that almost all future LG activities will be funded by the centre, some of these without sufficient financial compensation, leading to a further weakening of the LG position and the downward accountability. This will be detrimental for the entire LG system, if strong measures to revert this trend are not put in place within short term.

Finally, the implementation of the FDS, which amongst its objectives was supposed to increase the LG autonomy on grant utilisation, has been slow in implementation due to lack of sufficient support and attention from the Government of Uganda (GoU) and the Development partners.

The findings from a recent study⁴², which stated that these initiatives, taken together, will be the “end of the decentralisation” - if not properly addressed in the future strategy and activities were supported by the field findings and interviews with LG staff. There is therefore an urgent need to address these chief intergovernmental fiscal issues as a matter of top priority.

2-4 LG Human Resource Management (HRM) Issues

2-4-1 HRM Legal Framework and Institutions

LGs are given powers to establish or abolish offices. Despite the recentralisation of the recruitment and disciplining of some cadres of staff (see below), LGs still have substantial autonomy to hire, deploy, promote and fire staff. From FY 2002/2003 to-date approximately 75 % of civil servants are employed by LGs.

Hence each District is required to establish a DSC. The DSC is established under article 198 of the Constitution and section 54 of the LGs Act Cap. 243. Article 200 of the Constitution and section 55 of the LGs Act Cap. 243 empowers the DSC to handle mainly human resource management functions which include: appointment of persons to hold or act in any office in the service of a district/urban council; confirmation of public servants in office; promotion of staff; granting study leave; removal of persons from office and exercise disciplinary control.

However, as discussed in the previous sections, section 55 (1A) of the LGs Act Cap. 243, provides that the appointment and disciplinary control of CAOs, DCAOs and town clerks of cities and municipalities shall be effected by the PSC (which is at the CG level) in accordance with article 200 of the Constitution.

⁴² Lister, Steffensen et al. (2006)

The President, with the approval of Parliament, appoints the PSC. The PSC is responsible for the appointment and discipline of CG staff but also has some responsibilities regarding LGs. It approves the District Council appointment of members to their DSC in order to ensure that the minimum qualifications are achieved; it “guides and co-ordinates” DSCs – by issuance of guidelines, field visits and organisation of some training; it hears grievances from personnel appointed by DSCs; and it reviews the terms and conditions of public service and recommends to the Government on adjustments.

2-4-2 LG HRM Challenges

The legal framework and institutional set-up notwithstanding, HRM in Uganda still encounter a number of challenges.

“Patronage and ethnicity is a substantial factor in hiring, firing, transfer and promotion – in particular in Ugandan LGs ...” Ole Therkildsen and Per Tidemand, 2006. op. cit.

A number of districts find difficulties in getting people with the required qualifications to serve on the DSC. Employment and personnel management are biased and politically influenced in favour of “sons and daughters of the soil”. The ethnicity notwithstanding, some informants emphasized the importance of having locally appointed staff to ensure sufficient local accountability, and job satisfaction of employees serving home areas. The LG staff also expressed hindrances and delays in getting confirmed and promoted.

There were also reported difficulties to attract staff to remote and/or under-resourced districts. This is especially because of the poor motivation of staff in both the monetary and non-monetary terms. This argument is supported by Therkildsen and Tidemand (2006) who reported that “LG staff are least motivated – in part because of lower budget allocations than executive agencies and central ministries, and key problems of a management structure e.g. working under less educated heads as Sub-county Chiefs; poorly facilitated environment (furniture, office equipment, transport); lack of possibilities to progress upwards in the national public service etc.” The informants during the study also complained about the poor work conditions. Again this was similar to Therkildsen and Tidemand (2006) who argued “participants also expressed frustration about work conditions that do not allow them to perform well”. Sitting on a ‘dry’ desk (or in a ‘dry’ department) with little money – or with unclear, non-existent or unrealistic work assignments – is frustrating⁴³. This is especially for staff who do not work in priority sectors with earmarked CG transfers.

⁴³ Ole Therkildsen and Per Tidemand (2006) *Staff Management and Organisational Performance in Tanzania and Uganda: Public Servants Perspectives*, p. vii.

2-4-3 LG HRM Initiatives

To address the above challenges and ensure improved performance of LG staff to contribute to the overall organisational effectiveness, the GoU has initiated and implemented a number of activities. Some of these are discussed below.

a) LG re-structuring

A consultancy was commissioned by the MoPS in association with MoLG to review the LGs staffing levels with a view to restructuring LGs. The consultancy on restructuring of LGs made in 2003 makes recommendations for various standard structures for district, urban and sub-county LGs⁴⁴: Three different model structures for district councils as well as urban councils were proposed. The variables used to determine the categories were: population of the district, the local revenue generated by the district, and the land area of the district.⁴⁵ One model structure was proposed for all sub-counties.

The MoPS and MoLG supported the LGs to customize the recommended structures thereby allowing a limited autonomy to the LGs in determining their staff levels as provided for in the law.

The new structures were pursued and implemented. Staff were re-interviewed by the DSC. Some of them were confirmed in post, other promoted and others retrenched (those who either lacked the qualifications, were irregular entrants, those due for retirement or those without a post in the new structure and who could not serve in different capacities). However some sectors have not yet been restructured (e.g. agriculture), and many positions have yet to be filled.

One of the major problems associated with the restructuring process is that the LG cannot afford the costs of the proposed structures. The wage bill of LGs is funded by (i) the unconditional grant – wage and non-wage component, where each of the 3 models is given a flat figure – (37–40 % of the salary costs if the new structures were fully achieved), irrespective of staff in post, and the population (85 %) and land area (15 %) is used for the calculation of the recurrent non-wage component and (ii) salary specific conditional grants (PHC, PE teachers, agriculture extension, Community Development Officers (CDOs)).

The inability to meet the salary costs has led to many of the positions not being filled especially in remote areas and for some staff categories. The staffing levels and customization of the new structures

⁴⁴ MoPS, Administrative Reform Secretariat: *A Report of Review of Staffing Levels and Restructuring of Local Governments*, prepared by International Development Consultants, Final Report March 2003.

⁴⁵ It is important to note that there was no “scientific” way to arrive at these three variables and their internal weights, e.g. there is no obvious links between these characteristics of district, the expenditure needs of the district administration and the three models.

are further constrained by the creation of new districts. Some of the districts split have changed the model in which they were and hence have to re-undergo the customization process. For example Lira District which was in model 3 is now in model 2 after being split into Amolatar and Dokolo districts. They however reported that they are not effectively in model 2 because they are greatly understaffed after losing

In Lira District, the CAOs office is only substantively filled with 1 ACAO currently acting as the CAO. In Mayuge District for example, only 1 out of the 6 positions of the sub-county chiefs is filled; 5 out of the 69 parish chiefs are filled and none out of the 6 CDO positions is filled.

the staff to the new districts and cannot recruit because of the meager resources to meet the wage bill. Hence the entire restructuring process is hit by implementation flaws, lack of funding and various bottlenecks.

b) LG CB activities

The introduction of decentralisation required LGs to execute a wide range of functions. However most of the LGs among others lacked the human capacity in terms of both numbers and skills to execute the devolved functions. Hence a number of CB initiatives by line ministries, donors, LGs, ULGAs and Non Governmental Organisations (NGOs) were designed and implemented since the 1990s. However, the reviews in the early 2000s indicated that the implemented CB activities for LGs often overlapped and were poorly coordinated; were ad hoc and limited in scope not addressing HR development and institutional capacity; were of mediocre to poor quality; and were supply driven among others. This had a lot of negative implications to the LGs among others irrational use of financial resources and staff time as well as failure of the LGs to deliver the mandated service delivery obligations.

Proposals were then made to improve the efficiency and effectiveness of CB activities for LGs. The proposals included: developing a National LG CB Policy as a means of enhancing coordination; strengthening the human resource management/development function in LGs; improving the quality of training events by providing standardized training materials; and pre-qualification of training providers.

To-date the MoLG has developed a National Local CB Policy, which is in line with the public service training policy.⁴⁶ The National Local Government Capacity Building Policy (NLGCBP) was launched and rolled out nationally. It provides for 3 types of CB activities: career courses for professional development; performance improvement courses for skills development of LG councillors and staff, civil society organisations and private sector service in LGs; other on job cost effective CB activities provided at the discretion of the LG provided they are integrated in the capacity building plans (attachments, understudies, exposure visits, mentoring, coaching, hands-on support etc.).

⁴⁶ NLGCBP, MoLG, April 2005.

Regarding career courses for professional development, a number of staff have benefited in a wide range of career development courses including masters degree courses, first-degree courses, post graduate diplomas, ordinary diplomas and ordinary certificates. The access to government (and/or donor sponsored) further education is one of the key staff motivating factors in LGs. However, some informants in the LGs complained that career development courses take staff away from their duty stations for a long period of time and enhance more of individual capacities rather than overall institutional strengthening.

For basic functional development skills for LG staff, different generic and standardised training courses were developed. As a result, a number of training events using the standardised training materials were reported mainly provided by the pre-qualified service providers and district resource pools. The informants also reported that some of the higher institutions of learning (like Uganda Martyr's University, Nkozi) have used the standardised training materials to tailor their curriculum to the demands of service delivery within a decentralised context. Table 2-8 summarises the number of beneficiaries at LG level, category and gender, using the skills development courses offered in 2004/2005 as an example.

Table 2-8 Skills Development FY 2004/2005: Number of Beneficiaries

HLG				LLG				Total
Politicians		Staff		Politicians		Staff		
Male	Female	Male	Female	Male	Female	Male	Female	
4,480	2,540	11,385	7,429	10,590	4,959	21,949	13,706	77,037
5.8 %	3.3 %	14.8 %	9.6 %	13.7 %	6.4 %	28.5 %	17.8 %	100 %

Source: See Annex 2

It shows that a significant number of politicians and staff in both higher and LLGs benefited from the skills development courses in financial year 2004/2005. Worth noting is that the majority of beneficiaries (66 %) were from the LLGs despite the fact that final decisions regarding the beneficiaries of training interventions are made at the higher LG level. This was the case because the guidelines given to the LGs stipulate the minimum grant that should be spent on LLGs. Hence whereas the local governments require broader discretion in planning and resource allocation, they need to be provided with guidelines to ensure that the likely to be marginalised categories equally benefit from development programmes.

The key achievements for LG CB initiatives can be summarise as: rejuvenating the HRM and development function in LGs, scaling up of CB activities including hands-on training, improved performance in key functional areas, production of generic training materials, approaching CB in a holistic manner, strengthening LG resource pools, and making CB planning a permanent feature in the development planning cycle.⁴⁷

⁴⁷ MoLG Joint Annual Review workshop on LG CB programs, July 2006

c) Introduction of the Open Performance Appraisal Systems (OPRAS)

In Uganda performance appraisals were being made through the filling of Annual Confidential Reports (ACRs) by the supervisor over the subordinate. Since 2004, the open performance appraisal system was introduced to enhance the interaction between the subordinates and supervisors. The open performance appraisal system is supposed to provide a platform for regular face to face contact between the employees and the supervisors and timely provision of feedback between the employees and supervisors which is motivating. However, there are concerns from the field that the open performance appraisal system is too demanding, sometimes leading to setting of unrealistic work plans and targets that are not linked to realistic budgets, not linked to rewards and penalties, and does not inform staff capacity needs assessment and CB planning. Hence one can safely argue that despite the anticipated virtues of the open appraisal system, it is yet to be widely used, institutionalised and consolidated.

2-5 CG Oversight and Support Mechanisms

2-5-1 Overview of CG Oversight Function

The LGA Cap. 243 section 95 states that the ministry responsible for LGs shall be responsible for the guidance, inspection, monitoring and coordination of LGs to ensure compliance with the provisions of the Act and any other law. Section 96 further elaborates that for purposes of ensuring implementation of national policies and adherence to performance standards on the part of LGs, ministries shall inspect, monitor and, where necessary, offer technical advice, support supervision and training within their respective sectors. To complement the government institutions, the LG associations advocate and negotiate with CG on behalf of the member of LGs⁴⁸.

⁴⁸ *Overview of the status of decentralisation 1993–2004* presented to the JARD 2004, p. 15.

Table 2-9 CG Oversight Functions

Functional area	Institution, roles and effectiveness
Planning and budgeting	<u>MoLG</u>: Issued and supported roll-out of planning guidelines i.e. the harmonised participatory planning guide for LLGs and lower local councils and the district planning guide. Annually assesses the quality of the LG development plans and budgets. However, the quality of development planning is hampered by the conditional nature of the majority of the CG transfers and limited transfers to the LLGs. <u>LGFC</u>: Review the LGBFPs and provide comments and feed back to LGs and support development of FDS budget manuals and guidelines. <u>Line ministries</u>: Provides sector specific guidelines and backstops the process to ensure adherence by the LGs. This has slowed the pace of harmonising sector planning processes and guidelines with those of LGs. <u>MoFPED</u>: Issue indicative planning figures and oversees the BFP process. Coordinates the Sector Working Groups.
HRM	<u>MoLG</u>: Developed the NLGCBP, offers hands-on support, provides supply driven CB activities and coordinates the strengthening of the HRM/D function in LGs. <u>MoPS</u>: Coordinated the restructuring process of LGs, supports LGs during key personnel functions for example payroll management, performance appraisal etc. <u>PSC</u>: Approves members appointed to the DSC, issues guides and trains DSCs, hears grievances from personnel appointed by the DSCs and offers backstopping support, appointment and disciplinary control of CAOs, DCAOs and Town Clerks of City and municipalities. <u>Line ministries</u>: Offer technical support to staff in the respective sectors.
Financial management including Intergovernmental fiscal issues, local revenue and financial management	<u>MoLG</u>: Set up a local revenue desk, routine financial inspection, issue regulations and guidelines, assesses adherence to financial management requirements. <u>LGFC</u>: Conduct studies and support implementation of LG revenue initiatives, develops guidelines and support LG to implement intergovernmental fiscal transfer issues etc. <u>LGBCC</u>: Coordinates initiatives across the various actors, such as grant allocation formulas, budget guidelines etc. <u>ULGA</u>: Advocates, lobbies and dialogue on core issues affecting LGs including analysing the budget to ensure that it is pro-LGs. <u>Line ministries</u>: Set guidelines for the use of sector specific grants. Through the SWGs allocates resources within the sector (between CG and LG and among expenditure lines).
Service delivery implementation (including procurement)	<u>MoLG</u>: Conducts value for money and technical audits. <u>Line ministries</u>: Provision of standard structures for the delivery services.

BFP: Budget Framework Paper, LGBCC: Local Government Budget Coordinating Committee, SWG: Sector Working Groups

2-5-2 CG Mentoring and Support to LGs

To implement its guidance, inspection and monitoring mandates, each of the departments in the MoLG mentors and supports LGs. The capacity gaps that require mentoring and support are identified from among others: the annual assessment of LG meeting of minimum conditions and performance measures; routine inspection; monitoring visits; sector reviews and reports; as well as demand for support from the affected LGs. The ministry responds through: the development and issue of guidelines; supporting the roll-out of the developed guidelines; providing tailored hands-on support and organising and conducting supply-driven capacity building events. The MoLG on a number of occasions works together with staff from other ministries, government agencies, LGs, development partners and non-state institutions in the execution of these mentoring and support activities under a national resource team. The above notwithstanding, given the increase in the number of districts, the human and material resources of the ministry to offer the required support is over stretched.

2-5-3 Overview of the LG Performance Assessment System

Under the LGDP II, the GoU received support in form of Local Development Grant (LDG) and Capacity Building Grant (CBG) from development partners to be accessed by the districts/municipalities and sub-counties/divisions and Town Councils. Before any LG could access the funds, they have to meet minimum conditions/requirements derived from the national policies and guidelines that would ensure proper utilization of the funds. An assessment of performance is conducted in retrospect to reward those LGs that have done well by giving them 20 % more and to penalize those that have performed poorly by giving them 20 % less than their allocation. The LG performance assessment is intended to: (i) verify compliance of the LGs to the provisions of the law(s) and national guidelines (ii) reward good performance and sanction poor performance by LGs; and (iii) assist LGs to identify functional capacity gaps and needs. To guide the assessment process, the Assessment Manual for LGs detailing the assessment process, procedures, information sources, checklists and formats was prepared.

The merits of the LG performance assessment to-date include:

- Ensuring that a LG possess minimum capacity to efficiently and effectively manage the discretionary funds before the funds are transferred;
- Complementing the LG routine inspection providing an opportunity for the centre to interact with LGs;
- Helping the LGs, CG and development partners to identify capacity gaps and to provide tailored support to the weaker LGs. The assessment system is a plausible short-term substitute for a comprehensive capacity needs assessment.
- The assessment system being reinforced by the LDG and CBG has had significant impact on LG institutional capacity and administrative performance. It has among others: enhanced development planning, financial management, accountability and transparency including communication of decisions to the different stakeholders and levels. Overall, it has been observed that the assessment system is important in helping the LGs to improve their performance.
- It has put performance development on the agenda and started a dialogue on how to improve performance at the local levels.

The above notwithstanding, the LG performance assessment is also faced with a number of challenges, which include:

- Insufficient orientation and refresher of both the internal and national assessment teams leading to limited internalization of the purpose and process of the assessment including contributing to late and improper internal assessments;

- Selection of LG staff to participate in the national assessment not based on merit undermining the credibility of the system.
- Changing indicative planning figures hampering proper planning;
- Delayed feedback of the assessment results

Overall, whereas most of the informants applauded the continued relevance of the LG capacity assessment system, they raised concerns regarding recent developments in the objectivity and integrity of the system.

2-5-4 Initiatives to Strengthen the Oversight Function and Coordination

The coordination of the various oversight functions remain a great challenge and LGs complaints about multiple missions, reviews and inspections, not sufficient coordinated.

As tasks, responsibilities and requirements have changed considerably over the past 5 years within the decentralisation sector the ministry responsible for LGs (MoLG) has started to re-position itself so as to enable it to better meet the challenges of the future in collaboration with other CG institutions.

The MoLG has coordinated the formulation of a DPSF. It is intended to provide a structure for coordinating the efforts aimed at deepening decentralisation. Its mission is to fundamentally transform society by empowering citizens to take charge of their development agenda so as to improve their livelihood⁴⁹. Despite its essentiality, the DPSF still needs to take root among some of the larger development partners and sector ministries.

The MoLG has also coordinated the development of a LGSIP that outlines the LG sector strategic investment plans, priorities and budgets for the next ten years in 6 thematic areas: local service delivery; political decentralisation; administrative decentralisation; fiscal decentralisation; good governance; and local economic development.⁵⁰

The MoLG in collaboration with other CG stakeholders has formed the Decentralisation Sub-Sector Working Group (DSWG) (with advisory status), as part of the Public Sector Management Sector Working Group. The DSWG is intended to ensure that the decentralisation process is consolidated by discussing, advocating and reviewing issues, policies, performances, budgets and plans that affect the implementation of the decentralisation policy. This sector working group has the potential for bringing the decentralisation issues higher up on the public sector management agenda.

⁴⁹ Refer to *the Decentralisation Policy Strategic Framework*, January 2006.

⁵⁰ *The Local Government Sector Investment Plan, 2006–2016*, June 2006.

The MoLG is also in the process of designing interventions and/or programmes to support the implementation of the LGSIP. For example, the development partners are in the process of elaborating modalities through which they will coordinate in providing support to the implementation of the LGSIP.

On an annual basis, the MoLG convenes a JARD, to, among others discuss the strategic LG sector challenges and modalities of mitigating them. The JARD is also intended to inform the planned Annual Review of PEAP.

3. PRIMARY EDUCATION

3-1 Sector Policies for Local Level Service Delivery

Background⁵¹

As mentioned in Chapter 2, the system of service delivery prior to decentralisation was heavily centralised and in a general state of an emergency/crises with poor service delivery moving close towards a full collapse in the period up to 1986.⁵² This was also the case within education, which was characterised by low and very imbalanced enrolment of children in primary schools, poor quality and lack of basic facilities, lack of qualified teachers, etc.

From 1986, there was a strong wish to move towards decentralisation of basic service delivery and CG roles in PE were limited in the 1993 LG Statute to: policy formulation, planning and inspection whereas all other functions should be provided by district and urban authorities.

This was further specified in the Constitution, 1995, which clarified that all services close to the citizens, including PE were to be delivered by the LGs. In 1997, the functions of LGs were further specified in the LGA (in addition to the provision of the Constitution) and, detailed compared to the 1993 Statute. The 1997 LGA outlines the *functions and services to be devolved by a District Council to Lower Local Government councils* (Schedule 2, part 4 of the 1997 Act). The responsibilities for sub-county LGs are quite considerable as well; especially for provision of basic social services such as health and PE.

It is interesting to note that some of the objectives from the time of the beginning of the decentralisation of PE, outlined in the White Paper on Education (Government White Paper 1992), based on the Education Policy Review Commission (EPRC) of 1989 are still highly relevant and valid today (see below). The major concerns and recommendations in the White Paper address the issues of quality and quantity of education; the financing and management of education, and the access and equal distribution of educational opportunities.⁵³ Major reviews of service delivery in education were undertaken and decentralisation guidelines and commencing of the implementation took place from 1993. One of the major components in the strategy was the President Museveni's policy on Free Education for Four Children pledged in his election Manifesto (December 1996).

⁵¹ Part of this is based on Tidemand, Per: *Technical Annex II to the District Development Project (DDP) Pilot*, 1997.

⁵² Republic of Uganda 1987: *Report of the Commission of Inquiry into Local Government System*.

⁵³ This Section is largely based on Tidemand, Per (input for the DDP design, 1997) and Mwanga, N.K. 1996: *Critical Issues for DDP Consideration in Education Sector*, DDP/Programme Management Unit (PMU) MoLG - a discussion paper commissioned by the DDP Pilot Project.

UPE – the background

It appeared from the recommendations in the White Paper (1992) that universalisation of PE was to start gradually in Primary 4 (P4) in 1996 and progress yearly until the eight - year cycle was completed. Having taken into account all possible options, Government adopted the proposal by President Museveni to provide free PE for 4 children per family covering the entire primary cycle of P1 to P7. The objective of this new policy was to increase access to PE. Under this policy it was estimated that 3,250,467 pupils out of the 3.98 million children of school going age would be catered for to achieve 81.6 % in enrolment. The government had with the announcement of the government policy on free PE committed itself to the provision of:

- tuition fees;
- textbooks and instructional materials;
- construction of basic physical activities including teachers houses and also the construction of community based private schools
- paying teachers salaries;
- training of teachers.

In the 1996/1997 budget, the minimum salary for a trained teacher was raised to UGX 72,000 per month from 49,000 per month, considered by Government to represent a “living wage”. With the enhanced teachers pay package in addition to government’s contribution towards construction, the Government saw with the announcement of UPE no justifiable cause for schools to demand Parents Teachers Association (PTA) subsidies in the rural areas.

It was expected that these new policy initiatives would have substantial consequences for the district and local level planning and management of schools. Actual planning and allocation procedures were to be fully sorted out with the introduction in 1996, but emphasis should be more upon direct control of funds by the individual schools and their SMCs, consequently with less discretion for districts to allocate funds for PE according to district priorities⁵⁴. The objectives of the reform entailed a reorganisation of the tasks and responsibilities between the tiers of government:

CG through the MoES should be responsible for:

- the curriculum
- quality control and periodic reviews of primary schools at reasonable intervals
- trained certification of teachers

⁵⁴ This Section is largely based on Tidemand, Per (input for the DDP design, 1997) and Mwanga, N.K. 1996: *Critical Issues for DDP Consideration in Education Sector*, DDP/Programme Management Unit (PMU) MoLG - a discussion paper commissioned by the DDP Pilot Project.

- determine the grants for education to be given to Local Authorities (LAs) for salaries, pensions and subsidies to disadvantaged areas
- procurement of imported educational and building materials, and
- planned expansion of educational facilities with a view to attaining and maintaining UPE

District and urban authorities should be responsible for:

Education services which cover primary schools up to the first 7 years of education, rural trade and technical schools fall under the powers and functions, and services to be performed and exercised by district and urban councils.

- Provision and maintenance of physical facilities and equipment in primary schools and for the supply of clean drinking water
- distribution of scholastic materials, cost of which should be partly met by parents
- inspection and supervision of schools
- ensure the provision and maintenance of minimum sanitary conditions at each school
- provide facilities and organisational capacity for the provision of a mid-day meal for children. Parents encouraged to provide food stuffs either in kind or by payment of money (or both).

Role of the district in school constructions

The effective role of the district in the planning of school construction was very limited prior to the reform. The reform pursued strengthening of the local involvement in this area as well.

It was intended that the introduction of UPE should be the main instrument towards improving poor peoples access to education. However, the strain on government expenditure was serious and a number of the problems were noted regarding the quality of education from the onset of the reform. This was already noted in a study from 1997 (Tidemand, 1997⁵⁵) that said:

“some of these problems can be resolved through increased capital expenditure allocated through a local development fund. For instance it was reported in a baseline study of the education sector⁵⁶ “a pervasive lack of basic facilities” was noted: lack of appropriate buildings, sanitation, water supply etc.

However, a number of other problems identified from the study points to problems of a more management nature. Thus the above study also clearly established that very significant differences in the quality of education from different primary schools could be assigned to:

⁵⁵ Tidemand, Per: Technical Annex II: District Development Pilot, Uganda ALs Local Government System, 1997.

⁵⁶ Caresco, J.F. John C. Munene, Deborah H. Kasente and Matthew

- *the extent of community involvement in the management of schools through their PTA and SMC*
- *the commitment of the staff of each school.*

Finally it was reported that “sex discrimination and sex exploitation (from teachers) are the greatest problems that girls face...” which to a large extent explain the high drop out rates of female students - which is a long way removed from the from the desires of a capital budget program which presumes to improve access to services by marginalised sectors of the population. However, the above study stresses again and again the significant impact of community participation in management for the quality of services.”

As mentioned, most of these objectives are persistent in the existing policy.

Present policy

The GoU’s objectives in the field of education are spelt out in the Education Sector Strategic Plan (ESSP), 2004–2015. The overall objective is to:

“Promote citizenship; moral, ethical and spiritual values; promote scientific, technical and cultural knowledge, skills, attitudes; eradicate literacy and equip individuals with basic skills and knowledge and with the ability to contribute to the building of an integrated, self-sustained and independent national economy”.

The objectives are also formulated in the PEAP, 2004–2008 where reference is made to the Constitution. Articles 30 and 34 (2) of the Constitution provide for the right to basic education for every Ugandan. The 2025 vision for Uganda’s development formulated in 1997 incorporated a commitment to education as the development priority. Under the 1st and the 2nd PEAP, UPE was the chief education policy and is further pursued in the 3rd PEAP, 2004–2008⁵⁷.

Box 3-1 summarizes the core objective of the Ugandan Education Policy:

To promote the sub-sector “*Primary Education*”⁵⁸, has been a core strategy to pursue these objectives. The specific objective from the onset of the new education policy (in 1996) was to get all children into the primary school, and this was the main focus from 1997–2003. From 2003 and onwards, there has been an increased focus on improving the quality of the services of PE, and improved access to, and quality of, secondary and tertiary institutions. One of the objectives (amongst others) is to expand UPE to cover post primary (secondary education and training) and tertiary

⁵⁷ PEAP, 2004–2008. Uganda is also supporting the Millennium Development Goals (MDGs).

⁵⁸ In Uganda primary education starts from class 1 and ends after class 7.

Box 3-1 Core Objective of the Ugandan Education Policy

- An education system relevant to Uganda's national development goals
 - Universal participation in a flexible basic education system
 - Increased and equitable participation in a coherent and flexible post-primary system
 - Expanded and equitable participation in a coordinated, flexible and diversified tertiary system
- Students achieving education goals
 - Primary-level pupils, mastering basic literacy (reading and writing), numeracy and basic-life skills
 - Post-primary students prepared to enter the workforce and higher education
 - Tertiary graduates to be innovative, creative, and entrepreneurial in the private and public sectors
- An effective and efficient education sector
 - Decentralised authority, financing and management
 - Strengthening capacity of the Ministry – its agencies and institutions – to provide leadership and management
 - Quality assurance and accountability throughout the sector
 - Partnerships between the Ministry and other agencies in service delivery and capacity building (CB)

Source: *Education Sector Strategic Plan (ESSP), 2004–2015*, MoES, March 2005.

Box 3-2 Objectives of UPE

According to MoES, the objectives of UPE were to:

- provide quality education to primary school-going age children
- transform society in a fundamental and positive way
- provide the resources to enable every child to enter and stay in school up to P7
- make education accessible and relevant to the learner
- eliminate disparities and inequality in education
- ensure that education is affordable by the majority of the population
- eradicate illiteracy
- equip every individual with the basic skills and knowledge with which to exploit the environment for both self and national development.

Source: UPE: Enhancing UPE: A Stakeholders Handbook, May 2004, MoES.

education. This is to be introduced in a phased manner starting from 2007 and will be a tremendous challenge for the entire funding system.

The analysis below will review the status of achieving some of these core outputs, outcomes and impact targets. The review focuses particularly on the institutional arrangements and intergovernmental relationship, the funding of the sub-sector, HR and governance issues.

The government's strategy in PE

Introduction of UPE from 1997 with abolition of primary education user fees for up to four children per family, and from 2002/2003, where the policy was expanded to cover all children in the primary school-going age were key strategic tools to ensure improvements in the enrolment rates. Related strategic initiatives were:

- increased focus on teacher education and the training of an increasing number of teachers to enhance their skills,
- introduction of UPE capitation grants through the LGs to schools (to cover the funding gaps created by the abolition of use fees),
- introduction of the school facility grants (to boost the school construction and improve the pupil-classroom ration),
- the expansion of instruction materials (books and other materials) to improve the book-pupil ratio,
- to ensure reasonable wages (and teachers houses) to the teachers to ensure coverage and incentives.

The UPE should ensure that the minimum resources and facilities are available when the access is improved, to enable Ugandan children of primary school-going age to “enter, remain and successfully complete” the primary cycle of education.

The institutional arrangements and strategies to achieve the UPE objectives have been to use the LGs (the focus has been on the HLGs as a service delivery vehicle and manager of primary education (basic service delivery responsible level)⁵⁹. In addition, the intention has been that the SMC⁶⁰ of each school should play a key role in the daily running of the schools (decentralisation to the service delivery units) in close relationship with the LGs (districts and urban authorities).

As mentioned in the various strategic documents under MoES and throughout the interviews with officials from CG and LG levels, it is clear from the GoU's perspective, that the central ministry cannot run and provide the services, but that the responsibility for the service delivery should be shifted to the district level⁶¹. The mode of decentralisation as stipulated in one of the core documents, the ESSP 2004–2015, is a kind of “strongly guided” decentralisation; and as it appears from the analysis below, the MoES has still remained with strong roles in areas such as curriculum development, planning,

⁵⁹ It is important to note that secondary education has not yet been decentralised in reality, but that LGs have certain functions particularly in the transfer of funds within the recurrent components.

⁶⁰ The SMCs are management bodies at the primary school level with representatives from the school foundation, the parents, and district. The headmaster serves as the secretary for the SMC.

⁶¹ See *Education Sector Strategic Plan, 2004–15*, MoES, p. 11.

priority setting, funding, inspection and supervision. The modalities for service delivery have been a blend of systems, encompassing features of deconcentration, delegation and devolution.

The UPE with its focus on free public service delivery has been the 1st step in a movement towards abolition of user fees payment⁶², fees and charges, taxes etc. at the local levels, but has later been followed by abolition of fees in primary health and certain LG taxes (see chapters 2 and 4). The UPE was introduced as a response to the low enrolment rate (the enrolment in primary schools in 1996 was only 3 mil pupil, covering about 60 % of the children in the school-going age group). It was the President's view that the fees restricted access to education services from poor sections of the society. Naturally, it was also used as popular move in the political debate.⁶³

Behind the selected model of service delivery was on the one hand an acknowledgement of the fact that CG⁶⁴ lacks the tools and possibilities, alone, to manage service delivery locally, and on the other hand, a strong wish to ensure adherence to clearly defined targets set by MoES and agreed in the SWG for education. It is also important to note that the development in the public service delivery was followed by an increase in the number of

Interviews with farmers in Mayuge revealed that several of them, despite the constrained funding options and poor financial conditions, preferred the private schools due to lack of quality and control within the government run primary schools. The strong control of the performance of teachers in the private schools was seen as an asset.

private service delivery facilities (about 11 % of the schools in 2004 were private schools⁶⁵, and it was reported from Mayuge and Rakai districts, that this share is increasing).

3-2 The Division of Responsibilities in PE

The strategy outlined above, has led to an incremental transfer of functions to the LGs and the SMCs in primary education. Table 3-1 summarizes the main official policy on the division of functions across tiers of governance, whereas Table 3-2 in greater details describes the division as observed in the field.

It appears from the tables, that a number of important functions have been decentralised to the upper tier of the LGs (districts)⁶⁶, including planning, general management, investments in school facilities, inspection and monitoring, whereas the lower tiers of local governments have less functions.

⁶² See the chapter on Health, where user payment the primary health delivery levels has been abolished as well.

⁶³ It is interesting to note that other countries, like Kenya and Ghana, have moved in the same direction.

⁶⁴ In the following text, headquarter (HQ) is used for the central MoES.

⁶⁵ MoES: *Uganda Education Statistics Abstract*, 2004. The cost of establishing and running of the private schools are fully covered by the parents.

⁶⁶ Similar trend is observed in the urban areas, but this study focus on rural infrastructure.

SMCs have been assigned new functions within the most recent years, particularly within areas such as book purchases and smaller expenditure items for the current operations of the schools, but have not yet fully performed their monitoring and reporting functions.

Table 3-1 Formal Division of Tasks for PE

Task	CG	HLG	LLG	Committees	Communities/ citizens
Overall Planning and funding	Strong coordinative role. Set the targets and policy objectives	Participate in the dialogue, e.g. in the sector working group	Participate especially where discretionary funding is used	Involvement through hearing and sector work	Involvement through hearing and sector work
Management of teachers	Sets the targets	Strong management. The teachers are supposed to be under the HLG	Minor roles within inspection	SMCs supposed to play a role as a first instance and daily monitoring	Monitor through input in the SMCs
School administration –DEO's office	Guidance	Strong role	No role	No role	No role
School construction	Overall guidance (issuing of standards)	Strong role (contracting and supervision of construction)	Moderate role Provides planning inputs	Moderate role. Provides inputs and supervise	Input in the planning phase
School materials, equipment and management	Guidance	Role in supervision and major priorities	Limited role	Strong role in the priorities and operations	Important role through the SMCs
School books	Sets the targets and provide the funding, monitor and supervise	Some role through the coordination, and monitoring	No role	Strong role	Some role through the SMCs
Inspection	Strong role	Strong role	Limited role	Strong role in the day to day operations	Some roles, e.g. through the SMCs

DEO: District Education Officer

Source: *Education Sector Strategic Plan 2004–15*, MoES, March 2005 and interviews with MoES

Table 3-2 provides a more detailed division of tasks and responsibilities as per the findings from the field visits:

Table 3-2 Division of Tasks and Responsibilities in PE

Task	CG – HQ	HLG	LLGs	Representative local committees	Community/ citizens
Overall planning					
Overall policy planning and funding of the sector	CG - MoES through the sector working groups.	Represented in the discussions.	Weak role	Some representation for NGOs/CBOs.	Very indirect
Overall planning of PE in the district	MoES approves the work plans of the HLGs prior to submission of grants and control through the earmarking of grants.	Major role, HLG elaborates detailed work-plans and budgets transfers of funds to schools.	Involved in the planning of part of the funds for school construction under the LGDP, but generally limited involvement.	Supposed to submit proposals, see section on planning.	Supposed to participate in the planning process, but besides annual meetings, the participation is generally limited.
Overall funding					
General funding of PE	Major source: CG grants (main source).	Contribute limited from own source revenues.	Co-finance (small amount) part of the school construction through LGDP.	(only regarding private schools.)	After abolition of user fees, funding is limited to school uniforms and feeding.
Management of teachers					
Management of teachers (number and location)	Sets the overall guidelines and controls via the size of the salary grant.	HLGs manage within the overall guidelines. HLG, but based on fiscal constraints.	No	Limited role, submit requests to the HLG.	No role
Hiring and firing	ESC provides guidelines to the DSC.	DSCs in charge of hiring and firing teachers. Complaints can be send to the ESC.	No	SMCs may recommend to the DEO.	Limited role
Disciplining	ESC issue guidelines and monitor and may handle disciplinary cases.	HLG after request from head teacher/ SMCs through inspectors/ DEO and through CAO to the DSC.		SMCs may recommend actions. Very seldom done.	Limited role
Funding of teachers	Sole source: Salary grants	No	No	No	No
Primary school administration (education office and support)					
Planning	Guidelines	HLGs	No	No	No
Funding of HLG administration	Finance most of this.	Part of the UPE grants (5 %) + own source revenues.	No	No	No

Task	CG – HQ	HLG	LLGs	Representative local committees	Community/ citizens
School construction					
Planning	Provide guidance and regulations + secondment of engineers for the HLG.	Major role in planning of the constructions – determining schools to benefit.	Involved in planning of the LGDP funds, see below LGs through grants from CG.	SMCs provide planning inputs, but most relevant where LGDP funded projects – SMC are more involved under SFG than LGDP. LGDP processes are basically in LG core structures.	Some (limited) role in articulating project requests, although most relevant for LGDP funded projects.
Funding	Major financier (MoES: SFG) and MoLG: LGDP.	Limited own source revenues as most of funds come from grants.	Limited to co-funding from LGDP projects.	No	Through taxes and community contributions (very limited share).
O&M	Only through standards.	The activity level varies greatly from LG to LG.	Minor role	SMCs some role for minor O&M funded by capitation grants.	Previously had role, but his has diminished.
Contracting		HLG contract committees (previously LG tender boards).	Limited role	No	No
Monitoring and inspection of construction	Some role through the general inspection seconded engineering assistant.	HLG for the final monitoring and inspection, particularly strong for the LGDP funded schools.	Some role for the LGDP funded investments.	SMC for the day to day monitoring of construction work.	Indirect
Materials/ equipment and school management					
Planning	Sets the overall guidelines and targets and approve work-plans of HLGs.	HLG set the guidelines for the schools and approve the plans.	Limited role	SMCs (set their priorities within CG and HLG ceilings).	Limited role through the SMCs.
Funding	Cover most of the costs through the capitation grant.	Limited funding from own source revenues Topping up of the grants is very seldom.	None	None	None
Contracting	No	HLGs monitor SMC operations.	No	Direct purchase from pre-selected suppliers by the SMC/ head teachers.	No
Monitoring	Some role through the general inspection.	Strong role through the inspection.	Limited role	NA	Limited through the influence in the SMCs.

Task	CG – HQ	HLG	LLGs	Representative local committees	Community/ citizens
Selection and decisions concerning the school books ⁶⁷					
Planning	Sets the overall targets and guidelines and provides list of certified materials.	Coordinates with the SMCs/school committees and headmasters.	Limited role	Strong role in the decisions on the selection of the specific books and text book suppliers within the budget envelope.	Indirect
Funding	Finance all school books – on a MoES vote).	No additional funds from HLG. LPOs issued directly by the HLG (based on the budget from MoES) to each school based on signature from head teachers and SMCs.	No	No	No
Contracting	Supervise	Provide the list of certified providers to the contract committees under the SMCs.	No	Special book procurement committee under the SMC purchases the books by use of LPOs from the HLG approved list of providers.	No
General inspection					
Planning	Strong role for the HQ inspectors and in quality assurance.	Strong role for HLG inspectors under the DEO.	Limited role	Some role for the SMCs.	Limited role through the SMCs.
Funding	Finance the major share through the UPE grant.	Contribute with limited funds from the own source revenues.	No	Small amount from the UPE grants.	No
Implementation of Inspection and monitoring	CG inspectors operate from the HQs.	HLG inspectors from DEO's office.	No as LLGs have no staff within education.	SMCs monitor the daily school management (but the meetings are not frequent and the M&E leave great room for improvement).	Limited role through the SMCs.

CBOs: Community Based Organisations, ESC: Education Service Commission, LPOs: Local Purchase Orders, SFG: School Facilities Grant

Note: SMCs composed of representatives from the foundation body, parents, the schools management and teachers and the HLGs (DEOs office). The head-teacher is the secretary of the SMC.

“No” means no role in this area.

⁶⁷ School books (decentralised instruction materials scheme extended from a pilot to all schools from FY 2005/2006)

3-3 Local Service Delivery Financing

The funding arrangements for PE have changed significantly over the past 10 years from a system of contribution from CG and significant user payments to a system where most funding is presently in form of conditional grants from the CG to LGs (part of this is further transferred to the schools). UPE, which was introduced in 2 phases (until 2003 for four children per parents and then for all pupils), means that nearly all education costs are covered from CG grants. Various policy announcements have made it increasingly clear that the parents are not supposed to contribute with funds and/or labour to public PE. Table 3-3 provides an overview of the main funding flows.

Table 3-3 Main Funding Modalities for PE

Expenditure area	Funding	Comments
Teachers' salaries	From conditional grants to LGs earmarked for salaries	The costs of salaries have increased significantly due to the increase in the number of teachers and more recently the increase in the teachers' salary rate.
School construction (new facilities, classrooms, up-grading of existing etc.)	A conditional grant from the center, earmarked for LG school construction (SFG) Part of the cross-sectoral LGDP grant is also being used for PE. Very limited LG own source funding.	Until last FY this grant covered all districts and had from the onset a significant size, but has now been restricted to few core priority areas with special needs, and the overall funds have decreased, see Table 3-4.
Smaller cost items at the school level such as equipment, stationary, and school mgt. costs	UPE capitation grant based on the number enrolled pupils in each school.	This was introduced to compensate for the abolition of user fees. The grant has decreased recently, but is seen as important for the schools to enable them to operate efficiently.
School books and learning materials (8.64 B UGX for FY 2006/2007)	Financed centrally (kept at a MoES HQ vote), but HLGs are getting an indicative figure per school and separate funds (not part of the grants) to issue LPOs to the schools. It is allocated based on the enrolment rate.	There has been a trend towards allowing the local (school) more decision-making power on the use of these funds within a defined list of books (HQ) and defined lists of service providers (set by the HLG level).
Administration at the LG level	Funded from part (5 %) of the UPE grants and from (decreasing) LG revenue sources	The LGs feel that they have been financially hit recently, partly because of the abolition of the G-Tax and other legal initiatives. The abolition of the G-Tax has meant that the school levy (1,000 UGX) per tax payer has been abolished as well (it was piggybacking on the G-Tax), leaving a fiscal gap.
Inspection and monitoring	HQ inspectors financed from the general MoES budget. Local inspection from share of grants and LG revenues.	This is an area, which has become under pressure from the new developments.

Table 3-4 provides a brief overview of the relative size of these funding flows:

Table 3-4 Overview of the Funding of PE

B UGX	B FY 2002/2003	FY 2002/2003 releases	B FY 2003/2004	B FY 2004/2005	B FY 2006/2007
Total public expenditures (gross)	Outturn: 2,769.3	2,109.6	3,155.8	3,454	4,248.6
(013) MoES	NA	88.0	145.13	75.4	105.7
Universities, training inst. etc.	NA	42.6	65.7	81.2	84.7
Secondary	66.0	68.7	69.0	83.9	
Tertiary education	13.4	9.4	15.0	15.0	24.0
PE					
1) Teachers' salary	185.1		208.0	230.0	342.5
2) Capitation grant	41.5		41.5	41.5	32.8
3) SFG	53.9		59.8	54.6	16.4
Sub-total PE (1+2+3)	280.5	283.2	309.3	326.3	391.7

Source & Notes:

FY 2002/2003: *Public Expenditure Review*, 2003. (MoES includes some expenditure on PE)

FY B 2003/2004: *FDS, Phase II* – Allocation Principles and Development of Allocation Formula, Local Government Budget Committee, 2003 and Public Expenditure Review (PER) 2003 (draft budget estimates)

FY 2004/2005: *Public Expenditure Review*, 2004 (MoES includes some primary education)

FY 2006/2007 data: *Budget Speech 2006* (FY 2006/2007) MoFPED. (In FY 2006/2007, secondary education (salary and capitation is registered under the MoES not as grant to LGs).

Total public expenditures are including interest payment, debt payment etc. i.e. gross.

The table is based on budget figures, which should be treated with due caution. However the picture and trends would typically be rather similar for the account figures.

Table 3-4 depicts a rather decentralised system of PE funding with the major share of the expenditures accounted for at the LG level. However, the restrictions on the LG utilisation of funds are significant. Table 3-4 also shows that there has been a significant inflow of funds for UPE capitation and SFGs in the initial stages, but that these funds have decreased in the recent years, both in nominal terms, and particularly compared to the expenditures on salaries. According to the education staff in 2 districts visited these funds have been highly appreciated, but the relatively low, and decreasing capitation grant allocation has been one of the factors behind the challenges and lack of success so far in improving the quality of the service, particularly in the situation where the parents no longer contribute.

The respondents in the field mission indicated that the decrease in the capitation grants and the additional reduction in LG own source funding from the abolition of G-Tax⁶⁸ (see Chapter 2) and the education service fee, which used to be added to the G-Tax payment (piggybacking system) have been

⁶⁸ The compensation came delayed and did not cover the previous revenues from this tax.

some of the major challenges for the effective operations of the schools and were concerned about the future sustainability of the funding system. Furthermore, the LGs and the schools complained that the funds arrive too late, and that the funds were very unreliable, hampering planning, budgeting and efficient operations at this level.

The respondents did not believe that the increase in teachers' salaries alone from this FY would solve any problems, as teachers in the rural areas (particularly hardship areas) are struggling with other fundamental problems such as lack of teachers houses, electricity, water etc. A more focused emphasis to solve these (hardship) problems is therefore urgently required and the preferred option for the local respondents. The SFG was mentioned as one of the core pillars behind the UPE achievements, and a drastic reduction of this as planned in this FY 2006/2007, prior to full coverage of the full investment needs, is seen a major problem at the district level.

In FY 2006/2007 only 4.1 % of the grants were transferred for development and 95.9 % for recurrent. Out of the recurrent component 91.3 % was allocated for salaries, hence the amount available for non-salary operational cost is also limited.

There was a general agreement amongst various stakeholders, teachers, LLGs and HLGs and central officials, that the UPE has advantages and disadvantages, which should be carefully weighted. On the positive side, there has been the large and very fast increase in enrolment in PE, also from the poor areas, - an increase, which would have never taken place without the UPE policy. Important equity concerns were therefore addressed. The great challenges have been the handling of the fast enrolment, putting pressure on the facilities, increasing the demand for qualified teachers, textbooks, materials and core management capacity (including inspection and supervision). Many of the respondents are of the opinion that this has led to a stagnation or even decrease in the quality of the service actually delivered, documented in low completion rates, high drop out and repetition rates, low scores in various test and the increase in number of private schools, (see the section below). However, there have been other side effects.⁶⁹ According to field staff, the abolition of fees, have on one hand released the staff from the

Ownership and accountability have diminished:

When parents are not paying school fees and/or taxes, there is no demand for quality – people are more passive now and the interest in the school functioning, particularly from the fathers has diminished greatly since UPE. *“Everything is referred to as the government’s responsibility and people do not take any responsibility any more”* (the management Rakai District, confirmed from field findings in Mayuge district). The same is expected with the abolition of the local taxes.

⁶⁹ This trade off between quantity and quality is also discussed in a recent world wide evaluation of primary education: *“From Schooling Access to Learning Outcomes - An Unfinished Agenda”* - An evaluation of World Bank Support to Primary Education, Independent Evaluation Group (IEG), 2006.

cumbersome task of collecting money from the parents. The downside has apparently been a decrease in the general interest of the parents in the school activities, reflected in the decrease in activity level in the parents associations and SMCs, lack of initiatives to contribute and give an extra hand when required and to take actions when various problems arise.”

Flexibility in use of funds

As mentioned in Chapter 1, the GoU’s FDS (2002) was supposed to give the LGs more autonomy in the use of sector funds. Progress has been delayed. From FY 2006/2007, the GoU (despite resistance from MoES) has decided to allow LGs some flexibility (max. 10 % under the non-salary part of the recurrent PAF sector lines) to change budget allocation across the sectors. The first budget year has showed a small move away from education (2 %) towards agriculture extension (increase by 10.4 %), natural resource management and road maintenance.

A review of the guidelines⁷⁰ and the experiences from the field suggests that there is still significant earmarking and restrictions in the use of funds even within each of the sub-sector grants, (e.g. SFG). According to the previous guidelines (which are still applied in some LGs), LGs are only allowed to spend 15 % of the funds on construction of teachers’ houses and should ensure a minimum of 2 and maximum 4 teachers house units per school in the rural areas. These rules were instituted to ensure that national targets are met, but can compromise local efficiency in resource allocation in areas where teachers’ houses is the main problem.⁷¹ However a pilot on increased local discretion and autonomy (decentralised Medium Term Budget Framework (MTBF)) within the 4 major funding flows (teachers salaries, SFC, capitation grants in four pilot districts (Kumi, Lira, Masindi, Rakai) were implemented from 2001/2002 and an independent evaluation took place in 2003. According to this initiative, the schools and the district would get significant increased autonomy to prioritise within each of the funding flow, e.g. between teachers houses and classrooms. The evaluation concluded that:

*“an assessment of the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis revealed that the strengths and opportunities for decentralizing the Education Sector Medium Term Budget far outweighed weaknesses and threats. Monitoring of the pilot clearly showed that increased discretion has the potential to and actually does contribute to improved and efficient service delivery. Furthermore, monitoring of the FDS implementation also showed that the FDS was a broader intervention that involved discretion between and within sectors, in addition to other objectives that were being looked at”.*⁷²

⁷⁰ e.g. the guidelines on the SFGs for Primary schools- *Planning and Implementation General Guidelines for District and Urban Councils*, December 2002.

⁷¹ In the 2 districts visited, teachers’ accommodation was mentioned as one of the most severe problems.

⁷² Monitoring and evaluation of decentralisation of MTBF in the pilot districts of Kumi, Lira, Masindi, Rakai for the period 2001/2002 – 2002/2003 *FINAL REPORT*, Emmanuel Ssewankambo and Allen Kebba.

The study also concluded that there is a strong need for information, awareness building and support in the implementation. According to the MoES, the decentralised MTBF is being roll out to all districts, but the field trip to Mayuge revealed that it will take time to implement. There is a need to create more awareness and effectively operationalise the new flexibility.

Allocation criteria

A study of the allocation criteria in 2003 concluded that the allocation of recurrent funds to the LGs was far from being poverty sensitive, see below:

“The Eastern Region receives the highest allocation per capita whereas the lowest allocation is received by Kampala and the Northern Region. The Eastern Region receives the highest average primary grant and Kampala the highest secondary grant per capita. Kampala receives the highest allocation per enrolled whereas the lowest allocation is received by the Northern Region.

The present recurrent allocations are not poverty sensitive. The average per capita allocation to the districts with the highest Human Poverty Index (HPI) is considerably lower than the allocation to the districts with the lowest HPI. Additionally the analysis shows that districts with high Human Development Index (HDI) and high own revenue receives more funding than the less developed with low own revenues. The size of allocation per enrolled differs widely from 25,313 to 74,132 UGX for PE and 72,912 to 512,451 UGX for secondary education. The districts that receive the largest grants are the ones with the highest Household Consumption Expenditure (HCE), which is an additional indication that the overall distribution is pro-rich. On the other hand ... the study indicates a strong negative cohesion between HPI and the allocations showing that the poor districts receive smaller grants per capita. One of the reasons is that the enrolment has a big impact on the allocations of grants. The higher enrolment the more grants do they receive.⁷³ The study also concluded that the SFG, contrary to the recurrent grants were transferring more funds per capita to the poorest regions, as the formula was based on a kind of gap filling modality.”

New allocation criteria, which are aimed to better target the poor areas, have been elaborated by the LGFC and the LGBCC in 2003–2004, but MoES has not yet agreed⁷⁴ with these new criteria and/or identified alternative criteria for the dialogue, hence the proposal has not yet been submitted to the Cabinet.

⁷³ This was one of the reasons behind the allocation criteria reform in Tanzania, see *Case Country Report on Tanzania*, 2006.

⁷⁴ The arguments for the refusal of the new allocation criteria were not clear from the interviews with MoES, LGFC and other stakeholders.

3-4 Local Planning Procedures

The overall LG planning process is described in the three-country study of 2004⁷⁵. This section will therefore only deal with a few relevant features and recent developments within PE, that deserve special attention.

Development investments

The process for planning of development investments differs depending on the funding schemes. Concerning the non-sectoral LGDP grants, where 65 % of the grant is transferred to the LLGs and 35 % is kept at the HLG, there is a stronger involvement of LLGs, the parishes and the sub-counties in the planning process, and a more open window for involvement of various stakeholders. It was the impression in the field that the planning process related to the sector specific conditional grant, the SFG, was more “top-down”. The core planning preparations and decisions were being carried out from the DEO’s office and then submitted to the district education committee in the district council and finally approved by the full council.

It was the opinion of the DEOs offices in Rakai and Mayuge districts and Department of Works in Mayuge District, that the 2 processes were not sufficiently coordinated, and that some LGDP decisions could be taken without sufficient involvement of the HLGs in coordination and ensuring that funds were available for O&M. From the LLG level, it was clear that the involvement in planning sector investments under the SFG funded projects was rather limited. It is important to note that under SFG, the DEO requests schools to submit their needs. However, because the needs submitted greatly supersedes the resources available, the final decisions are made at the district level. This makes the whole seemingly bottom-up planning process less meaningful.

The LGDP planning process starts at the LLGs with meetings at the parish level and moves towards the Technical Planning Committee (TPC) in the sub-county, and for larger investments to the TPC in the districts, and from there to the council committees, executive representatives and the council. The sector planning for projects, funded by SFGs, goes from the DEO and the technical department through the Education Committee to the council. Under the LGDP, the LLGs and the communities are more involved in this process, and it was the opinion of the LLGs in Mayuge and Rakai districts that this process created more involvement and ownership than the sector investment approach. It was the clear impression of the respondents that allocation of funds to the sub-county level and indicative planning figures for parishes under LGDP stimulate deeper participation at the community level. LGDP funding proposals are discussed at the parish development committee level, and brought up to the sub-county level. In cases where the parish chiefs are no longer in place (e.g.

⁷⁵ Steffensen, Tidemand and Ssewankambo, 2004

due to restructuring), the chairpersons of the parish development committees coordinate the planning process at this level. Inputs to the planning process also derive from the SMCs, which submit proposals to the parish and sub-county levels for consideration. However SMC normally submits proposals directly to the DEO for funding under the SFG. It was clear from the review that the sector committees of the HLGs are not sufficiently involved, and there is a need to strengthen the integration of these two processes in future.

Contrary to the LGDP planning process, the SFG process does not involve the communities in the priorities and final decision-making. A wish list with proposals is sent from the schools to the HLGs, but the priorities are made at the district level where the DEO's office has a very important role. The SMCs are to a various degree involved in planning, but this is more in form of a wish-list approach where proposals for investments are submitted through the various tiers of LGs. There is a close cooperation between the DEO and the MoES seconded engineer, who are involved in technical amendments, supervision, costing of investments projects. Previously the MoES controlled all construction from the center, but has recently assigned an engineer who is working in the district and school construction is managed locally.

Monitoring of projects is also itemized with different rules and percentages set aside for M&E from various grants. According to Mayuge District, the LGDP grant scheme has better rules to ensure that sufficient funds for M&E of projects are available than the SFG.

The entire planning process is hampered by the late and unpredictable announcements of indicative planning figures from the center and the changes in the actual allocation throughout the year. According to Mayuge District the IPFs for LGDP only arrived in June 2006 for last FY 2005/2006, i.e. the same month as the budget was supposed to be adopted (deadline June 15).

Despite the various forms of decentralisation in the sector and cross-sectoral investment planning and operation modalities, it is hard to see any significant difference in the quality of the investments (classrooms and other facilities), probably because common quality construction standards and procedures for M&E are increasingly applied. Previous studies from 2001/2002 have revealed that the non-sectoral LGDP investments may be cheaper per unit, but that the quality may tend to be a bit lower. Taken together the LGs preferred the non-sectoral grants⁷⁶. However these differences seem to have reduced due to common standards for constructions, procurement systems etc.

⁷⁶ *The Midterm Review of the LGDP I*, 2001: Steffensen, Jesper, Ssewankambo, Emmanuel and Van Land, Gerhard, 2001. However, more field work (out of scope of this assignment) would be necessary to test this finding.

Planning for the recurrent budget

There has been a gradual, although modest, decentralisation of planning and decision-making within the recurrent education budget. However, the recent roll out of the increased flexibility (decentralised MTBF, mentioned above) in the use of the conditional grants within this area is expected to increase the local planning options.

Regarding the planning for schoolteachers, it is now easier for the HLGs to recruit teachers locally through the DSCs, a fact, which makes local planning more relevant.

The capitation grants transferred to the schools (for smaller equipment, support materials, administration and management costs), and the recent decentralisation of certain decisions in the area of selection of books and training materials, has provided a room for local decision-making, although it is within the strongly regulated central framework.

The SMCs are supposed to plan for the use of the *capitation grants* and provide input to the overall planning process. Capitation grants are highly appreciated for planning and implementation purposes, but are constrained in size and utilisation.

However, it was the opinion of the SMCs that the strict earmarking requirements for various type of expenditures (note the new decentralised MTBF has not yet taken root in most districts and is sometimes managed at the district level – scholastic materials, curriculum, management and administration) and the frequent reductions and changes in the amount of funds, made it very hard for the SMCs and LGs to plan and budget properly.

Capitation grants

As an example, in 2005, the SMC visited in Mayuge District had made an approved budget of 6 million UGX, but only received 1.5 million. This has led to a practise where the daily urgent needs decide the spending, and where plans and budgets are neglected. In Rakai District, the district education staff seats with the headmasters and discuss the plans and agree on the utilisation of the UPE grants, hence there is still a strong “upper” hand on the utilisation of funds at the school level.

The decentralisation of the selection of *books and materials* is a recent initiative, based on some years of piloting in a few districts (Rakai was among these). The first four pilots were Rakai, Kumi, Masindi and Lira Districts. Based on the good result, this initiative is presently being rolled out. Information on the size of the resource envelope is sent to each school together with a list of approved books (defined by the MoES HQ) and a list of approved service providers (defined by the HLG). The school procurement committees (composed of selected teachers and SMC members) then purchase the books. The SMCs endorse and monitor the purchase and delivery. The new system was appreciated by Rakai District.

SMCs are also supposed to plan for M&E and O&M of the schools. HLGs plan for the O&M costs at the level of DEO's office and for the support to the LLGs and the schools. The 10 % flexibility introduced under the FDS for non-wage recurrent cost areas, provides certain room for cross-sectoral planning and budgeting, and means that the Education Sector has to compete with other sectors to attract attention.

Table 3-5 is an overview of factors, which have been observed⁷⁷ to promote and constrain participatory and efficient local planning:

Table 3-5 Factors Promoting and Restraining Local Planning and Priority Setting

Reform areas	Reason for impact
LGDP: a non-sectoral performance based grant to HLGs and LLGs	It involves the LLGs and promotes bottom up- planning and budgeting co-funding enhance participation and interest. As the grant is cross-sectoral, several actors are involved to ensure strong local priorities and that local needs can be addressed.
SFCs	Has enabled LGs to plan and implement school constructions. The strong earmarking, particularly in the initial phase, has caused some problems, but it is evaluated that the scheme has contributed significantly to the progress in education service delivery.
Capitation grants	Despite some restrictions, it promotes the roles of the SMCs and the involvement of citizens (parents) and the dialogue between the LGs and the SMCs/headmasters. However the recent decrease has limited this impact.
Flexibility in the FDS concerning the non-wage recurrent PAF areas	It has made planning and budgeting more challenging, but also more meaningful, as local decisions now have an impact on the allocation of resources. However, the education sector has not fully embraced the flexibility.
Tracking studies	Education was one of the first areas to benefit from expenditure tracking studies, which has led to improved targeting of funds, less leakage and better achievements of the planned expenditures.
Decentralised MTBF	The flexibility in the use within conditional grants makes it easier for the schools and the LGs to address particular needs and improve efficiency in resource allocation.
CB	The CB rendered to the LGs but also the SMCs and the users have been appreciated, although seen as insufficient.
Constraining factors	Reason for impact
Conditional grants	According to the districts, strong earmarking leads to inefficiency in local resource allocation and lack of possibilities to address local needs, however there is a general agreement that some "guidance" is required to ensure national targets. These challenges are addressed by decentralised MTBF and FDS, but have not taken sufficient root in many districts.
Non-reliability of the IPFs and the grant transfers (several months delays)	This makes the planning and operations inefficient, and leads to making of ad hoc decisions and wastage.
Abolition of use fees and charges	The funds available for topping up of sector grants have been reduced, but more importantly, the citizens are less interested in planning and monitoring, when they have not contributed (through tax payment and or user payment) and this weakens the entire downward accountability. According to the LGs and the schools, parents now have an impression, that they should not participate and contribute to the well-being and operations of the schools. Active parents move to the private schools, which are in increase, see the following section.
Abolition of taxes	Has reduced the LGs options for topping of funding to essential service delivery areas and general administration, including planning.
Capacity of the SMCs and communities restricted	Lack of sufficient CB support to the SMCs, and high illiteracy rate among the parents lead to decision-making dominated by the technicians. This is especially the case because the parents are no longer paying for the education service hence having no incentive to demand for accountability.
FDS planning and budgeting procedures not applied by MoES	MoES still uses their sector specific planning and reporting formats. This maintains parallel systems and increases transaction costs.

⁷⁷ Based on the field visits to the two districts Mayuge and Rakai.

Table 3-5 shows, that although significant amount of funds has been availed to LGs for planning and investments supported by guidance and CB from the centre, the system of strict earmarking of grants and reduction in own source discretionary funding have reduced the overall possibilities of the LGs to address local needs and strengthen the local planning process.

3-5 Human Resource (HR) Issues

Number of teachers

The efficiency of the primary school system relies to a great extent on the availability and the performance of the teachers. There has been a large increase in the number of primary school teachers in Uganda from 81,564 in 1996 to 147,242 in 2004 (of these 62 % trained in 2004 against 64 % in 2000)⁷⁸. As the number of enrolled children has increased sharply, it has been necessary to hire a greater number of unqualified (licensed) teachers. The Pupil-Teacher Ratio (PTR) has decreased to about 50 in 2004 (52 for government schools) from 65 in 2000 and further down to the provisional figure on 48 (all schools) for 2006⁷⁹. However, the distribution of teachers across districts is highly skewed, as Kampala (2004) has a PTR on 30 and other districts such as Kitgum (71) and Pader (82) a much higher rate. This has impacted greatly on the options to provide high quality PE in the remote and poorer areas.

Management of teachers

It was the clear opinion of the educational staff met that, although management of the teachers has been decentralised in order to ensure that local challenges can be addressed locally, the school managements generally lack sufficient tools to ensure efficient management of the teachers.

The field visit to a rural school in Mayuge District showed that absenteeism, lack of discipline and teachers' adherence to basic obligations is a great problem (several of the 22 teachers only frequented the school 50–70 % of the school-days). Technical solutions to this problem (request to sanction) often meet strong political resistance and bureaucratic delays.

Among the reasons mentioned for the lack of teachers' performance (in addition to the lack of control and sanctions) were real problems for the teachers in terms of poor living conditions (lack of access to facilities, houses, water, electricity, problems with late and unpredictable payment of salaries), health problems, decrease in the quality of education due to large and fast enrolment of new pupils, and poor cooperation with the parents, who were showing a decreasing interest in the public schools (the latter 2 factors seem to play a strong role as the field visit showed an increase in the number of private

⁷⁸ *Uganda Education Statistics Abstract, 2004*, MoES, p. xii. See also p. 61 for a detailed overview of their qualifications.

⁷⁹ *Education Sector Annual Performance Review, 2006*.

schools, even if the salary level of the teachers in these rural areas were lower⁸⁰). It was not expected that the recent increase in the monthly salaries from 150,000 to 200,000 UGX would solve these problems, particularly in the rural areas, where other factors than the level of salaries were more decisive. Even in the rural sub-county in the rural Mayuge District, the number of private schools was increasing faster than the public schools (11 out of the 30 primary schools in Malongo Sub-county, Mayuge District were now private). The same development was observed in Rakai District, where the number of private schools was 112 against the 230 public primary schools in the whole District.⁸¹

Despite the establishment of the SMCs with representatives of the teachers, foundation body of the schools, the parents and other key stakeholders, the accountability of schools vis-à-vis the user of the services is generally low. There is a strong need to strengthen the capacity of the SMCs and the parents to take actions and initiatives, improve the general conditions for the operations of the schools (including the funding issues), the living conditions of the teachers (not in form of salary increases), and the relationship between the schools and the LGs. LGs have generally not been sufficiently strong in addressing the problems at the school level and often lack the necessary funds for inspection, monitoring and supervision (including follow up on problematic cases). Increase in the funding for capitation grants, teachers' houses, inspection and management will be important tools, but not sufficient measures. Support to improved relationship between the various stakeholders and public campaigns for more involvement of the parents in the schools are equally important, coupled with better instruments to manage the teachers.

3-6 Trends in Service Delivery Outputs and Outcomes

Table 3-6 provides a snapshot of some of the key input, output and outcome indicators applied in PE.

In terms of quality of the education, the proficiency in all subjects declined between 1997 and 2000, and the performance was mixed since 2000.

There is no doubt that the introduction of UPE had a strong impact on the significant quantitative increase in the enrollment rate in PE from 3 million pupils in 1996 to 5.3 million in 1997⁸². Since 2002 the growth has stopped. The total number of enrolled pupils stands at 7.4 mill (2004/2005). UPE had other benefits. The proportion of enrolled children from the lowest income quintile increased from 50 % in 1992 to 83.7 % by 1999. In 1998 there was a clear gender gap at all levels of PE, by 2003 this

⁸⁰ The private schools in the rural areas are typically smaller than the public schools and the salary level of the teachers lower, as the parents cannot afford to pay the higher public rates.

⁸¹ According to official statistics, the number of government primary schools comprises 81.3 % of the total primary schools in 2004 (others are private, community driven and other types, note reported), *Education Statistics Abstract 2004*.

⁸² MoES, *Enhancing UPE*, p. 9, 2004.

Table 3-6 PE Output and Outcome Indicators

Inputs and outputs	Year 1996	2000	2001	2002	2003	2004	2005
Teachers on payroll Gov. aided schools (1)	NA	82,148	101,818	113,232	121,772	124,137	126,227
Total teachers in primary schools (3)	81,564	110,366	127,038	139,484	145,587	147,242	
Number of pupils enrolled (gov. aided schools (1) (4)		5,351,099	5,917,216	6,575,827	6,835,525	6,687,574	6,609,677
All primary schools (3)	3,068,625	6,559,013	6,900.916	7,354.153	7,633,314	7,377,292	Provisional 2006: 6,439,791
Gross enrolment rate (4)		128 %	130 %	126.3 %	127 %	124 %	118 %
Net enrolment rate(4)							
Total							
Male	52 % in 1992 (6)	85.5 %	86.5 %	84.8 %	86.7 %	88.7 %	93.0 %
Female						88.8 %	93.6 %
						88.6 %	92.4 %
PTR (1) (gov)		65	58	56	56	54	51
PCR (1) (gov)		106	98	94	94	85	79
Book-pupil ratio (1)		6:1			3:1	3:1	1:1
Completion rate for P 7: (4)							
a) total			62.9 %	49.1 %	56 %	60 %	51 %
b) boys			71.1 %	58.8 %	66 %	71 %	N/A
c) girls			54.9 %	41.0 %	47 %	50 %	N/A
Transition rate to secondary (S1) (4)		65 %	61 %	69 %	59 %	64 %	
Desirable level of literacy (5)		P3: 18 % P6: 13 %			P3: 34.3 % P6: 20.5 %	P3: 34.3 % P6: 20.0 %	P3: 38 % P6: 30 %
Desirable level of competency in numeracy (5)		P3: 39 % P6: 41 %			P3: 34.3 % P6: 20.5 %	P3: 45 % P6: 22 %	P3: 41 % P6: 33 %

PCR: Pupil Classroom Ratio, S1: Senior 1 – the first class in senior secondary schools.

(1) *Uganda Poverty Status Report 2005*, MoFPED, 2006.

* New requirement that all children entering p. 1 must be 6 years of age. Based on a response rate of 92 %. (Education Sector Annual Performance Report (ESAPR), p. 13)

(2) *PEAP, 2004–2008*, 2004.

(3) MoES, *Uganda Education Statistics Abstract*, 2004.

(4) *Education Sector Annual Performance Report (ESAPR)*, MoES, November 2005, completion rate, p. 35 and *Education Sector Annual Performance Report*, MoES, November 2006.

(5) *Final Aide Memoire*, For the Second Annual Sector Review, November 2005.

(6) *Country Integrated Fiduciary Risks Assessment*, 2004, World Bank, p. 45.

gap was reduced significantly throughout the first five grades⁸³. Inputs such as number of teachers and number of schools have also increased significantly. Furthermore, the output measures such as PTRs, PCRs and book-pupil ratios have also improved from 2000 and onwards, but some of the outcome indicators do still leave a great room for improvement, such as the development in the desired level of pupils' competencies (level of literacy and numeracy skills), completion rates and the percentage enrolled from primary to secondary schools (see Table 3-6). As mentioned, another problem observed

⁸³ *PEAP, 2004–2008*.

is the regional disparity. An indication of this is the PTR, which varied between 40 (Kabale district) and 82 (Pader district) in 2004.

The improvement in a number of input and output factors has yet to be translated into significant improvements in the outcome areas, such as completion rates and pupils' skill development (see Table 3-6). The *quality* has been a serious concern for many stakeholders, reflected in various reports⁸⁴ and from the field staff in education in the 2 districts (Mayuge and Rakai). It was the opinion of the education staff, that the quality has (at best) been stagnant and in some places decreased in the recent years. One of the reasons mentioned was the large and fast inflow of pupils, but other factors have contributed as well, such as fiscal, institutional, HR and contextual factors, see below. The lack of quality of the primary school services was also mentioned as one of the main reasons in Rakai and Mayuge districts behind the increase in interest for private schools even in these rural areas, despite the lack of public support to the investment and operational costs of these schools. The lack of up-dated data on literacy rates constrains an evaluation on whether the policy has achieved its ultimate objective in the PEAP to increase the literacy rate from 70 % in 2002/2003 to 85 % in 2009/2010 (PEAP 2004).⁸⁵

3-7 Impact of Decentralisation

The manner in which service delivery has been organised in Uganda in PE has been to place the LGs as the core unit for planning of service delivery, coordination and monitoring and gradually to increase the operational autonomy of the service delivery units - the schools/school management committees - in an active consultation and cooperation with the HLG (districts and urban authorities). The impact of the service delivery mode, with the decentralised system concentrating on LGs (particularly for planning, monitoring and inspection, administration etc.) and the schools, but financially controlled by the centre, and with supervision, guidance and regulations from the MoES, is hard to isolate from other factors and to quantify in greater details. However, the sectors below attempt to review the impact based on the field visits and review of secondary data.

3-7-1 Impact on Transparency and Equity

The allocation of significant funds to all the LGs and the SMCs have ensured that funds reach all areas in Uganda. However, as explained, the reform of the allocation criteria has been delayed and there is a need to ensure better horizontal allocation of resources across the districts towards the disadvantages areas. The introduction of the UPE has had a tremendous impact on the access for the

⁸⁴ E.g. see *Public Expenditure Review*, 2003, World Bank and Education Sector Review (ESR) report on November 2005.

⁸⁵ Data from Uganda Bureau of Statistics (UBOS) is expected by the end of this year.

poor to PE in all districts. However, the system of grant allocations has not yet been able sufficiently to target the inequalities in education performance and quality across the districts and some areas are still lacking behind. This is more due to externally generated factor (e.g. insurgency in the north) and the centrally directed systems than the fact that services have actually been decentralised⁸⁶.

Transparency in allocation of funds has improved over time by introduction of publication of transfers, strengthening of the monitoring and audit systems etc., but there is still room for improvement. Compared to a strictly centralised system, it is the opinion of most stakeholders that a decentralised system of PE is the preferred model.

3-7-2 Impact on Participation

The local communities through the LG councils and the SMCs have been given an increased formal option for voice and priority setting, within a regulated framework compared to previous days of very centralised systems.⁸⁷

However, the activity level amongst the parents in the government-aided schools, the interactions with (and within) the SMCs and with the LGs, is generally weak and needs future attention⁸⁸. The parents' interest in the schools and active participation has decreased according to representatives of the 2 districts, largely due to the increasing trust that the Government will solve all problems without need for local contribution. This, combined with concerns about the quality of the public schools, is mentioned as one of the important factors behind the increase in the number of private schools (draining the public schools for the active and resource strong parents (and pupils) and lack of strong participation in planning and management of schools, a factor, which impact negatively on the operations of the primary schools.

Establishment of SMCs with representatives from the foundation bodies of the schools, the parents and community leaders has not been sufficient to improve the downward accountability. There is a great need to provide support, capacity building and additional resources to the schools and SMCs and improve the interactions among the various tiers of governance. There is also a need to communicate and explain from the top policy level that the abolition of user fees does not mean that all kinds of contributions and active participation should cease. Hence, the decrease observed at the level of interactions with the users and community groups, is not attributed to the fact that LGs are in charge

⁸⁶ As noted in a recent IEG Study: From Schooling Access to Learning Outcomes: *An Unfinished Agenda - An Evaluation of World Bank Support to Primary Education*, 2006, p. 43. there is a need for further studies of the links between decentralisation and equity.

⁸⁷ PER, *ibid*. Please also refer to the Review of GBS, Country Report, Uganda, 2005 op. cit. for a review of the impact of the grant system on service delivery.

⁸⁸ Based on interviews with district and schools staff in Rakai and Mayuge districts.

of the primary schools, but rather the technical design of the funding and planning system. It was observed that grants with more flexibility, like the LGDP non-sectoral grants promoted local planning and participation of the lower levels of governments.

Although the provision of school facilities has shown tangible results and was characterized as one of the major achievements over the past 5–10 years in PE, there are challenges in the way that the investments are planned and implemented. As mentioned in Section 3.4 the LGDP grants, non-sectoral discretionary grants, have been stronger in promoting the involvement of all levels of LGs and the communities in planning and operations, ownership and sustainability. But there is a need to strengthen the coordination with the sector-specific SFG as the 2 systems have been running in parallel and with overlapping features.

3-7-3 Impact on Accountability

The way that the system of decentralisation in PE has been designed with nearly 100 % funding from the centre and strong earmarking of funds, has lead to a stronger focus on up-wards accountability towards the centre rather than downwards accountability towards the end-users. The transfer of capitation grants to the SMCs, systems and processes to enable LGs to make participatory planning, CB etc., has not been sufficient to counterbalance this trend and more emphasize is needed to strengthen the accountability among the LGs, the constituencies and users. This is largely related to the need to strengthen links between service delivery (benefits) and funding arrangements (costs) (e.g. through assignment of more high yielding local revenues to the LGs).

3-7-4 Impact on Efficiency

Despite the challenges, various reports document that funds to an increasing extent have reached the service delivery units⁸⁹. The system has provided tangible outputs such as better facilities, improved book-pupil ratios, enrolments rate improvements, and so on. There is a general trust amongst the stakeholders at the CG and LG levels, that the “guided/controlled” decentralisation has been a rather useful strategy towards the achievement of core objectives for the sub-sector (although with some room for improvement).⁹⁰ The sector has also recently (although rather late) responded to various lessons learned (e.g. the need to increase the LG/SMCs autonomy in resource allocation and the move from a main focus on quantity towards focusing more on quality improvements).

However, it has also been realised that the limited flexibility and strong earmarking of funds from the CG have posed serious planning inefficiencies, high transactions costs and constraints, and that the

⁸⁹ PER, 2003.

⁹⁰ *Review of General Budget Support*, 2005, op. cit.

SMCs and the LGs should be allowed more flexibility in the resource allocation to ensure more efficient allocations addressing the local needs.

The study has identified a number of challenges. Despite the increase in fiscal transfers on PE, there is still a significant funding gap, and budget funding requirement for areas such as SFG and the UPE capitation grants have been decreased recently. It has been a strong challenge to follow up on the development in terms of ensuring that a sufficient number of qualified teachers are posted in the optimal places with conducive living conditions (teachers' houses, salaries, general living conditions and management structures).

The sector is largely affected by other sectors and factors (e.g. Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome (HIV/AIDS) prevalence and health indicators). General systemic (external factors) such as early marriage, health problems for pupils and teachers, and the trend at poverty levels and regional disparities have played important roles according to the respondents in the 2 districts, but seemed not to be sufficiently addressed during the various sector reviews and initiatives.

As experienced in many other countries⁹¹, the progress in achieving outputs related to increased access to the services and enrolment rates has been more promising than the indicators for quality (completion rates, drop out rates, core basic learning skills etc.). This is going to be the major future challenge.

3-8 Key Lessons and Challenges

The fast introduction of the UPE and the reforms in the field of PE in Uganda and decentralisation of service delivery have provided a number of lessons for the country and for other countries pursuing the same development goals.

First and foremost, the abolition of user fees for PE has had on the one hand a positive impact on the enrolment rates, particularly benefiting the poor segments of the population, but has on the other hand led to less participation and involvement of the parents in the contribution and support of the primary schools and the activities at this level. Hence abolition of user fees has increased the demand for the service, but weakened the demand for *participation and quality* and thereby the accountability. The UPE scheme requires significant inflow of government sources financially, but also in terms of CB support, awareness raising and changes in the notion that everything should be handled and funded by the center. It also requires a strong planning and synchronisation of the implementation of the various initiatives. The top level should emphasize that local contributions are appreciated in terms of

⁹¹ Independent Evaluation Group (IEG) of the World Bank, op. cit., p. 32

involvement in decision-making, in-kind support to O&M costs, and extra contribution from the ones who can afford it.

The CG has increased the transfers to LGs to respond to the UPE objectives, although the support has stagnated recently, particularly for the non-salary components. However, not only the size but also reliability and transparency in the transfers matter. Late transfers and lack of information and coordination, diminish the local planning options, limit the efficient use of funds and reduce the general accountability of funds as money will be spent in an ad hoc manner. A communication strategy within this area and measures to improve the regularity of fund flows is utmost important.

A reform in a sector will typically start with the focus on the *quantity*, but should quickly move towards the equally important challenge to improve the quality. Uganda has focused significantly on increasing the inputs for school construction and expanding the availability of teachers, e.g. through priorities on training of teachers, but the funds available for capitation grants to the schools have been relatively modest.

There is also a need for a strong planning and considerations on the links between the development in primary and post- PE, including secondary education to ensure that the PE pupils are not completing their education in a large number without any further education or opportunities (i.e. a more gradual phasing in of primary and secondary education could be considered). However, this will require additional resources (and/or increased efficiency), as the country is facing the double pressure of improving the quality of PE simultaneously with the objective to move towards expansion of the present low level of post-PE opportunities⁹².

A comprehensive school facility investment programme as the initiative launched in Uganda, is required in a situation with a significant scaling up in service delivery. Systems, which ensure citizens participation and involvement of all LG tiers, are preferred, as these provide better changes for long-term sustainability and ownership. Parallel systems have been used to promote school construction, but over time these system should be synchronized and merged towards a more common and flexibility LG investment programme.

The teachers conditions are important, but only salary increase will not make it. The systems for management of teachers, the general living conditions and the conditions in the schools, including the possibilities to provide more hardship allowances and salaries for the remote areas, are equally important factors and should be considered as a matter of top-priority. There seems to be need for

⁹² The IEG study (2006) also emphasize the need to adjust the costing models in Education in many countries to address the need to improve on learning outcomes, instead of solely focusing on the outputs in terms of completion. (op. cit., p. 4)

further analysis of the teachers' incentives, and ways and means to improve the conducive environment for teaching, and the management and supervision in this area.

Resources towards inspection, and possibilities to introduce more serious sanctions against mal-practices and support in terms of guidance to the schools and LGs should be prioritized, as problems tend to escalate if not addressed at an early stage. This has been one of the areas where the LGs have had insufficient resources and management tools.

The study has shown that the LGs can be allowed more flexibility within the overall guidelines and grant system and a larger degree of autonomy, when properly supervised. CG controls over the resource allocation with detailed grant guidelines and budget lines should concentrate on the broader lines and targets, and not on the smaller details such as the SMCs' priorities across scholastic materials and operational and maintenance costs. LGs should be allowed greater flexibility within the CG grant system for local adjustments. The MoES has learned from the MTBF pilot and is in the process of replication of the best practices to all districts. The experiences from this initiative - from the piloting of the decentralised MTBF, and others, e.g. the LGDP funded school investments, have generally been positive, but should be better coordinated with the implementation of the overall FDS (see Chapter 2).

Locally generated funding of the education sector is still meager leaving the major funding source to be CG transfers. This is particularly the case after the abolition of the major LG revenues sources. This is expected further to undermine the local accountability and ownership as citizens are aware that the LGs have contributed marginally to the provided services. Revenue reforms, which improve the LG revenue assignments, are therefore urgently required.

The review has shown the importance of strong supervision and dialogue between the various levels of governance. This goes particularly for supervision of construction work as quick savings in these areas may compromise quality of the output and long-term sustainability.

As for the health sector, increasing physical infrastructure and staff without sufficient personnel, equipment and funds for operational and maintenance may not improve quality of service.

4. PRIMARY HEALTH CARE

4-1 Health Sector Policy for Local Service Delivery

4-1-1 The Health Sector within the National Policy Context

The GoU entrusted the local service delivery obligations to LGs under the decentralisation policy. The decentralisation policy was enshrined in the Constitution of the Republic of Uganda and the LGA Cap. 243 as a means of enhancing local service delivery and poverty eradication. Decentralisation is hence the key strategy the GoU is using to achieve the overlapping targets of the MDGs⁹³, Vision 2025 and the PEAP.

The health sector strives to contribute to the attainment of the above targets through reducing maternal and child mortality, fertility, malnutrition; the burden of HIV/AIDS, tuberculosis and malaria; and reducing the disparities in health outcomes among the lowest and highest income quintiles by at least 10 % by 2010. The health sector has therefore formulated the National Health Policy (NHP) and develops 5 years Health Sector Strategic Plans (HSSPs) to implement the NHP⁹⁴.

The overall goal of the health sector is the attainment of a good standard of health by all people in Uganda, in order to promote a healthy and productive life. The overall objective is to reduce mortality, morbidity and fertility, and the disparities therein. (NHP p. 6 and 8)

4-1-2 Health Sector Policy Reforms for Local Service Delivery

By 1986, the health services in the country were characterized by: a ruined and dilapidated health care infrastructure; shortage of recurrent funds to maintain an acceptable quality of services; low morale among health workers and poor staffing levels in most health units; inappropriate orientation of available health services; lack of adequate data for planning; and overall poor coverage of the population which had resulted into very high morbidity and mortality rates, especially among children, pregnant women and other most vulnerable groups in the population⁹⁵. In 1987, the GoU commissioned a Health Policy Review Commission (HPRC). Based on the recommendations of the HPRC, a health policy and a three-year health plan were developed and became effective in 1993. The plan was rolled for three more years till 2000.

⁹³ The MDGs specifically related to health include: goals 4 reduce child mortality; goal 5 improve maternal health; and goal 6 combat HIV/AIDS, malaria and other diseases.

⁹⁴ HSSP I was implemented from 2000/2001 to 2004/2005 and HSSP II will be implemented from 2005/2006 to 2009/2010.

⁹⁵ Please refer to the paper prepared by MoH for the talk show radio super FM, 2005.

In 2000, a five-year HSSP was formulated. Since HSSP I (Finance Year (FY) 2000/2001), the health sector policy has shifted from a project implementation modality to a Sector Wide Approach (SWAp)⁹⁶, given more focus to PHC, and re-allocated resources in favour of lower levels of care. The HSSPs are implemented through the decentralised system with clear roles for the central, district and lower levels of government in the delivery of health services⁹⁷. The key reforms in the health sector since the early 1990s⁹⁸ are summarized in Box 4-1.

Box 4-1 Key Reforms in the Health Sector since the Early 1990s

- Increased resource allocation for PHC activities;
- Abolition of user fees in public facilities in March 2001;
- Expansion of rural lower health facilities;
- Provision of subsidies to the Private Not For Profit (PNFP) sub-sector;
- The introduction of HSD structure;
- Recruitment of qualified health workers;
- Increases in the volume of essential drugs purchased for the health centre.

4-1-3 Strategies for Local Service Delivery

The key sector strategy is to implement the Uganda National Minimum Health Care Package (UNMHCP). The UNMHCP focuses on health promotion, disease prevention, provision of basic curative services and utilising the contributions of health related sectors in order for the communities to attain health outcomes on a sustainable basis. In particular, the HSD model has been introduced to further devolve the routine management and delivery of health services to a level below the district.

The specific strategies include:⁹⁹

- Development of clear indicators for the different levels of the sector given their mandate;
- Resource allocation depending on the responsibilities/functions of the different levels;
- Development of annual work plans at the different levels for the operationalisation of the mandates;
- Conducting quarterly, annual and mid-term reviews to ensure adherence of the different levels with the responsibilities/functions laid out for them;

⁹⁶ The SWAp implies that all stakeholders in the sector agree to one programme of work (the HSSP) as the point of involvement of the various players.

⁹⁷ Please refer to section 4.2 for a detailed discussion of the division of responsibilities for local health service delivery.

⁹⁸ *PEAP 2004/5–2007/8* p. 164.

⁹⁹ Refer to HSSP II, p. 85.

- Conducting frequent assessment at the different levels including comparison of performance between for instance entities, to encourage competition and better performance. This involves the use of the District League Table that was first constructed in the Annual Health Sector Performance Report of 2002/2003.

4-2 Division of Responsibilities for Local Service Delivery

The division of responsibilities in the health sector is elaborated in the national health system in which the standard structures that must be in place and functional for the public and PNFP health infrastructure at all levels are elaborated. In this section we describe the official division of responsibilities between the different levels and the extent to which they are adhered to as observed and reported during the field-work.

4-2-1 National Health System

At the national level, there is the MoH, other national level institutions¹⁰⁰ and health related sectors¹⁰¹. Within the decentralised local service delivery context, the functions and responsibilities of the MoH, other national level institutions and health related sectors include: health policy formulation, setting standards and quality assurance, resource mobilisation, capacity development, training and technical support, provision of nationally coordinated services (e.g. epidemic control), coordination of health research, and monitoring and evaluation of the overall sector performance. The national level stakeholders are mandated with policy and strategic issues as opposed to being pre-occupied with operational and implementation functions.

In addition to the MoH, national level institutions and health related sectors, there are also hospitals under the auspices of the CG¹⁰². The hospitals include the National Referral Hospitals (serving a population of about 27,000,000) and Regional Referral Hospitals (serving a population of about 2,000,000). These hospitals are expected to provide support supervision to the service delivery units under them. For example the regional referral hospital is supposed to provide support supervision to lower level health units in the districts and to maintain linkages with the communities through their community health departments. However, the effectiveness in fulfilling the mandated functions varies

¹⁰⁰ The national level institutions include the National Referral Hospitals, National Medical Stores (NMSs), National Drug Authority, Uganda Virus Research Centre, Uganda Cancer Institute, National Blood Transfusion Service, National Public Health Laboratories and the Uganda Natural Chemotherapeutic Research Laboratory.

¹⁰¹ The health related sectors include: MoFPED; Ministry of Lands, Water and Environment; MAAIF; Ministry of Gender, Labour and Social Development; Ministry of Works, Housing and Communication; MoES; MoPS; MoLG; and Ministry of Trade and Industry.

¹⁰² In Uganda there are two national public referral hospitals and 11 regional public referral hospitals. In addition, there are 43 general public hospitals, 42 private not for profit hospitals and 4 private health practitioner hospitals making a total of 102 hospitals in the country.

widely, with many hospitals not in regular contacts with the lower units and communities they are supposed to serve.

4-2-2 District Health System

The health services are delivered in a decentralised system. Therefore, the roles of the LGs in the context of the health sector are: health service delivery, recruitment, deployment, retention and management of personnel for district health services, passing by-laws related to health, planning, budgeting, additional resource mobilisation and allocation for health services, and supervision and monitoring of health service delivery in the respective districts.

To implement the stipulated LG roles and responsibilities, structures have been put in place at the district, HSD, Health Centre (HC) IIIs (Sub-country level), HC IIs (Parish level) and HC Is (Village level).

At the district level there is a DDHS office and District Health Teams (DHTs). The DHTs are primarily composed of districts health staff and have been recently broadened to include district representatives of PNFP and other civil society service providers. The functions of the DHTs include: planning and budgeting, coordination of resource mobilisation, and monitoring of overall district health performance. The informants in Lira, Mayuge and Rakai districts reported that the aforementioned functions of the DHTs have been constrained by poor logistics, inadequate staffing, weak management capacity and poor working conditions.

The HSD is established by the NHP as a functional sub-division or service zone of the district health system. It was constituted to bring quality essential care closer to the people, allow for identification of local priorities, involve communities in the planning and management of health services and increase the responsiveness to local needs. The leadership of the HSD is located in an existing hospital or HC IV ¹⁰³. The functions of a health sub-district include: leadership in the planning and management of health services within the HSD, supervision and quality assurance; provision of technical, logistical and capacity development support to the lower health units and communities, procurement and supply of drugs, provision of basic preventive, curative and rehabilitative care in the immediate catchments, provision of second level referral services for the HSD including life-saving medical, surgical and obstetrical emergency care such as blood transfusion, caesarean sections, and other medical and surgical emergency interventions; and provision of the physical base of the HSD management team. The challenges reported by the informants to be encountered at the HSD level include: inadequate funding, insufficient recruitment, deployment and housing of personnel; high rates

¹⁰³ The referral facility or general hospital at the district level is expected to serve a population of 500,000 and the HC IV at the county level a population of 100,000.

of staff turnover, heavy workload resulting from combining clinical and health management functions of senior HSD personnel, and low rates of completion and operationalisation of infrastructure. The informants especially from the administration raised a concerns that whereas the HSD is an optimal structure for the efficient delivery of health services, it is not well aligned with the LG structures. They argued that, this compromises both horizontal and downward accountability as well as integration of the heath services with the other activities of the LGs.

HC III is at the sub-county level and is expected to serve a population of approximately 20,000. The functions of the HC III are to: offer continuous basic preventive, promotive and curative care, provide support supervision of the community and HC IIs facilities under its jurisdiction, provide laboratory services for diagnosis, maternity care and first referral cover for the sub-county.

HC II is at the parish level and is expected to serve a population of approximately 5,000. The HC II represents the first level of interface between the formal health sector and the communities. Whereas approximately 400 HC IIs were constructed by end of 2003, there was a mismatch between construction of new health facilities and the capacity to make these facilities functional in terms of human resources, medical equipment and operational budgets. The DDHS in Mayuge confirmed the above when he reported that the District find it difficult to meet operational costs of some HC IIs especially those constructed by the LLG without prior consent by the DDHS office.

HC I is a Village Health Team (VHT) supposed to serve a population of approximately 1,000. The VHT is composed of 9–10 people selected by the village of which 1/3 must be women. The VHT is supposed to facilitate the process of community mobilisation and empowerment for health action. Specifically VHT is responsible for: identifying the community's health needs and taking appropriate measures; mobilisation of additional resources and monitoring utilisation of all resources for their health programmes including the performance of health centres; mobilisation of communities using gender specific strategies for health programs such as immunisation, malaria control, sanitation and construction, and promoting health seeking behaviour and lifestyle; selection of Community Health Workers (CHWs) while maintaining a gender balance; overseeing the activities of CHW; maintaining a register of members of households and their health status; and serving as the first link or connection between the community and the formal health providers¹⁰⁴. However, the establishment of VHTs has been slow and not well coordinated and hence the linkage between the formal health system and the community remain weak.

¹⁰⁴ At the village level, there are no formal health facilities (unit) but the VHT connects the community members to the formal health system.

4-2-3 Summary Responsibilities for Health Service Delivery

Table 4-1 gives an overview of the responsibilities of the different levels in health service delivery and makes a brief analysis of the extent to which they are performed.

Table 4-1 Overview of the Responsibilities

Level	Overview of responsibility
Village level (VHT or HC I)	• Implements health programmes whilst adhering to policy provisions and sector standards. • Supposed to identifying the community's health needs, but largely this function is not performed. • Supposed to monitor utilisation of all resources for their health programmes but their role is limited since the abolition of payment of user fees. • Community supposed to supervise the CHWs but they are not very effective given the volunteerism. • Selection of CHWs. • Overseeing the activities of CHW. • Maintaining a register of members of households and their health status.
Parish level (HC II)	• Implements health programmes whilst adhering to policy provisions and sector standards. • In consultations with the respective HUMCs forward their priorities to the HSD. • Could allocate some of the community IPF provided by LGDP to health service provision. • Make the requisition to the HSD based on their IPFs. • First level of interface between the formal health sector and the communities. • HC II, receives, spends and accounts for the funds.
LLG (HC III)	• Implements programmes whilst adhering to policy provisions and sector standards. • HC III management committees forward priorities to the HSD. • The role of the LLGs is mainly limited to planning for LGDP funded investments. • Allocation of additional resources through e.g. LGDP. • Make the requisition to the HSD based on their IPFs. • The HC III provide support supervision of the community and HC IIs facilities under its jurisdiction. • LLGs have limited role in the area of inspection. • Provides basic preventive, promotive and curative care. • Provides laboratory services, maternity care and first referral cover for the sub-county. • Receives, spends and accounts for the funds. • Supervision and quality assurance for HC IIs.
HSD (HC IV)	• Implements health programmes whilst adhering and giving feedback to policy provisions and sector standards. • Takes leadership in the planning of health services within the HSD through compiling the HSD health annual work plans and budgets based on the situation analysis and submitted priorities. • Support the health units in the HSD to allocate resources and produce the budget for the HSD. • It is the procurement entity for EMHS. • Provision of technical, logistical and capacity development support to the lower health units and communities. • Provision of basic preventive, curative and rehabilitative care in the immediate catchments. • Provision of second level referral services for the HSD. • Procurement and supply of drugs. • Receives, spends and accounts for the funds. • Supervision and quality assurance for HC IIIs.

Level	Overview of responsibility
HLG – LG generally, DDHS and DHT	• Pass by-laws related to health. • Formulate the district health plan and budget. • Supposed to integrate the health plan into the overall DDP but there is limited discussion by the TPC apart from LGDP funded investments. • Supposed to allocate additional resources for health services but the amount is limited and mainly from LGDP. • Coordination of all resources for health services. • Participate in centre – LG negotiations. • Re-allocation of the 10 % recurrent non-wage under FDS. • Coordinates requisitions from HSD to the NMS and JMS. • Procurement for capital investments follows the LG procurement procedures. • Recruitment, deployment, retention and management of personnel for district health services – but find difficulties to attract staff in remote LGs and for some cadres. • Coordinates health service delivery. • Allocates resources for health facility construction (PHC and LGDP). • Procurement of works by the contracts committees. • Overseeing use of RN-wage grant. • Supervision and monitoring of health service delivery in the respective districts (for public, private and NGOs).
CG – MoH, national level institutions and health related sectors ¹⁰⁵	• Responsible for overall policy formulation and setting standards. • Formulation of the HSSP with the sector targets. • Technical backstopping of the districts to ensure adherence and harmonisation of plans to overall sector targets before approval by the LGs. • Resource mobilisation and allocation through the sector working group. • Transfer resources to LGs (PHC recurrent and development, LGDP etc.). • Coordinates bulk procurement of essential medicines and health services – Established an essential drugs account to service credit lines at NMSs and JMSs. • Guideline on the staffing requirements (numbers and specifications by HSC). • Capacity development, training and technical support. • Quality assurance. • Support supervision. • Provision of nationally coordinated services. • Provide standard structures and bills of quantities. • Provides ceilings for essential drugs and facilities. • M&E of the overall sector performance, sets sector monitoring indicators.

EMHS: Essential Medicine and Health Services, HSC: Health Service Commission, JMS: Joint Medical Store, RN: Recurrent Non

4-3 Local Service Delivery Financing

4-3-1 Funding Levels

In the Health Financing Strategy (HFS), the cost of providing the UNMHCP in the medium term was estimated at USD 28 per capita ¹⁰⁶. Whereas expenditure per capita increased from USD 3.05 in 2000/2001 to USD 4.78 in FY 2004/2005 and the GoU health expenditure grew from 7.5 % of the entire GoU budget in 2000/2001 to 9.7 % in 2004/2005 ¹⁰⁷, the levels of health financing are far below what is required (only 30 % of HSSP 1 was funded), and under funding remaining the major challenge for the sector. Nevertheless, the modest increment demonstrates the improved commitment of GoU to health service delivery.

¹⁰⁵ Also the CG includes national and regional referral hospitals.

¹⁰⁶ This did not include high cost commodities like Anti Retro Viral (ARV) drugs, the Pentavalent vaccine and others.

¹⁰⁷ *Annual Health Sector Performance Report FY 2004/2005* p. 56.

More interesting though, is that the percentage of PHC CG funds released as per schedule (on time) to the sector (non salary recurrent and capital) increased from 33 % in 2000/2001 to 97 % in 2002/2003. This is an indication of the improved levels of GoU honoring its commitment to the sector.

More so, the absorption capacity at the district level has improved as exhibited by the increased percentage of disbursed PHC-CG funds that are expended from 50 % in 1999/2000 to 93 % in 2004/2005.

Table 4-2 Overview of Funding PHC

Billion UGX (Budget)	2002/2003	2002/2004	2002/2005	2002/2006	2002/2007
<i>National health system</i>					
(014) MoH	156.96	190.14	200.437	259.74	173.71
(162) Butabika hospital	26.74	20.37	28.203	53.36	10.08
(161) Mulago hospital	19.71	19.93	23.444	25.76	25.76
(134) Health service commission	1.24	1.23	1.247	1.68	1.7
(107) Uganda AIDS commission	20.63	22.43	28.972	13.04	6.73
(16-) Regional referral hospitals	16.21	17.88	24.4	24.29	24.29
Sub-total	241.49	271.98	306.703	377.87	242.27
<i>District health system</i>					
(50-) District/general hospitals (RN-wage)	8.71	10.36	10.36	10.61	10.61
(50-) NGO health units (RN-wage)	16.61	17.72	17.72	17.73	17.74
(50-) PHC					
Wage	43.86	44.67	67.98	73.01	74.6
RN-wage	19.67	23.16	23.16	22.91	22.91
Development	7.58	9.2	6.095	6.1	6.1
Sub-total	71.11	77.03	97.235	102.02	103.61

GH: General Hospital

Notes: 1) The national health system includes wage, recurrent non-wage, development and donor projects.

2) Some of the funds spent by the MoH are for bulk procurement benefiting the district health system including ambulances, health centre equipment and contribution to global initiatives and counterpart funding to donor projects.

Source: MoH financial database.

Table 4-2 shows that the allocation for the district health system mainly for PHC services has increased steadily over the last 5 FYs. The increment is mainly in the wage component. On the contrary, the allocation for development decreased since FY 2003/2004.

4-3-2 Funding Sources and Modalities

a) Funding sources and modalities at CG level

Health service delivery is mainly funded through the central government budget that includes

donor budget support, project funding and global funding initiatives. Funding through the central government budget is the modality preferred by the sector. This is because it is a flexible funding source where the government has the autonomy to allocate resources to agreed priorities.

Funding through the CG budget is further justified by the Medium Term Expenditure Framework (MTEF) Policy, which stipulates that project funding will replace similar GoU allocated funding, although project funding may not necessarily address HSSP priorities. For example in the FY 2004/2005, 56 % of donor projects expenditure was on inputs that were not prioritised in the HSSP and not costed in the health financing strategy.

The need for CG budget financing notwithstanding, a number of donor projects still exist with some development partners providing both budget and donor project support.

Therefore, the health sector has a strategy to ensure that the donor funding composition and flow of funds is in line HSSP. For example, whereas funds from the global funding initiatives tend to be channeled through the donor project funding mode, in the future it is envisaged that more of these resources go through the Government budget.

b) Funding sources and modalities at the district level

There are a number of sources of financing health service delivery at the district level.

The most significant source of funding to all districts is GoU. The GoU funding to the districts includes PHC development, PHC non-wage, PHC wage, District Hospital funding and NGO subsidy.

Another source is LG funding. However, LG funding in this case including local own revenues, unconditional and equalisation grants and other discretionary transfers to LGs like LGDP and PMA makes the least contribution to the sector. Moreover, most of the contribution is from non-sectoral grant from the CG, the LGDP (please refer to Annex 5 for an overview of the utilization of the LGDP on sectors), as opposed to local resources due to among others the dwindling LG own revenues. Even in cases where the communities are given an opportunity to prioritise investments like under NUSAF, the investments in health are minimal. The DDHS in Lira reported that there were no capital investments in health from NUSAF.

In Mayuge and Rakai districts, the percentage of local government contribution to the health sector was 0 % and 1 % respectively in FY 2004/2005.

Donor funding also makes a significant contribution in some districts. It should however be noted that NGO and donor funding which is not going through the district health office is not captured in the official data.

In the 1990s, patients were required to pay user fees for health services, which were however scrapped in 2001. The government's policy of scrapping cost sharing (user fees) for minimum package services in GoU health units (except private wings in hospitals) has been reported to be rather successful. Countrywide data has shown that scrapping fees dramatically increased the consumption of UNMHCP services, especially for the poor people. There are however concerns that the scrapping of user fees (among others factors) has made the demand side of health services in terms of voice, accountability and pressure to improve quality to be very weak as citizens are unable to advocate for improved quality of care. Some studies carried out by civil society organisations have indicated that the public is largely unaware of their rights, and of channels for complaints and seeking redress¹⁰⁸.

Because of the varied funding sources and modalities the coordination role of the DDHS is emphasised to avoid duplications, overlaps and enhance synergies. In addition the MoH continues to offer back-up support and carryout supervision, monitoring and mentoring to the local governments for purposes of improving financial management and coordination.

Table 4-3 Overview of the Health Expenditure Areas and Funding Sources

Funding source and modality	Expenditure area	Comments
GoU – Budget support	PHC development grants to LGs	Controlled at the district level for construction of health infrastructure
GoU – Budget support	PHC non-wage grants to LGs	Controlled by the respective health units 50 % of the PHC recurrent non-wage earmarked for drugs 30 % of the PHC recurrent non-wage for human resource (allowances) and outreach (fuel) 20 % of the PHC recurrent no-wage for administration including office expenses and O&M costs
GoU – Budget support	PHC wage grants to LGs	For payment of health workers salaries
GoU – Budget support	District Hospital (grants)	For recurrent –non wage aspects
GoU – Budget support	NGO subsidy (grants)	For recurrent non-wage aspects
Donor projects and global initiatives (UNICEF, USAID, DFID, EU, DCI, WHO, Italian Coop., Germany, JICA, China, WB, UNFPA, Danida, Sweden, Spain, Netherlands, AfDB, Global Fund)	Medicines and medical supplies Capital (infrastructure and non infrastructure) Ugandan health staff Other recurrent	Mainly spending on non-HSSP priorities (56 % in 2004/2005) ¹⁰⁹
LG - local revenue, unconditional grant, equalisation grant, LGDP, PMA, NUSAF	Capital investments	Local resources making minimal contributions

AfDB: African Development Bank, DCI: Development Cooperation Ireland, DFID: Department for International Development, EU: European Union, UNFPA: United Nations Population Fund, UNICEF: United Nations Children's Fund, WHO: World Health Organisation

¹⁰⁸ Refer to the Uganda National Health Users/Consumers Organisation, patient feedback mechanisms at health facilities in Uganda, a study to determine the existence and effectiveness of feedback mechanisms in public and private health facilities (2003).

¹⁰⁹ Annual Health Sector Performance Report FY 2004/2005 p. 59.

4-4 Local Service Delivery Procedures

4-4-1 Resource Allocation

The guiding principles for the sector resource allocation, planning and budgeting process at all levels of service delivery are contained in the annual health sector BFP, which is aligned to the GoU MTEF. The MTEF is the overall mechanism by which resources, expected from Government, including donor budget support are allocated to and within sectors. It sets sector and LG spending ceilings within a three-year rolling framework.

Allocation of resources within the sector is executed by the SWG, which submits a schedule of the proposed allocations to the MoFPED. There is also a provision for the sector and LGs to negotiate the allocation of resources between the CG and local governments within the sector.

The allocation of resources in the health sector is guided by the principles of efficiency and equity and hence the increase in the proportion of resources allocated to the district health services where the majority of population lives.

The health sector resources allocated to districts (the PHC conditional grant to districts, lower levels and NGOs) is horizontally allocated among districts taking into consideration the size of the population, poverty levels, health status of the district, special health needs, and access to other funding sources.

At the district level, sector guidelines for allocation of funds among the different levels of care and inputs have been aligned with FDS. Under the FDS, districts are allowed from FY 2006/2007 discretion to re-allocate up to 10 % of their recurrent non-wage grants to fund unfunded or under funded priorities within or across Poverty Alleviation Fund (PAF) sectors to address local priorities. For the FY 2005/2006 BFPs, 1.5 % of the PHC non-wage was supposed to be allocated away from the health sector in 4 districts of Moyo, Kotido, Nakapiripiriti and Moroto but overall, the re-allocations proposed were insignificant.

4-4-2 Planning and Budgeting

The planning and budgeting process is kick-started by regional BFP workshop attended by stakeholders from both the CG and local government levels. During the BFP workshops, the IPFs, new policies and priorities of government are communicated.

After the BFP regional workshops, each of the local governments through the TPC discusses funded and unfunded priorities in each of the sectors. Using the provisions under the FDS, each of the

district can now re-allocate up to 10 % of the recurrent non-wage grants within and/or across the different PAF sectors. For development, the LGs are only allowed the discretion to allocate funds across sector for the LGDP and PMA grants, the other grants being earmarked to the respective sectors. The District Planner of Mayuge District reported that the major challenge at this stage is that some IPFs like for the LGDP are not publicised in time, obliging the districts to use the previous year's figures for planning purposes and many of the IPFs are changed frequently during the budgeting process. In Lira District, they reported that, it is not easy to plan for funding provided under NUSAF as it all depends on the community demand.

The districts thereafter write and distribute a budget call circular that invites all the stakeholders to a budget conference. During the budget conference the priorities of the district per sector are agreed upon and a LGBFP compiled.

For the health sector, each of the HSD is given an IPF for recurrent non-wage for all levels. The recurrent non-wage IPFs are earmarked to drugs (50 %), human resources/outreach (30 %) and administration (20 %). PHC development is however, not communicated to the HSD and HC IIIs because planning for development is done at the district level. This implies that the levels below the district can only allocate resources provided by the local governments mainly through LGDP for capital investment. By 2002 under LGDP I, 13 % of the LDG was allocated to health and in FY 2003/2004 15.4 % of the LDG was allocated to health. In northern Uganda, the community members are also allowed to allocate funds provided under NUSAF to health. However, in many cases they prioritise other sectors apart from health. For example out of the 782 projects reported completed only 12 were health units.

HC IIs and HCIIIs in consultations with the respective HUMCs forward their priorities to the HSD. The HSD head convenes a planning meeting between HC IIs and HC IIIs in-charges and HUMCs to discuss the forwarded priorities. The HSD management team then compiles the annual work plan based on the situation analysis, submitted priorities and discussions and makes a budget. The HSD management committee in particular is supposed to ensure that the annual work plans drawn up reflect priority needs and approve the annual budgets prepared by the HSD management teams.

The HSD annual work plans are used to develop the District Health Plan. The District Health Plan is submitted to the MoH for guidance and to ensure harmony with the HSSP. The MoH organises regional planning meetings to harmonise the LG health plans with the HSSP.

After scrutiny by the regional planning meetings, the District health plan is discussed by the social services committee at the district level. At this stage, the final agreements are made on priorities by the sector based on confirmed IPFs.

The drafts work plans and budgets are then submitted to the Planning Units and Finance Departments for integration into the DDPs and budgets. The draft DDPs and budgets are discussed by the District Executive Committee and later discussed and approved by the District Council.

It should be noted that the health sector work plans are not effectively discussed by the TPCs in most of the districts. The health sector plans that are effectively discussed by the TPC are those funded using local government non-sector specific sources notably the LGDP. In such cases, the health sector is consulted but is not given a lead role because most of these planning activities are in lower LGs.

All in all, despite numerous efforts, the health sector planning system is rather parallel to the LG planning. In particular, the LLGs are not involved in health planning because it is done at the HSD and there are no sector grants transferred to that level. Harmonisation among sectors is also complicated by the fact that sectors have specific funding modalities and planning guidelines, which make the incentives to join the overall LG planning system minimal. This has resulted into limited cross-sectoral and integrated planning and some LLGs planning for health facilities for which the health sector is unable to meet the recurrent cost implications as manifested by a number of dysfunctional HC IIs.

4-4-3 Procurement

To ensure economies of scale during the procurement process in the interim, bulk procurement of drugs and equipment is done at the centre with future intentions of decentralising the process. A dedicated Essential Drug Account (EDA) was established at the MoH to service credit lines at NMS and JMS as a mechanism to channel and therefore integrate all funds for public sector EMHS procurement. It has been reported that this has significantly improved efficiency in medicines management and availability of EMHS at facility level.

For EMHS, the HSD are the procurement entities, procuring from 2 national supply agencies (NMS and JMS¹¹⁰) on behalf of the lower level health units. HC IIIs and HC IIs make the requisition to the HSD based on their IPFs and requirements that in turn requisitions from the NMS and/or JMS through the district. On delivery, the EMHS are distributed to the respective service delivery units. Though not effective, the HUMC is supposed to monitor the procurement, storage, and utilisation of all goods and services.

For human resources/outreach (allowances and fuel) and administration, the HSD withdraws funds in cash and allocates to the respective HCs as per their requisitions. Cash withdraws are made because

¹¹⁰ Procurement from the national supply agencies is to ensure that the HSDs procure quality drugs and in the right quantities.

HSDs do not have bank accounts. Under FDS there are only two bank accounts (i) for recurrent non-wage and (ii) development at the district with separate votes for the DDHS office and HSDs.

Procurement for capital investments is done based on standard technical guidelines and using the LG procurement rules and procedures.

4-4-4 Implementation and Management

Capital investments are contracted to private construction companies. It was reported that there are inadequate supervision and monitoring of construction of health facilities from all levels (CG and LGs) which results in poor quality workmanship at most facilities constructed. The informants also reported that the health sector is sometimes not involved in LGDP implementation. In some cases, this leads to construction of health facilities in unsuited locations, scattering health units instead of consolidating them where in some cases construction of new health units is started before ongoing constructions are completed.

In a bid to satisfy the electorate, sub-counties can start the construction of a new health facility before completing the one started in the previous years the act that is tantamount to misuse of resources. DDHS – Mayuge District.

In particular, it was reported that maintenance of health infrastructure and medical equipment is a major challenge. The budgets for maintenance are inadequate, and maintenance of infrastructure is not prioritised in the budgets. There are few instances where community members make contributions towards the maintenance of health facilities especially after the abolition of user fees. This has greatly affected their zeal to demand for accountability and as a result, the quality of health service provision has been compromised.

For outreach services, 2 community based drug distributors per village and 2 mobilisers/immunisers per parish have been trained, leaving and operating in the communities. However, their performance has recently slackened due to de-motivation resulting from meager financial incentives.

Nevertheless, HUMCs have been constituted to enhance implementation and management. The HUMCs are responsible for monitoring the performance of the approved budget, ensuring the accountability of the released funds and monitor the general administration of the health units on behalf of the local councils and the MoH. In addition, the HUMC is supposed to foster improved communication with the public, thereby encouraging community participation in health activities within and without the unit.

4-4-5 Reporting, M&E

During HSSP, guidelines and generic data analysis formats for all levels were developed and distributed in order to improve the analysis and interpretation of Health Information Management System (HIMS) data. New quarterly performance assessment formats for the HSSP and programme indicators for all levels were developed and distributed to all districts. Health sector stakeholders agree to a set of indicators for the monitoring of the

In Lira District, it was reported that whereas some HUMCs are not functional, there are cases where HUMC have demanded an explanation from the health workers regarding poor performance. For example, the sub-county chief wrote to the DDHS requesting him to transfer the health unit in-charge of Barr HC III whose performance was regarded unsatisfactory. In Mayuge District, the members of the HUMC of Malongo HC III reported that they check the quantities of drugs whenever they are brought to the health facility and monitor how the drugs are used.

HSSP at the national and the district levels to be reported on annually in *Annual Health Sector Performance Report*.

Whereas HIMS reporting improved from a national average of 21 % of health facilities in 2000, 53 % in 2001, 63 % in 2002 and 79 % in the first quarter of 2003 ¹¹¹, HIMS forms are not adequately distributed to data collection facilities. They are not properly filled, nor analysed and utilised by the health facilities in the planning and decision making process. HIMS is thus not yet recognised as a management tool at any level.

Feedback and follow-up at the district level remain a challenge. HIMS still experiences shortage of health information personnel at all levels, which hampers technical support. There is shortage of information technology support systems staff. HSSP II intends to make the HIMS functional and operational and HIMS data analysed and utilised for planning purposes and decision making at all levels.

In the same vein, feedback from the consumers is also limited. For example a patient feedback mechanism at health facilities in Uganda study reported among others that: only 16 % of the surveyed respondents had knowledge of a suggestion box and 1 % knew about the HUMC as a means of providing feedback. The study also reported that respondents from NGO health facilities were more aware of the available feedback mechanism and provide more feedback to the health facilities than respondents from government and private for profit health facilities ¹¹².

¹¹¹ HSSP II, p. 65.

¹¹² Refer to the United Nations Health Care Organisation (UNHCO), patient feedback mechanism at health facilities in Uganda, A study to determine the existence and effectiveness of feedback mechanisms in Public and private health facilities, 2003.

4-5 HR Issues

The LG personnel in the health sector are recruited by the DSC with guidance from the HSC. The HSC is a statutory body established in the Constitution with the responsibility for reviewing the terms and conditions of service of health workers.

To enhance efficiency in the recruitment process, the MoH centrally advertises for health positions on behalf of the respective DSCs. In addition, the timing for interviews of health personnel is also harmonised to rationalise the recruitment and deployment processes especially to avoid appointing a staff in more than 1 position.

The health personnel in a district are answerable to the CAO through the DDHS. The CAO and DDHS are therefore responsible for personnel deployment within a district.

The total number of staff in the public health sector, including the PNFP, is approximately 30,000. Of these, 53 % are in government HC IIs - IVs and General Hospitals (total health workers at the district level), 30 % at PNFP IIs - IV and hospitals, while the rest (17 %) are in Regional and National Referral Hospitals and the MoH HQs¹¹³. Nursing Assistants continue to constitute the bulk of the staff at all levels of health care. 255 out of 870 HC IIs, close to 30 %, are staffed by Nursing Assistants only.

Table 4-4 Analysis of Actual Number of Staff and Minimum Staffing Norms

All GoU and PNFP Health Facilities

Staff	GoU: HC 2 - GH			PNFP: HC2- GH			RH			Total districts (GoU/PNFP) & RH		
	Act	Norm	Gap	Act	Norm	Gap	Act	Norm	Gap	Act	Norm	Gap
Clinical	1319	1474	-155	436	762	-326	168	347	-179	1923	2583	-660
Medical	308	304	4	305	334	-29	164	346	-182	777	984	-207
Midwives	1635	798	837	914	1540	-626	312	369	-57	2861	2707	154
Nursing	2542	5254	-2712	1915	2908	-993	758	922	-164	5215	9084	-3869
Total medical/ clinical	5804	7830	-2026	3570	5544	-1974	1402	1984	-582	10776	15358	-4582
Nursing assistants	4165	2606	1559	2005	2190	-185	175	203	-28	6345	4999	1346
Diagnostic	356	1208	-852	358	529	-171	79	145	-66	793	1882	-1089
Pharmacy	76	266	-190	43	126	-83	29	67	-38	148	459	-311
Other medical related	988	1322	-334	126	203	-77	63	138	-75	1177	1663	-486
Other staff	1627	866	761	3052	3193	-141	462	869	-407	5141	4928	213
Total	13016	14098	-1082	9154	11785	-2631	2210	3406	-1196	24380	29289	-4909

RH: Referral Hospital

Source: Health Sector Support Investment Plan (HSSIP) II, p. 51.

¹¹³ HSSIP II, p. 50.

Whereas as at October 2004, the proportion of approved posts (HSSP I norms) filled by trained health workers was 68 % exceeding the HSSP I target of 52 %, the availability of the trained health workers is one of the most critical limiting factor for the delivery of the minimum health care package. The HRs for Health Inventory shows that in 2004, 65 HC IIs of GoU were not staffed at all. Besides, the workforce is also constrained by the inappropriate skills-mix with certain cadres of health workers especially diagnostic, dental and pharmacy staff which have few numbers on the markets posing extra difficulty to fill their positions across all districts.

It is difficult to get staff to work in the parishes located in the Islands, especially when there are no special incentives – DDHS Mayuge District

The workforce is further constrained by the unequal regional distribution. Some districts are more able to attract and recruit qualified health workers than others. Whereas the overall national coverage is 68 %, the coverage of the individual districts ranges from 26–263 %¹¹⁴.

This scenario is exacerbated because surplus staff from one district cannot be re-distributed to another district with staff deficiencies. Further, there are substantial variations in staff coverage among facilities within individual districts. The turn-over of staff has been very high at some health units because of the lack of decent accommodation for staff, and incentives that would keep the staff in the hard -to reach areas. To address the unequal regional distribution, the MoH wrote two proposals to attract staff in the hard to reach areas. One was submitted to the Global Fund - Geneva and another based on the MoES incentive scheme model was submitted to MoPS and MoFPED.

To ensure efficient personnel in the health sector, training opportunities and strategies have been put in place. The responsibility for pre-service training of health workers lies with the MoES. The MoH retains a role in defining the standards and to guide the MoES in the cadres and the number to be trained. Government Health Training Institutions have been prioritised in the MoES MTEF and government funding is likely to improve. In addition, a total of 4,656 nursing aides have been trained through an in-service training to become nursing assistants. The above strategies and opportunities notwithstanding, the capacities for training remain insufficient to meet the HR needs for the health sector.

Whereas the MoPS has recommended a 10 % salary increments for health sector staff, every year, the wage bill is not enough and curtails staff motivation and performance. It should however be noted that whereas the salaries of health workers is not sufficient, it compares favorably with salaries of other professionals like teachers. Further, notwithstanding the fact that the conditions of service for public health workers still have a lot to be desired, there are relatively better than those in the private sector as

¹¹⁴ Refer to *Health Sector Strategic Plan II* (2005/2006–2009/2010), Vol. 1, p. 51. However, the districts with low and high staff coverage were not mentioned.

manifested by the gradual shift of staff from PNFP units to public units. This trend was reported in all the 3 districts studied.

4-6 Trends in Service Delivery Outputs and Outcomes

4-6-1 Trends in Service Delivery Outputs

The health sector has in place a wide range of monitoring indicators against which to measure the performance of the HSSP. Based on the set monitoring indicators, the performance of the health sector has improved remarkably since 2000/2001. Table 4-5 summarises the performance trends in five indicators that were identified in the PEAP as part of the Poverty Monitoring and Evaluation Strategy (PMES).

The following issues are noted regarding service delivery outputs. There is increase in Out Patient Department (OPD) utilisation from 0.40 visits per person per year in 1999/2000 to 0.9 visits per person per year 2004/2005. This increase is attributed to the increased awareness, confidence and the quality of the services and the abolition of user fees especially for the poor sections of the community.

The deliveries at health facilities have stagnated at 25 %. The arguments advanced for the stagnation include social cultural issues; shortage of inputs such as qualified midwives; poor attitudes by staff towards mothers; low access to maternity services and not capturing data on the Traditional Birth Attendant (TBA). Yet it was reported from the field that TBAs are regarded by mothers as being more caring, skilled, experienced and tested.

Diphtheria Pertussis Tetanus (DPT) 3/Pentavalent vaccine coverage improved from 41 % in 1999 to 89 % in 2004/2005. The national average HIV sero-prevalence as captured from Antenatal Clinic (AnC) surveillance sites was at 7.1 % in 2004/2005 as opposed to 6.1 % in 2000/2001.

There was a mismatch between construction of new health facilities and the capacity to make these facilities functional in terms of human resources, medical equipment and operational budgets.

There is still wide variation of accessibility to basic health services across districts. For example whereas the % population within 5 km radius was 7.1 and 13.1 in Kotido and Kitgum/Pader respectively, it was 99.8 % and 100 % in Tororo and Kampala respectively.¹¹⁵

Although accessibility to basic health services has improved, quality of health services has not

¹¹⁵ The Health Infrastructure Maps 2002 in HSSIP II, p. 56.

improved correspondingly mainly because many of the new health units have remained non-operational due to inadequate staff and equipment.

Table 4-5 Trends for the Health PEAP Indicators 1999/2000–2004/2005

Indicator	Baseline 1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2004/2005 target
OPD utilisation	0.40	0.43	0.60	0.72	0.79	0.9	0.7
DPT 3/pentavalent vaccine coverage	41 %	48 %	63 %	84 %	83 %	89 %	85 %
Deliveries at health facilities – GoU and PNFP	25.2 %	22.6 %	19 %	20.3 %	24.4 %	25 %	35 %
Approved posts filled by trained health Workers ¹¹⁶	33 %	40 %	42 %	66 %	68 %	68 %	52 %
National average HIV sero-prevalence as captured from AnC surveillance sites	6.8 %	6.1 %	6.5 %	6.2 %	NA	7.1	5 %

Source: HSSP II, p. 4

4-6-1 Trends in Service Delivery Outcomes

Amongst the factors behind the improvement in service coverage have been improved physical access and abolition of user fees in 2001 in all government health facilities except private wings in hospitals.

However, the health sector is still constrained by: under funding, inadequacies in the production, recruitment and deployment of trained personnel, frequent stock outs of essential medicines, and lack of equipment for operationalising the new HCs.

Table 4-6 summarises the trends for the PEAP health-related outcomes between 1990 and 2000.

Table 4-6 Trends for the PEAP Health-related Outcomes in the PEAP 1990–2000

Indicator	Baseline 1999/2000	2000/2001	2001/2002	PEAP target (by 2005)	MDG target (by 2015)
IMR (deaths/1,000 live births)	122	81	88	68	Reduce IMR by 2/3 i.e. to 41 deaths per 1,000 live births
Under 5 MR (deaths/1,000 live births)	180	147	152	103	Reduce U5 MR by 2/3 i.e. to 60 per 1,000 live births
MMR (deaths/100,000 live births)	527	506	505	354	Reduce by 3/4 i.e. to 131 per 100,000 live births
Stunting (chronic malnutrition)	38	38	38.5	28	Reduce people suffering from malnutrition by 1/2 i.e. to 19 %

IMR: Infant Mortality Rate, MMR: Maternal Mortality Rate, MR: Mortality Rate

Source: HSSP II, p. 3

¹¹⁶ Excludes nursing assistants

4-7 Impact of Governance Aspects on Service Delivery

4-7-1 Impact on Transparency and Equity

Transparency in allocation of financial resources

The allocation of resources between the CG and LGs is discussed in the sector working groups. There is also room for the local governments to negotiate with the centre on how resources should be allocated. As a result, over the past 5 years, more resources have been allocated to the district health system. The district health system also allows for a transparent and equitable allocation of resources across HSDs and health units. Though it is not yet very effective, the allocation of resources to health unit is an opportunity for the health service consumers to identify priorities within the available resource envelopes, monitor and take responsibility of their health service provision. However, apart from the 10 % flexibility allowed under FDS, the system does not allow for ample discretion in the use of resources transferred to the local government level. The situation is made worse by the limited allocation of local resources to the sector where the LGs have allocation autonomy.

Transparency in allocation of HRs

The HRs are recruited by the DSC and deployed by the CAO and DDHS at the district level. During the field-work, it was reported that some areas especially those that are hard to reach have limited staff numbers than their better endowed counterparts.

The HUMCs are also not adequately empowered to demand for explanation of how the human resources are deployed in a district. For example, the HUMC in Malongo HC III, Mayuge District complained to the team that the District is in the process of transferring the Health Unit In-charge against their wish and without an explanation.

Moreover, there are limited explanations on why staff are deployed in one and not in the other area.

4-7-2 Impact on Participation

At the community level, community health problems and priorities to address them are supposed to be forwarded through the HUMCs to the respective higher levels. However, the levels of participation at community level are among others constrained by the earmarked nature of sector financing. The limited participation in place is where communities are involved to decide on the sites for the health outreaches and to plan for projects financed by LGDP and/or NUSAF. The extent of participation is no better at the sub-county level where planning for the health sector is dominated by HC III, with the sub-county authorities being minimally involved. All in all, the community members are not sufficiently mobilized to take responsibility of their health especially for prevention, public health and access to health facilities.

4-7-3 Impact on Accountability

Staff accountability

Decentralised service delivery is supposed to increase the degree of transparency, accountability and citizen control, not only over services but also over the HRs. However, the staff are more accountable to the line ministry and the higher levels of LGs than the HUMCs and local councils that represent the interests of the community. The HUMCs are not aware of their role regarding HR management and have not been trained. This situation is made worse by the fact that the beneficiaries being represented by the HUMCs no longer contributes to health service provision in public health facilities. As a result, the quality of services provided (like maternity) still has a lot of room for improvement. Some of the HUMCs still refer to health workers as the staff of the DDHS and local government instead of being their staff reported the DDHS in Lira District.

Financial accountability

Financial management in terms of financial reports produced and submitted to the higher authorities was reported to have improved because it is a statutory requirement and there are a number of rewards and sanctions associated to it. The DDHS Lira District, for example, reported that the female health unit in-charges are particularly very good in making financial accountability. Whereas he did not have concrete evidence to substantiate his case, he claimed that the female in-charge have less financial demands as compared to their male counterparts.

The above notwithstanding, there is limited downward accountability on financial issues. It was reported that though the abolition of user fees has significantly increased access to health facilities and services, it has hampered the degree to which the local constituents can hold the health service providers accountable. For example, whereas the HUMCs are supposed to monitor and supervise service delivery in the respective units, their participation is largely passive limited to being informed rather than being active participants in decision making especially related to resource allocation. The mobilisation of people in the communities to contribute to health service provision has greatly reduced and this was attributed to the abolition of user fees.

4-7-4 Impact on Service Delivery Efficiency

It was anticipated that efficiency in terms of suitability of decisions would be enhanced through the involvement of levels nearer to the communities in planning that would identify and implement priorities tailored to needs of the locality. Unfortunately, the involvement in the lower local levels in planning for health sector specific funds is limited to concern the recurrent non-wage component that is

also earmarked to specific spending categories. Even then, the health users are not aware of their right to participation and representation¹¹⁷.

On the other hand, efficiency in the implementation process especially for capital investments has been enhanced through the provision of standard structures meeting quality health service delivery requirements. For the recurrent aspects, the creation of the HSD was reported to have improved the supervision of health services delivery.

Self-assessment of effectiveness of decentralisation by health staff

Before decentralisation, health workers could travel from Lira District to Namasale 160 km away for an outreach. This would be very expensive in terms of staff time and financial resources. A lot of funds were spent to achieve very little. Now Namasale HC II conducts the outreach in a more efficiency and cost-effective manner. (DDHS Lira District).

However, concerns were raised regarding the inability of the districts to meet the O&M costs of some facilities. This was in part attributed to the LGs constructing health facilities, funded from various source, like the LGDP, without sufficient consultation with the health sector on the ability to meet the recurrent cost implications combined with the general reduction in the LGs possibilities to generate own source revenues.

Overall, the impact to service delivery efficiency is constrained by the inadequate empowerment of the users/consumers. It was reported by the Uganda Health Consumers Organisation (UHCO)¹¹⁸ that patients are generally not aware of where they can complain about the health services received. This makes it difficult in practice for them to exercise the right to redress.

4-8 Key Lessons and Challenges

The review of the experiences within health revealed the following lessons and challenges:

- a) A sector policy framework and sector strategic plans which are customised to and in harmony with the national policies are key to successful planning and implementation of activities as well as achieving sector targets.
- b) A clear division of roles and responsibilities between the different stakeholders and levels, ensuring that the functionality of each level is reinforcing the performance of another level is key

¹¹⁷ Please refer to UNHCO Baseline Survey on Patients Rights.

¹¹⁸ UHCO is increasingly being recognised as an effective advocate for the health consumers. The informants in the MoH recommended to the study team to meet the UHCO in order to get the perspective of the health service consumers.

for improving sector performance.

- c) Involvement of public, private and Civil Society Organisations (CSOs) is paramount for improvement in sector service delivery.
- d) A flexible funding modality that allows the sector to finance its priorities and also for LGs to allocate resources to key priorities enhances targeted service delivery.
- e) Transferring funds to lower levels where services are delivered and where the population lives is likely to increase the efficiency and effectiveness of service delivery. But this requires that proper mechanisms for accountability are established.
- f) There are many other factors than direct health outputs/service delivery, which impact on the general health standards of the population (e.g. the prevalence of HIV/AIDS, the economic development, access to water and sanitation, equity factors etc.) and a cross-sectoral emphasize is required to achieve the MDGs. This has been among the reasons for the difficulties in translating the outputs in health into tangible improvements in the outcomes.
- g) Strong coordination arrangements are key for rational use of the scarce resources given the varied funding sources and modalities
- h) Bulk purchases of some essential drugs and health facilities facilitate economies of scale and enhance efficiency.
- i) Local financing to the health sector is still meager leaving the major funding source to be CG transfers.
- j) Whereas abolition of user fees has increased the consumption of the health services, it has weakened the demand side in terms of citizens' pressure on improved quality and participation in the dialogue on health improvements, and reduced downwards accountability.
- k) Insufficient supervision of construction work compromises quality of the output and the capacity in this area needs to be improved.
- l) Increasing physical infrastructure without personnel and equipment may not improve quality of service. The balance between development and non-development components and wage and non-wage components of the budget has to be currently reviewed to ensure an efficient mix and sustainable investment flow.

5. AGRICULTURAL DEVELOPMENT

5-1 Sector Policies¹¹⁹

The current GoU policy for local level agricultural service provision is embedded within a wider “PMA”. The PMA was issued in 2000 after a long consultative process and have been implemented since 2001. The PMA has seven priority pillars:

1. Research and technology development
2. NAADSs - (Agricultural extension)
3. Agricultural education
4. Improving access to rural finance
5. Agro-processing and marketing
6. Sustainable natural resource utilisation and management
7. Physical infrastructure

In this study we will in particular focus on two of these areas where the role of the LGs is particularly important: the provision of agricultural extension and provision of suitable local level physical infrastructure supportive of agricultural development.

The specific policy for agricultural extension is referred to as the NAADS, where it is envisioned that NAADS will be *“A decentralised, farmer-owned and private sector serviced extension system contributing to the realisation of the agricultural sector objectives”*. The mission of NAADS is *“Increased farmer access to information, knowledge and technology through effective, efficient, sustainable and decentralised extension with increasing private sector involvement in line with government policy”*.

The rationale for NAADS is stated as “the failure of the traditional extension approach to bring about greater productivity and expansion of agriculture, despite costly government interventions. NAADS is a new approach aimed at overcoming institutional constraints undermining farmers’ access to knowledge and productivity enhancing technologies. These constraints include weak research-extension-farmer linkages; uncoordinated and non-participatory extension services; high level of bureaucracy during service provision; low responsiveness to farmers’ needs; and lack of financial and performance accountability.”

The fundamental aim of NAADS, therefore, is to develop a demand-driven, client oriented and

¹¹⁹ Unless otherwise indicated this section is based upon the PMA Core documents and NAADS Implementation Manual.

farmer-led agricultural service delivery system, in particular targeting the poor and women. The strategic elements of NAADS are as follows:

- Create options for financing and delivery of appropriate advisory and technical services for different farmer types.
- Gradually reduce the share of public financing of farm advisory costs such that, by the end of 25 years of NAADS, public finance accounts for not more than 50 % of farm advisory costs.
- Shift from public to private delivery of advisory services in the first 5-year phase.
- Empower subsistence farmers to access private extension services and market information.
- Develop private sector capacity and professional capability to supply agricultural services.

NAADS furthermore aims to “deepen decentralisation” by “further devolution of functions and services by the districts to lower level LGs (sub-counties)”¹²⁰.

NAADS aims in this manner for a very comprehensive reform of the management of agricultural extension. However, all stakeholders do not equally support the current reform policy. Senior civil servants in the MAAIF and senior agricultural staff in districts expressed during our fieldwork some doubts on selected policy elements, in particular the privatisation of agricultural extension and the overall speed of reform. It was observed that extension policies and strategies had changed frequently over the last decade. Thus the GoU had for instance from the late 1990s initially sought to strengthen the public agricultural extension system in various ways, including an ambitious programme of recruitment of graduates as agricultural extension officers at sub-county level under the PAF. The programme was not fully implemented before it was decided to be abandoned.

Another key area for LGs in implementation of the PMA is in the provision of appropriate supporting local infrastructure for local agricultural development. This has in part been implemented through e.g. the LGDP, but under the PMA, it was also decided to introduce a separate non-sector specific PMA grant for LGs in order to address the particular challenges of agricultural sector development at sub-county level. The experiences with this approach are also discussed in this chapter.

More recently discussions have been ongoing in National Resistance Movement (NRM) Government leadership regarding the introduction of a so-called rural development strategy and “sub-county model” to support rural economic growth. The modalities are not yet technically designed for implementation and its too early to tell whether these will imply any policy shifts, although indicative statements from State House and political leadership for instance suggest more direct engagement by

¹²⁰ NAADS Master Document of the NAADS Task Force and Joint Donor Group, Ministry of Agriculture Animal Industry and Fisheries October 2000.

sub-county chiefs in the organisation of the Savings, Credit and Co-operative Organisations (SACCOS) as well as co-operative marketing organisations and establishment of new structures of implementation of rural development activities in addition to the existing PMA and NAADS.

5-2 Division of Responsibilities for Local Service Delivery

The role of LGs in implementing the overall PMA is primarily with regards to the delivery of agricultural advisory services, provision of supporting infrastructure development, and undertaking of regulatory activities. Thus under PMA, the LGAs have for instance no particular role in rural financial services as they otherwise used to have in the early 1990s where they were involved in management of the *entandikwa* credit scheme, a scheme that generally is recognised to have failed due to poor management - in particular the direct involvement of politicians ¹²¹. Under the sub-county model mentioned above, GoU is planning to yet again involve the LLGs in the management of the rural credit scheme code named “Bonna Bagagawale”. The implementation of PMA in this way seeks to establish a clearer distinction between the roles of the public and private providers.

Most importantly, the NAADS programme is fundamentally new approach to management of extension systems in Uganda as a service provision, with public financing through the private sector and being managed by the farmers. The role of the LGs is thus substantially changing towards more facilitatory role in actual extension while maintaining its overall regulatory role in the sector. Since the programme is only gradually rolled out on a countrywide scale, it implies that the role of LGs in provision of agricultural extension also is changing gradually on a geographical basis.

Table 5-1 Local Government Roles in NAADS and Non-NAADS Areas ¹²²

In NAADS areas	In non-NAADS areas
• Technical auditing of service providers to ensure quality assurance, • Provide technical support in the advisory service procurement process, • Provide support to technology development, • Monitor advisory service provision	• Provision of farmers training, • Farmers visits, • Demonstrations, • Field days, • Sensitisation meetings, • Information dissemination, • Farmers exchange visits • Provide technical support to sector planning process, • Preparation of work plans and budgets, • Introduction of NAADS principles

¹²¹ William Muhumuza: *Credit and Poverty Alleviation in Uganda*

¹²² MAAIF: *Guidelines for Use of sector Conditional Grants by Local Governments for FY 2006/07* (Draft May 2006, Entebbe)

It should be noted that whereas the role of LGAs under NAADS for direct implementation is significantly reduced, then there has not yet been any reduction of LGA staffing structures under NAADS (Table 5-1). A significant part of the NAADS strategy includes the creation of effective farmers groups at community, sub-county, district and national level as well as the facilitation of the growth of the private sector in provision of agricultural services. A large part of these institutional development initiatives are contracted out to NGOs.

The ultimate goal is “farmer empowerment” that is defined as “farmers access to and control over structures and processes that transform their natural resource assets into outcomes that they desire”¹²³. The institutional framework for NAADS is set out in the NAADS Organisation Act 2001 and described in Box 5-1. Emphasis of the new system for management of extension is on direct management by farmers groups in particular at sub-county level and as evident from Annex 1. The system establishes new additional lines of accountability and reporting from a hierarchy of farmers groups to NAADS secretariat in addition to the normal planning and reporting lines through the hierarchy of LGs.

Table 5-2 provides a simplified overview of main roles and responsibilities. For additional details, see Box 5-1.

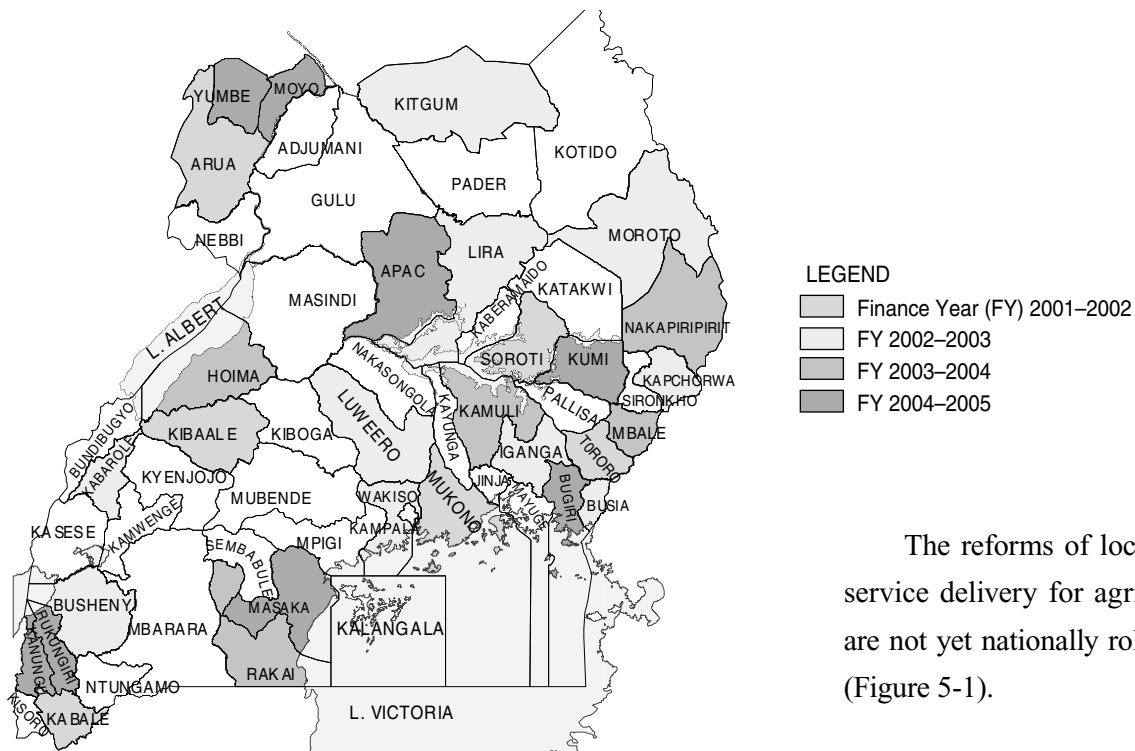
Table 5-2 Roles of Different Stakeholders in NAADS Implementation¹²⁴

Institution	Role in NAADS implementation
CG NAADS secretariat	- Operational support through NAADS secretariat, policy guidance through NAADS Board - Guidelines - Approval of plans from districts and sub-counties, budget allocations
District LG	- Oversight (not specified in guidelines) - Ensuring that once farmers groups have decided on priorities and budgets that these are reflected in LG budget - Counterpart funding to NAADS - Compiling progress reports and forward to NAADS secretariat - Data collection and analysis - Contracting with committees supposed to provide support for procurement, but specific NAADS guidelines issues for procurement
Sub-county LG	- Oversight - Integrating NAADS activities in sub-county plan and budget - Involvement in planning and budgeting but not ultimately to approve plans and budgets as this is done by farmers groups - Data collection and analysis - Monitoring and reporting - Supporting the farmers groups
Farmers group – sub-county level	- Deciding on extension priorities (enterprises) - Developing plans and budgets - Procurement of service providers - Performance evaluation of service providers - Contract management
Farmers group community level	- Inputs to identification of extension needs - Recipients of extension services
Private service providers	Delivery of services as requested from farmers groups
NGOs	- Contracted to facilitate farmer groups formation - Farmer groups CB

¹²³ NAADS Master Document 2000, p. 5.

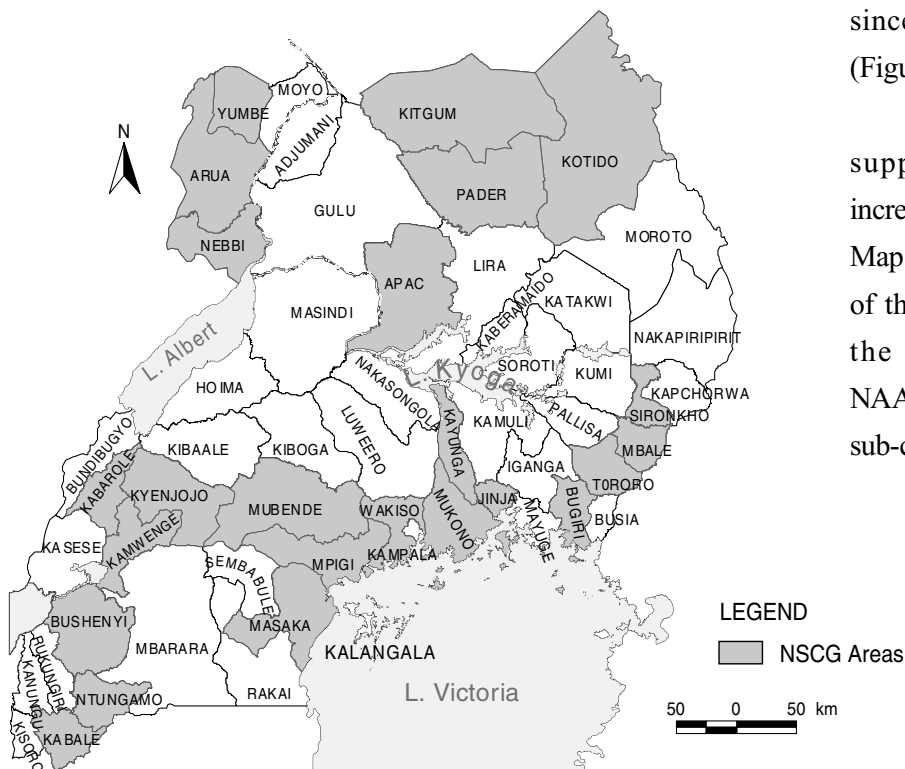
¹²⁴ According to NAADS Programme Implementation Manual September 2001; the roles of LGs are kept in rather general terms .

Figure 5-1 NAADS Rollout 2001/2002–2004/2005



The reforms of local level service delivery for agriculture are not yet nationally rolled out (Figure 5-1).

Figure 5-2 NSCG Implementation Areas



The number of districts supported by the PMA-NSCG has remained constant as 24 since its introduction in 2000 (Figure 5-2).

The number of districts supported by NAADS have increased annually as seen from Map 1, but still only cover a part of the country. Within each of the participating districts, NAADS initially covers part of sub-counties.

Box 5-1 Division of Roles in NAADS Implementation¹²⁵**Role of ministry responsible for agriculture**

The Ministry responsible for the agricultural sector has overall responsibility for supervision of NAADS through a NAADS Board established by an act of Parliament [NAADS Act 2001]. The NAADS Board has an advisory role at national level and gives guidance on policy direction and strategies through a NAADS Secretariat. The Secretariat is responsible for NAADS management and closely coordinates the Programme with the Ministries responsible for finance and LGs. The Ministry responsible for Agriculture remains accountable to the Parliament on matters related to NAADS.

Role of ministry responsible for LG

LGs in accordance with the LGA 1997 will implement NAADS activities. The Ministry responsible for LGs, through its Decentralisation Secretariat and the LG Finance Commission, will ensure the integration of NAADS into the LGDP and all other LG CB initiatives in the districts. Through this arrangement, the districts and sub-counties will each undertake full responsibility to implement and supervise the operation of NAADS in partnership with farmer groups or Fora.

NAADS board

The NAADS Organisation Act establishes the NAADS Board under the Ministry responsible for agriculture. The Board is in charge of advising and giving guidance on NAADS policy and strategy at national level, as well as supervising and supporting the NAADS Secretariat as the national agency mandated to administer the Programme. The Board is also responsible for setting targets and approving work plans and budgets for the organisation. The Board is answerable to the Minister responsible for agriculture. The Secretary of the Board is the Executive Director of the Secretariat.

NAADS secretariat

Most decisions and functions of routine management will be the responsibility of the appropriate Farmer Fora, sub-county and district personnel. Therefore, the major tasks of the Secretariat will be to provide technical guidance and operational oversight, and to facilitate outreach and impact. To achieve this, the Secretariat will contract with and supervise private professional firms to provide specialised services according to the needs prioritised by farmers. In addition, using contracted services, the Secretariat will engage in activities of a regional and national scope and those of special public interest. For example, such activities will include adaptive research trials, technology dissemination, social impact studies and policy-oriented research.

LGs

LGs will provide the local administrative, regulatory and support services required for NAADS. The appropriate organs of the local authority will be responsible for execution of any new NAADS functions. Parish, Sub-County and district Councils will each be responsible for policy, assessment of effectiveness, general oversight of the NAADS, and for voting counterpart financial contributions to the NAADS account at that level. The following LG organs are responsible as follows:

Development, investment and production committees of sub-counties and districts will be responsible for setting the development context and guidelines for advisory service provision, along lines laid down by the NAADS Secretariat. They will also be responsible for transmission and submission of farmers' prioritised recommendations to and from the Farmer Fora to other executive branches within the LG.

Production departments of the districts and sub-counties will provide professional, regulatory and supervisory oversight of NAADS activities at their respective levels.

TPCs at both the sub-county and district levels will be responsible for integrating farmers' priorities into development plans, budgets and monitoring and evaluation reports for NAADS. They will also be responsible for consolidating progress reports and for data collection and analysis.

Tender boards and committees. The districts and sub-counties will engage in procurement of advisory services. At the district level, the existing Tender Boards will support the tender process in accordance with the LGA. For a sub-county to undertake procurement of advisory services the NAADS Organisation Act 2001 allows for establishment of a sub-county Tender Committee. The responsibility of the Tender Boards and Committees is to ensure compliance of advisory services to standard operating procedures laid down for the management of human, natural, physical and financial resources.

¹²⁵ Extract from *NAADS Implementation Manual*.

Farmer institutions

Farmers are the primary clients, managers and owners of the agricultural services, through collective action by farmers groups. The purpose of farmers groups is to create institutions that will enable farmers to effectively organise, formulate and prioritise their needs. The NAADS is to build farmers capacity in group formation, identify and prioritise their needs and contract and monitor service providers. The main farmers institutions will include:

Farmers group

A farmers group means a group of individual farmers, an association, co-operative or any legal entity with a common farming interest. Ideally, the members of each group should be engaged in similar agricultural activities, such as coffee growing, dairy farming, etc. NAADS emphasises that farmers groups should integrate equity concerns for gender, youths, and active people with disabilities. Special efforts will be made to increase the proportions of these groups in various activities of the programme. To ensure that the effects of socio-economic disparities among farmers groups are addressed, capacity building and resource allocation will be based on the needs of each group. Groups of poor farmers will certainly require more support than wealthy groups in capacity building and planning. The formation and support of farmers groups will be initiated and fostered by NAADS, utilising the services of local community development staff, other change agents and specialist service providers. Through a participatory planning process, each farmers group will identify its agricultural priority needs. The priorities of different farmers groups will form the basis for the formulation of the NAADS sub-county plan.

Farmers fora

A farmers' forum comprises of representatives of farmers groups at the Sub-County, District or national level. A sub-county farmers forum is constituted by having two representatives from each farmers group, selected through an open and transparent elective process among farmer groups and associations. District farmer fora are similarly constituted from sub-county representatives. The umbrella farmer forum at national level is composed of district farmer fora representatives. Farmers fora will be the main institutional structures for increasing the participation of individuals and households in the NAADS processes to enable them access advisory services. The functions of the farmer fora at all levels will include: planning and contracting advisory services with monitoring and evaluation, determining priorities and allocation of resources and evaluating performance of service providers, considering and approving NAADS work plans for final inclusion in the sub-county development plans, providing feedback and feed-forward between farmers and Fora at different levels, furnishing the farmer element of NAADS board membership at national level, assessing the quality of service provision, and Influencing policy direction in the agricultural sector.

Service providers

Service providers are individual or corporate bodies (consultancy firms, professional companies, academic institutions, and parastatal agencies) contracted to deliver advisory services. Service providers must have capacity to enter legal contractual obligations. All service providers will be engaged on a contractual basis to foster accountability and quality of service delivery. Service providers will register with the NAADS Board in accordance with Section 31 of the NAADS Act 2001. The functions of service providers will be: (a) advise and provide information, knowledge and skills to farmers on improved methods of farming and agricultural development (b) advise and provide information to farmers on marketing and trading activities, input supply, storage and product processing (c) report to the sub-county Farmer Forum Executive Committee on the performance of agriculture in general, and on the performance of the farmer groups in the specific areas of operation (d) to arrange and perform advisory, research and development support services in response to the demands of farmers.

In the initial phase of implementation, NAADS will foster development of the service provider capacity on a cost-sharing basis. And to redress the tendency of service providers to serve the rich farmers more than the poor ones, NAADS will provide incentives to reach out to more remote areas with poor farmers groups.

Role of NGOs

NAADS will collaborate with NGOs in the interim phase during the delayering and retooling of existing extension workers and, ultimately, contracting them as private providers. During this period, NGOs will assist in the supervision of extension service delivery until service providers have been contracted. Not only will NGOs get involved supervising extension services, they will also assist in the selection of service providers. Generally, NGOs have a wide experience in community based activities and are thus in position to contribute to the development of procedures and guidelines for selecting service providers. Participating NGOs will be selected according to their experiences in particular districts. This will provide an opportunity for competent NGOs to take part in different parts of the country. Also, NGOs may participate in NAADS Programme implementation as service providers. In this case, however, NGOs will be required to register a commercial arm to allow fair competition with other firms, including payment of taxes.

5-3 Local Service Delivery Financing

Local level agricultural services are primarily funded through the following modalities:

- The agriculture extension grant (public employed extension officers: salary and non salary components),
- The NAADS programme for the reformed and privatised extension system (reform, CB and public financing for farmers contracts with private extension service providers),
- The non-sectoral PMA grant and the LGDP grant - both for various non-sector specific capital/development projects directly or indirectly related to promotion of agriculture production.

Funding for delegated functions such as livestock and disease control are not provided to LGs through grant system and thus supposedly to be financed from own revenue source and unconditional grant.

Table 5-3 GoU Fiscal Transfers and Funding for Local Agricultural Services

Budget releases in billion UGX	2001/2002 releases	2001/2002 releases	2001/2002 releases	2001/2002 releases
500 Ag Ext. conditional grant – wage	2.16	2.82	3.06	3.53
500 Ag Ext. conditional grant – non-wage	2.90	2.84	2.92	5.71
Ag Ext. grant per sub-county (million UGX)	5.62	6.29	6.64	10.27
Ag Ext. non wage per sub-county (million UGX)	3.22	3.16	3.24	6.34
500/010 NAADS (incl districts)	4.73	9.59	13.67	13.60
Sub-counties covered by NAADS	24	100	153	280
NAADS per sub-county (million UGX)	197.08	95.90	89.35	48.57
500 non-sectoral PMA grant for LC III, non-wage	4.38	4.92	5.71	5.71
500 non-sectoral PMA grant for LC III, wage	0	0	0.67	0.67
LGDP total (*)			17.30	
LGDP – productive allocations (*)			1.60	
LGDP – roads (*)			6.34	
LGDP water and sanitation (*)			2.16	

Ag: Agriculture, Ext.: Extension

(*) : LGDP figures are actually completed (not releases)

Source: MoFPED data as summarised in PMA Evaluation plus LGDP figures from MoLG PMU (see details in Annex 5)

A couple of features stand out:

1. Funding for traditional extension services is far lower (roughly 1/10) per sub-county than for NAADS. Several of the present traditional agricultural extension providers use this as an argument against NAADS impact as they argue that traditional extension services haven't been

given the resources to provide the prescribed services. However, it should be noted that also parts of the unconditional grant are eligible to be provided to fund extension services but the unconditional grant is very low and in many cases only being able to meet the wage bill. Figures for this kind of expenditures are not readily available but probably similar to the conditional grants.

2. NAADS are expanding fairly rapidly (compared to other elements of PMA), but still only around 25 % of all sub-counties are covered in FY 2004/2005. It is only 100 sub-counties or around 12 % of the country that have had 3 years or more of implementation experience.
3. In addition to the non-sectoral PMA grant, similar investments are funded within LGDP. The funds actually spent under LGDP on the wider “PMA Menu” are more than the PMA grant itself.
4. For those sub-counties that receive NAADS, their allocations far overshadow all other sources of income (typically more than own revenue and LGDP combined).

Co-financing

LGs and farmers are expected to co-finance NAADS: districts and sub-counties are supposed to co-fund with 10 % and farmers with 2 % (collected through farmer group subscriptions). The PMA evaluation notes that while LG financing has been forthcoming in many areas, the contributions from farmers’ group are rarely materialised. According to PMA evaluation, it is recognised as inappropriateness of services provided under NAADS ¹²⁶.

Issues related to co-financing of the LGDP were discussed in Chapter 2, and these equally apply to the PMA grant. The main challenge is the recent abolition of the major LG taxes without identifying alternative sources.

5-4 Planning and Implementation Procedures

At present, there is not one common set of planning and implementation procedures for agricultural services in districts - actual practices depend on the presence of NAADS, PMA-NSCG as well as possible other projects of which there are still many in the agricultural sector.

5-4-1 Planning for Agricultural Extension Under NAADS

NAADS is currently almost covering 50 % of the country (in terms of sub-county coverage) and was in our field visits specifically represented by Rakai District.

¹²⁶ PMA Evaluation op. cit., p. 30.

Table 5-4 NAADS Presence in Districts and Sub-Counties ¹²⁷

FY project year	2001/2002 Yr 1	2002/2003 Yr 2	2003/2004 Yr 3	2004/2005 Yr 4	2005/2006 Yr 5	2006/2007 Yr 6	2007/2008 Yr 7
Districts							
Target no. (as per appraisal)	6	12	16	20	28	35	45
Actual no. (accumulative)	6	16	21	29#	–	–	–
Sub-counties							
Target no. (as per appraisal)	13	26	162	264	388	500	683
Actual no.	24	100	153	280	–	–	–

: Includes 8 districts (and 24 sub-counties) where NAADS is providing Farmer Institutional Development (FID), but not yet any agricultural advisory services.

Source: mid-term evaluation and NAADS Secretariat

To date 29 District Farmers' Fora (DFF) and 280 Sub-county Farmers' Fora (SFF) have been established countrywide. However, the proposed National Farmer's Forum (NFF) has not yet been established, as the number of participating districts remains too low. As of June 2006, NAADS was covering 49 (71 %) districts and 346 (36 %) sub-counties of Uganda.

The specific planning procedures vary slightly across the districts according to the involved NGOs work on facilitation. However the typical steps for implementation of NAADS include ¹²⁸ :

1. General sensitisation of the leadership at district and sub-county levels regarding the nature of NAADS programme and conditions for participation.
2. Institutional development, normally facilitated by contracted NGOs in order to:
 - a. form new groups or transform existing groups into groups compliant with NAADS requirements,
 - b. form sub-county farmers groups and train them in order to articulate their extension need.
3. Selection and prioritisation of enterprises (defined as crop or livestock productions or post harvest management practices where farmers may require advice), - this process is normally facilitated by NGOs contracted by sub-county farmers forum under NAADS. The process starts at farmer's group level where farmers are asked to identify four to six enterprises. Farmers are at this level not aware of the costs of different "service packages" and mainly asked to identify areas of their interest. The priority lists of all groups are then submitted for prioritisation at parish level before being submitted at sub-county level for prioritisation. At each level, external facilitators, often NGOs, facilitate the process of prioritisation.

¹²⁷ PMA Evaluation op.cit. Annex B.

¹²⁸ Based on review of NAADS operational guidelines, interview with NAADS staff, district staff, farmers in Rakai and studies such as Obaa, Mutimba and Semana: Prioritizing Farmers Extension Needs in a public Funded Contract System of Extension: A Case study from Mukono District, Uganda published in Agricultural Research and Extension Network, Network paper no. 147 July 2005.

4. Once the sub-county priority list has been established, each sub-county works out a budget for providing advisory services and submission to the NAADS executive.
5. Allocation of funds by NAADS to the districts based on the consolidated sub-county plans and budgets.
6. Identification of suitable advisory service providers and awarding them contracts to organise appropriate extension activities. The precise modalities for contracting may vary, in principle, it is between the farmers groups (the sub-county farmers forum) and the service providers.

While the NAADS approach in this manner seeks to empower farmer's direct involvement in setting priorities for extension and management of extension contracts, the procedures applied also counter efforts for devolution of services through the local government system. Thus for instance:

1. Final budget decisions are made at the centre (NAADS secretariat) with limited or no involvement of the district council or sub-county council in budget prioritisation,
2. Procurement is not in accordance with LG legislation.

Other shortcomings in the procedures that have been identified are:

- the cumbersome approach for facilitation of farmers selection of enterprises with several steps and techniques that the facilitators do not fully understand ¹²⁹
- limited number of enterprises selected compared to what traditional extension services can offer ¹³⁰
- very short contract periods with the service providers (in comparison with long and costly process of selection)
- lack of clarification of the linkage to the traditional extension service and the grants within this area
- limited integration to the LG wide planning processes

¹²⁹ Obaa, Mutimba and Semana op.cit.

¹³⁰ PMA evaluation.

A final concern identified during fieldwork is related to the rapid increase of funding at sub-county level. It should be noted that NAADS funding at sub-county levels are so substantial (or other sources very low) that it overshadows all other funding. For instance during fieldwork we visited Kifamba sub-county in Rakai District and found that the annual NAADS allocation was over 40 Million UGX¹³¹ compared to LGDP allocations below 20 Million and 6 Million received as compensation for their loss of own revenue source. This rapid injection of funding earmarked for services seemed odd to the sub-county council as it had a number of other under prioritised areas. During fieldwork in the sub-county we also found that the farmers organised in groups who were supposed to contract/pay the service providers received funding themselves from the service provider since their contract for establishment of demonstration plots included funding for digging etc. The desired establishment of a relationship between private contractors and empowered farmers demanding and ultimately paying for services seemed to be washed away by abundant funding.

5-4-2 Planning for Traditional Agricultural Extension

The traditional extension system is receiving rather limited funding especially for non-wage components and only few activities can be financed. All budget decisions are made at district level - primarily by the technical staff - with very limited inputs by both sub-counties and farmers groups. The planning exercise is rather top-down and inherited from previous vertical extension programmes as well as constrained by financing.

Some inputs from the local level to the planning process are received by farmers and communities through the normal LG planning process when productive investments are included in LG plans. In Rakai District, this included sheep multiplication projects, fruit tree nurseries establishment, and new banana varieties introduction etc.¹³² The traditional extension system is called upon to provide the related technical services.

5-4-3 Planning for Investments Supportive of Agriculture Through LGDP and PMA Grant

The Non-Sectoral Conditional Grant (NSCG or PMA grant) was introduced in FY 2000/2001 to support PMA implementation as a discretionary development grant for sub-counties. From the very beginning the introduction of the NSCG was questioned as a parallel funding modality to the non-sectoral LGDP grant. Although the LGDP and NSCG grants are separate, the LGDP also initially provided the framework for the selection of districts that received the NSCG. When the NSCG was introduced (in FY 2000/2001) only 24 districts met the minimum conditions for accessing LGDP

¹³¹ For 2 years they received 94 and 76 million respectively - but normally supposed to receive 47 million.

¹³² See Rakai District Development Plan 2005–2008.

funds. These 24 districts were selected as the first recipients of the NSCG. Since then, the NSCG has not expanded into any new districts.

Planning procedures are virtually identical for the 65 % of the LDG allocated to sub-counties and the NSCG except that the NSCG isn't fully non-sectoral as sub-counties are urged to target investments supportive of agriculture and avoid social sector investments such as class room construction and health units.

The plans are developed through the LG system in this manner:

- Generated from priorities at village (Local Council (LC) 1) level submitted to
- Parishes (LC2) where some basic appraisal is supposed to take place and where some consideration also is made regarding the availability of funding, since at least for the LGDP funds communities are aware of their IPFs,
- Sub-counties (LC3) where final budget allocations are made for projects under the responsibility of the sub-county and when funds from NSCG or LGDP are available,
- Other priorities are forwarded to District (LC5). Especially for Education and feeder roads - the majority of development funding is budgeted for at district level only.

A recent review of the NSCG (2005)¹³³ shows that, over the 4 years to 2003/2004 nearly 65 % of NSCG funds have been allocated to agriculture (including natural resource management). Within agriculture, half of the funds were used for the purchase of inputs for production (seeds, fertilisers, etc.). The remaining was split between the construction of physical assets for production (irrigation, fish ponds, dip tanks etc.), and CB (farmer training). Beyond agriculture, other areas for NSCG spending include infrastructure (16 %) and health and sanitation (4 %).

The study and a recent NAADS review identified a range of problems with the NSCG:

- Problems with LG co-financing. Recently aggravated by the LG tax abolishment's (a problem shared with LGDP)
- Weak community participation in decisions over how funds are allocated: "local political leaders and technicians have the major influence over the identification and selection of NSCG projects" (PMA review, 2003)
- Many NSCG investments are effectively government managed distribution of free inputs to (better-off) farmers (PMA Review 2006)

¹³³ Review of the use of the NSCG by local governments, 2000/2001–2003/2004, Independent Consulting Group (January 2005)

According to the PMA evaluation, the problems derive from non-compliance with NSCG guidelines and the evaluation argues for stronger oversight from the Secretariat; a slightly unrealistic recommendation in view of the numerous sub-counties and projects identified and the potential resource available for oversight. A more realistic strategy appears to have the compliance with guidelines incorporated in the annual LGDP assessment and addressed through more coordinated inspections from the CG institutions.

Still while the PMA-NSCG and the LGDP have weaknesses, they both provide opportunities for local level planning and implementation through the LG system in response to community identified constraints for agricultural development.

Several reviews have called upon a streamlining of the PMA-NSCG with LGDP, which already is in place as a non-sectoral development grant. It is difficult to see any rationale for separate grant except for purposes of “advertising” for the PMA concept and programme management.

Box 5-2 Problems of Community Participation in Management of PMA (NSCG) Grant

Reviews of the NSCG consistently indicate weak community participation in decisions over how funds are allocated and suggest that in effect local political leaders and technicians have the major influence over the identification and selection of NSCG projects (PMA review, 2003). A review of the NSCG undertaken by an NGO in 2002 ¹³⁴ found ‘..no evidence of the participatory planning process being followed at all levels...’ and that ‘..the NSCG requirement for participatory planning seems to be one performance measure that was least complied with.’ A more recent review in 2004 ¹³⁵ indicated the situation had not improved, highlighting general and consistent problems of weak community participation in the NSCG planning process.

Source: PMA evaluation 2005, Annex A, p. 70.

5-5 HR Issues

Agricultural extension has suffered from a number of radical and frequent changes in policies and strategies that also impacted on the staffing structures at district level. Thus in the 1990s it was decided as part of a general LG restructuring to lay off the majority of extension staff that did not hold university degrees and to substitute these with degree holders even at sub-county level. During the field visit it was not possible to get an update of the completeness of this exercise as well as the extent to which marginal areas had professional staff in place. It also appeared as if the structures at district level had not been fully agreed upon - especially how the new structures are to fit into the NAADS

¹³⁴ The NSCG: Practice and Lessons from the Field, ACODE/VEDCO/EA 2003

¹³⁵ Assessment of community mobilisation in the PMA, DENIVA 2004

strategy for a largely privatised extension system. In the districts visited, district managers lamented the staff changes. For instance, in Rakai it was stated:

*The structure does not provide non-graduate staff but they were key players in the department. Experiences had shown that they performed better than graduates in terms of work performance and output. Therefore their absence will affect the department and the district at large*¹³⁶.

Table 5-5 Staff Establishment in Production and Marketing Rakai District 2006¹³⁷

Job title	Established positions	Filled positions	Job title	Established positions	Filled positions
Coordinator's office	10 total		Veterinary	64 total	
District extension coord.	1	1	PVO	1	1
Sen. accounts asst	1	1	SVO	1	5
Accounts asst.	1	1	VO	23	9
Asst. supplies officer	1	1	Entomologist	1	0
Steno/secretary	1	1	SAAHO	6	6
Stores asst.	1	0	Apiary attendant	1	1
Records asst.	1	0	Senior hides imp. asst.	2	2
Pool stenographer	1	0	Hide imp. asst.	2	0
Office attendant	2	2	AVO	12	12
Agriculture	52 total		AAHO	11	11
DAO	1	1	Asst. entom. off.	0	4
SAO	2	6	Vermin guard	4	4
AO	23	8	Trade and commerce	14	
Agric. Mech. officer	1	1	SCO	1	1
AAO	9	9	Com. off.	1	1
Agric. asst.	13	14	Co-op. off.	1	1
Pasture asst.	0	1	Asst. com. off.	9	9
Askari	3	3	Vermin control officer	1	0
Fisheries	12		Askali	1	1
District fisheries officer	1	1	Environment	1	
Fisheries off.	7	6	DEO	1	1
Asst. fisheries dev. off	4	10			
Fisheries asst.	0	3			
Grand total established positions					153

AAHO: Assistant Animal Husbandry Officer, AO: Agriculture Officer, DAO: District Agriculture Officer, PVO: Principal Veterinary Officer, SAAHO: Senior Assistant Animal Husbandry Officer, SAO: Senior Agriculture Officer, SCO: Senior Commercial Officer, SVO: Senior Veterinary Officer, VO: Veterinary Officer

Note: Askari; suwahiri word meaning "Guard",

¹³⁶ Rakai District Local Government Capacity Building Plan 2006, p. 9.

¹³⁷ Rakai District Local Government Capacity Building Plan 2006.

According to the recent restructuring of Local Governments¹³⁸, the structures for the Production and Marketing Department will include:

- District Head of Production and Marketing as head of the department,
- Five Principal Officer each for divisions following:
 - Crop Farming,
 - Veterinary and Vermin Control Services,
 - Fisheries,
 - Tourism Trade and Industry and
 - Entomology
- Other officers selected according to subject specialisation by the particular districts
- 16 to 30 staff for the districts according to their grading (into models 1-3)
- Two graduates per sub-county: one agricultural officer and one veterinary officer.

It should be noted that restructuring has never been implemented and that a great deal of confusion and uncertainty exist among staff regarding future structures.

Motivation of staff was often quoted as a problem due to “lack of resources for facilitation” , - to a greater extent than staff from other sectors. Farmers complained about the lack of accessibility to extension staff. During field visits we found that agricultural sector staffing structures was largely driven by central government, reflected in for instance the funding of all salaries through the conditional grant and the centrally driven restructuring exercise.¹³⁹ In summary, the devolution of public extension staff to local governments has not changed the ability of LGs in any substantial manner to respond to local priorities for extension staffing.

5-6 Trends in Service Delivery Outputs and Outcomes

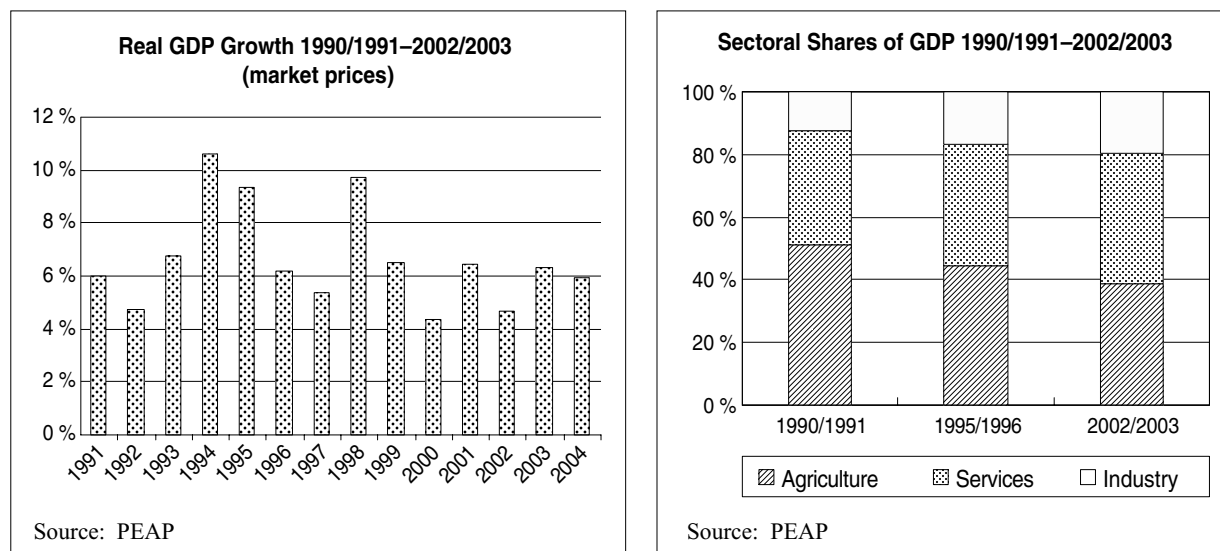
The overall performance of the agricultural sector has in general been considered unsatisfactory and insufficient to meet the targets for poverty eradication of the majority of poor depending on agriculture. While the Ugandan economy has shown an overall reasonable growth over the decade, the agriculture has lagged behind other sectors and contributed with a decreasing share of overall GDP to the national economy. Annual variation is mainly explained by weather conditions and other externalities like world market prices of export crops. According to the Budget Speech FY 2006/2007,

¹³⁸ MoPS: *Report on the Review and Restructuring of Local Governments and Staffing Levels*, February 2005 (Revised 2005).

¹³⁹ See for instance Steffensen and Tidemand 2004 op. cit. Chapter 5 for discussion of approach to LG restructuring.

the prolonged drought has led to the estimated growth in FY 2005/2006 of the agriculture sector on only 0.4 %, which is the lowest since FY 1991/1992.

Figure 5-3 GDP Growth and Sector Shares 1990/1991–2002/2003



NAADS implementation has been effectively on going for less than 5 years. The programme has recently been reviewed as part of a midterm evaluation of the programme in 2005. That review was based on three externally commissioned surveys of its activities at farmer level. The surveys were undertaken by Scanagri (Denmark), International Food Policy Research Institute (IFPRI) (USA - Washington) and UBOS (Uganda). These studies covered 37 districts, 311 farmer groups and about 4,690 farm households in both NAADS and non-NAADS sub-counties. The studies complemented a previous study undertaken by IFPRI in 2003 as well as internally commissioned studies by the NAADS Secretariat, which covered 8 districts, 680 farmer groups and 2,944 farm households.

The survey data were used to assess the impact of NAADS on farm households in 5 areas:

1. **Yields and incomes:** has the adoption of NAADS technologies and farm management practices led to improved yields and incomes of adopting farmers?
2. **Adoption rates:** has NAADS increased the adoption of improved agricultural technology and farm management among the farmers it reaches and those around them?
3. **Quality of services:** has NAADS increased the quality of agricultural advisory services?
4. **Availability of services:** has NAADS increased farmer access to agricultural advisory services?
5. **Farmer empowerment:** has NAADS empowered farmers to better manage advisory services?

The key findings from the review are inserted in Box 5-3. While the review found some variation depending on the time the NAADS was involved in the areas, the support from the LGs etc., the overall

conclusion according to the NAADS secretariat is that the programme and approach has led to significant positive impacts in all the five above-mentioned areas. However, several observers, including the comprehensive and external joint PMA evaluation, challenge these conclusions as can be seen in Box 5-4.

The overall conclusion is that it is possibly too early to say anything conclusive regarding the wider impact of the NAADS approach. Also, several of the other PMA pillars are lagging behind in implementation such as credit and marketing services. In the PMA Evaluation Household Budget Surveys which gave some indication of services provided in PMA (NAADS) and non-PMA Districts ¹⁴⁰, it was indicated that 7-30 % of households had received advisory and extension services as an individual household and 4-39 % had received services as members of farmer groups. Whereas there is no significant difference between PMA and non-PMA districts in the extent to which individual household have received advisory and extension services, there are differences in farmer group delivery with only 4-20 % of households in non-PMA receiving services as members of farmer groups compared to 24-39 % in PMA districts. The level of financing is very different in NAADS and non-NAADS districts (some 200 % extra funding), thus such finding should come as no surprise.

It seems that while direct contract with extension providers hold some long term promises in terms of more responsive service provision. It is evident that practical challenges are substantial regarding contract management, quality control, etc. and that ironically in these initial years “the traditional extension services are responding more flexibly to farmers demand than NAADS,” since NAADS put restrictions on the number of enterprises farmers may choose ¹⁴¹.

Box 5-3 Evidence of NAADS Impact — According NAADS Review ¹⁴²

1. Yields and income

It was found that, after only three years of NAADS implementation, the average value of crop production per acre and income per capita were respectively 27 % and 41 % higher in NAADS sub-counties than in non-NAADS sub-counties.

2. Technology adoption

A central goal of NAADS is to improve the uptake of new technologies and improved farm management practices in order to increase farm incomes. This is done through establishing technology development / demonstration sites (TDSs) hosted by model farmers on their own fields.

The findings showed that 73 % of the farmer groups had benefited from these sites and that 64 % had adopted the improved technologies and practices that they were exposed to, which had a positive economic impact on their farm incomes. These achievements were as a result of the fact that 77 % of NAADS farmer groups reported having a TDS

¹⁴⁰ PMA Evaluation Annex B.

¹⁴¹ PMA Evaluation, *Main report* p. 31.

¹⁴² NAADS Programme 2005: Programme Outcomes and Impact.

within three kilometres of their household, compared to 22 % of non-NAADS groups. This was confirmed by 80 % of NAADS farmer groups, who stated that their access to agricultural technologies had increased, compared to 33 % of non-NAADS groups.

3. Availability and quality of services

NAADS has increased farmers' access to advisory information and services. This is shown by the fact that 73 % of groups surveyed had received contracted agricultural advisory services through NAADS. In addition, 86 % of farmer groups felt that their access to information had increased over time compared with 59 % of non-NAADS farmer groups.

Farmers' willingness to pay is also an indicator of the quality of service provision as farmers are more likely to express a willingness to pay for services they perceive as high value. An increased level of ownership, as reported below, is another possible indicator of satisfaction with services, - this contradicts one statement made above - see co-funding and willingness of the farmers to pay as opposed to LGs.

4. Farmer empowerment

A key principle of NAADS is the empowerment of farmers to demand and manage advisory services themselves. NAADS does this by increasing participation in and ownership of the programme through establishing farmer institutions - farmer groups, parish committees, and farmer forum - which are responsible for planning, procurement and budgeting for NAADS activities.

Empowerment is evidenced by the fact that 88 % of NAADS groups stated that they had greater ownership of the extension system (through NAADS) compared to 30 % of non-NAADS groups.

5. Economic benefits

Prior to the launch of the NAADS programme, an economic analysis was undertaken to determine the minimum level of benefit required to justify programme investment. The conditions necessary for a break-even rate of return on the investment were found to require a minimum household productivity increase of just below 1 %¹⁴³.

As part of NAADS's mid-term evaluation, the economic costs and benefits of the programme were re-examined in the context of the findings above to determine the estimated rate of return for the programme. It was estimated that the programme would, by year seven, generate an 18 % rate of return with a net present value of UGX 52 B. Average incremental household incomes would be approximately UGX 65,000 per year, equivalent to an increase of 8 % in household agricultural income based on 2003 monetary and non-monetary agricultural GDP. The average adoption rate for those receiving direct services is 34 % and 17 % for those receiving NAADS contact indirectly. Using sensitivity analysis on the adoption rate, the rate of return would fall to 13 % if the indirect adoption rate dropped to 11 % or if direct adoption dropped below 30 %. The findings generally support the break-even analysis previously mentioned and suggest that NAADS is likely to generate a positive return.

In conclusion, it was revealed that NAADS has been relatively cost effective at reaching farmer groups, which renders its per household costs lower than the previous extension system - the Agricultural Extension Programme (AEP). Using the number of households receiving direct contact from NAADS through farmer groups, the cumulative cost of the NAADS programme per household is calculated to be UGX 134,405.

¹⁴³ The break-even rate of return used was 12 % and represents the opportunity cost of capital.

Box 5-4 Evidence of NAADS Impact — According to PMA Evaluation¹⁴⁴**Programme impact**

It is still too early to fully assess the impact of NAADS. While some data are available from annual surveys and also from the Mid-Term Evaluation (MTE), it remains difficult to draw firm conclusions about programme impact. Available information on NAADS impact is summarised below, together with comments based upon the findings of the PMA evaluation:

Farmer empowerment: The MTE found that 88 % of NAADS farmer groups felt they had greater ownership of the extension system compared to 30 % for non-NAADS groups. The National Service Delivery Survey (2004) also suggested that NAADS had stimulated demand by farmers for more specialised extension services. This finding is not supported by the PMA evaluation, which finds that NAADS provides a more restricted range of services than those provided under the traditional extension system.

Access to services: Both the NAADS Baseline Survey (2004) and MTE indicate that over half of NAADS farmers have had access to training provided by a service provider and that over two-thirds have had access to a TDS. However, the evidence on the quality of services received is mixed - while farmers perceive benefits from the services received, they also express a desire for improved quality of services. In considering these findings it is important to recognise that NAADS focuses only upon the economically active poor and that, at least for now, it may not be improving access to services for poorer farmers, or those with limited resources.

Adoption rates: The MTE indicates that NAADS has made a positive impact in terms of the uptake of new technologies. Surveys show that between 40 to 60 % of farmers have changed agricultural practices as a result of exposure to TDS and training services.

Yields and incomes: Surveys indicate that NAADS has had a positive impact upon crop yields and farm incomes. The MTE survey reported significant increases in yields on demonstration sites - some in excess of 200 % - as a result of the new technologies promoted under NAADS. However data on incremental yields are not available at the household level. Independent analysis by IFPRI (2004) showed that participation in NAADS was associated with a 15 % increase in the value of crop production per acre. Analysis of yield and production changes is complex and can be difficult to attribute. In this regard, the findings of the evaluation are discussed in the synthesis report.

Economic analysis: Recent work undertaken as part of the MTE process, suggests that NAADS generate an economic return of 18 % and also that NAADS is more cost effective than the previous Agricultural Extension System (AES) - in terms of costs per household reached and overall adoption rates.¹⁴⁵ It is noted by the PMA evaluation, however, that these findings are based upon a number of assumptions (on inter alia, adoption rates and service costs) and that comparing costs between different extension services is fairly difficult.

Summary

In the absence of empirical evidences, it is difficult to say anything conclusive about the impact of NAADS. Efficiency of service delivery is especially difficult to assess given limited information on the costs and quality of services. This is an issue that NAADS should seek to address if it wishes to strengthen its future claim on public resources.

¹⁴⁴ For some additional details see the extract of the *PMA Evaluation* included in Annex 8, or the entire *PMA evaluation* available at the website www.uganda.gov.ug.

¹⁴⁵ Four years of NAADS implementation: Programme outcomes and impact, A. Ekwamu and M. Brown, May 2005.

5-7 Impact of Decentralisation

What elements if any of decentralisation reforms have had an impact on governance and service delivery in the sector? In the discussion, we make a distinction between the following main strategies for decentralisation:

- Decentralisation by devolution to the district and sub-county LGs
- Decentralisation of powers and resources directly to the farmer groups

In addition it may be argued that under NAADS some elements of ‘delegation’ have been pursued as the government of Uganda has delegated implementation responsibilities to a NAADS secretariat, which in turn has decentralised powers, and resources to the farmers groups.

As elaborated further below, the overall conclusion is that the agricultural sector in Uganda only to a limited degree have tried to use the opportunities for more transparent resource allocation, enhanced local participation etc. by working through the local government structures. Emphasis has instead been on pursuing more direct forms of farmer involvement in delivery of services, and a great number of missed opportunities for benefiting from decentralisation can be identified. The NAADS Implementation manual stated in 2001: “LGs in accordance with the Local Governments Act 1997 will implement NAADS activities. The Ministry responsible for LGs, through its Decentralisation Secretariat and the LGFC, will ensure the integration of NAADS into the LGDP and all other local government capacity building initiatives in the districts. Through this arrangement, the districts and sub-counties will each undertake full responsibility to implement and supervise the operation of NAADS in partnership with farmer groups or Fora”. In hindsight, it is clear that this was a naïve assumption, but also in practice resisted by PMA reflected in resistance in mainstreaming PMA non-sector grant into the LGDP despite largely overlapping investment menus.

As a caveat, it should be noted that any assessment of impact in the agriculture sector is complicated by importance of externalities (rainfall, world market prices etc.), the continuous piloting of several strategies, and the uneven implementation of different but interdependent elements of the PMA.

5-7-1 Impact on Transparency and Equity

The LG decentralisation strategy tries to enhance more transparent and equitable resource allocations foremost by providing fiscal resources through LGs via formula based fiscal grant systems. In the agricultural sector this has only partially been pursued. The allocation of funding for traditional

agricultural services is provided through two conditional grants for the PE ¹⁴⁶ and non-PE elements of extension. The PE element has been the dominant and it is not clear that the financial resources have been provided on a strict formula based approach, however overall the allocation for the wage and non-wage component of agricultural extension has been considered reasonably poverty sensitive ¹⁴⁷ (Funding for the traditional extension system is only provided for budgeting at district level; no budgeting of extension services is really pursued at sub-county level).

Transfers for NAADS is provided at sub-county level and it creates more transparency in resource allocation at lower LG levels and among communities. However, the specific criteria for allocation across districts and sub-counties are not very clear, but seems to be based on the nature and quality of work plans submitted by the farmers groups - this may imply that those areas with the capacity to generate good plans are more likely to receive higher allocations at the expense of the more needy but incapacitated sub-counties). In a similar manner, the particular criteria for rolling out of NAADS among districts is not very transparent and the PMA Evaluation thus criticised NAADS for not targeting the poorest districts.

5-7-2 Impact on Participation

Citizen involvement and control in planning from identification to implementation has been:

- very limited or nil in the planning for traditional extension services,
- significant at farmer group level for planning and delivery of NAADS services even though some problems have been identified regarding “participation fatigue” in enterprise selections that are perceived cumbersome and does not respond to all farmer priorities. The lack of farmer co-funding is in part considered, as a reflection of poor response of NAADS to farmer needs.
- the involvement of councillors at both district level and sub-county level is limited for planning and delivery of extension services in NAADS

The involvement of sub-counties and lower level LGs is substantial in planning and delivery of PMA non-sectoral grant - however, wider community participation has been recorded as unsatisfactory (see Box 5-2).

¹⁴⁶ PE = Personal Emoluments - mainly salaries.

¹⁴⁷ FDS, 2002.

Phase I - Allocation Principles & Local Governments Budget Committee Final Draft Report, September 2003: Development of Allocation Formulae, Findings, Recommendations and Formulae Designs pp. 48–51.

5-7-3 Impact on Accountability

Staff accountability

It has never been a priority within the agricultural sector to strengthen the accountability of the public employed extension staff through the LG system, and subsequently little has been achieved. Instead, emphasis of the reforms have been on creating a quite different system where the accountability of the service providers is established through privatisation and direct contracting of the service providers by the farmers. The extent to which this effectiveness is still debated in Uganda. From our fieldwork in Rakai, it appeared that the rapid increase of payments from the service providers to farmers for labour inputs and lack of direct payments from farmers created a very confused accountability pattern: the farmers we met were receiving the services for free; they were even paid some cash to prepare common demonstration plots and appeared to have very limited sense of control over the service providers.

Financial accountability

From the reforms of the extension system to date, it is not possible to argue that financial accountability has been strengthened or worsened. In theory the allocation of fund closer to the communities will bring more checks and balances to prevent financial misuse. However, in practice the NAADS system is new and brings such a substantial increase of funds at the local level that financial misuse of funding wouldn't be surprising.

The LGDP has brought some improvements in financial accountability by insisting on quality financial management and some evidence of downwards accountability. The PMA-NSCG supposedly applies the same system but without added quality it seems.

5-7-4 Impact on Efficiency

As discussed in section 5.6, NAADS has been effective in reaching certain targets, but it is still debated in Uganda the extent to which the reforms lead to more efficiency in service provision in NAADS supported areas than in non-NAADS areas.

5-8 Key Lessons and Challenges

Key lessons and challenges related to decentralisation of agriculture sector include:

1. The reform of extension system has proved to be very challenging; the introduction of private providers requires substantial strengthening of contract management practices and strengthening of farmers control over priority settings in enterprise selection. A lot of operational details had to

be developed and implemented; there has been pressure to roll out systems nationwide before fully tested. Yet national equity implementation has been slow and a national system is not fully established which has led to unequal allocation of resources.

2. The NAADS extension system has not been very flexible and needs to cater for a wider group of farmers. Complaints have been raised in PMA evaluation regarding too few set of enterprises being identified. It was even argued that the traditional extension system is in some cases responding more flexibly to farmers demands than NAADS, which thus questions the fundamental rationale for NAADS.
3. Although privatisation in theory may lead to stronger accountability of service providers to farmers, this is probably a long-term process. Accountability measures can be undermined with rapid expansion of funding, especially when implementation is pushed forward in absence of farmers' own contributions.
4. The procurement of services under NAADS has not been fully compliant with LG regulations and systems need to be put in place to ensure the legal procurement that enhances farmer control but also allows for proper audit under LG legislation as long as the services remain largely publicly financed.
5. The above appears to be an outcome of a wider problem of lack of coordination between the agriculture sector and the MoLG. NAADS assumes in its implementation manual that MoLG will ensure that all is done in accordance with LGA but at the same time no real engagement is put in place. Furthermore, NAADS insists on special procurement procedures, special reporting and planning arrangements, just as the special PMA Grant remained in parallel to the LGDP without substantive technical reasons but merely implemented in order to ensure some "PMA Presence" at the local level. The MoLG on the other hand has not been very proactive in integrating concerns of the agriculture sector in its general work. This is for instance reflected in the exercise for creation of new staffing structures at LG level that excludes NAADS concerns.
6. In theory local accountability of public extension workers could be strengthened by decentralisation of staff management issues to local councils at district or sub-county levels, but practical measures (such as performance contracts) have not been pursued as part of the reform.
7. The establishment of a separate grant window for PMA related investments in addition to the LGDP has not led to better planning practices or investments and has instead created some confusion and uneven allocation of development funding. A uniform set of guidelines to LGs for planning and management of investments in support of production needs to be agreed upon. LGDP has developed one set whereas PMA has issued other guidelines.

6. CONCLUSIONS

6-1 Overall Progress with Decentralisation Reforms

The Ugandan decentralisation and LG reform is still among the most comprehensive in Sub-Saharan Africa. This is reflected in:

- A quite clear legal framework, with LG functions described in great detail and with core elements of the LG legislation included and elaborated in the Constitution,
- Decentralisation of substantive functions and responsibilities to LGs, including PE, PHC and agricultural extension,
- An elaborate system of LG tiers and LG council, council committees and institutions, that provides a basis for both indirect and direct popular participation in LG affairs,
- A relative high level of public expenditure managed by LGs,
- A comprehensive system of inter-governmental fiscal transfers and institutional arrangements in place to manage these transfers including their annual negotiation,
- A system for promoting the LG performance through the intergovernmental fiscal transfers,
- Substantive devolution of HRM powers through the DSCs that in this manner manage the majority (above 75 %) of all public servants in the country,
- Oversight institutions in place, such as inspection, internal and external audit and a press interested in LG issues,
- Gradual increase in the capacity of the LGs through innovative measures, including combined supply and demand driven support,
- Systems for government - development partner cooperation,
- Systems and fora for budget dialogue and negotiations between central and local governments and associations representing LG interests,
- Regular elections every after 5 years at all levels with sufficient representation of the marginalised groups (women, people with disabilities, youth etc.),
- A systematic decentralisation policy implementation review mechanism - the JARD,
- A newly elaborated DPSF and LGSIP to guide implementation,
- Emerging systems of harmonised financing of the decentralisation reforms,
- Emerging coordination with the wider public sector reform programmes through the Public Service Management (PSM) - SWG and DSWG.

However, the LG system is at present challenged by a number of factors, most notably:

- The abolishment of a important LG taxes without putting new tax structures or effective compensation systems in place,

- Increasing dependency on fiscal transfers from the centre that continue to be highly earmarked and with room for better poverty targeting,
- Falling of the levels of non-wage recurrent expenditures; this cause major problems within important LG functions such as planning, monitoring and supervision and in sustaining the increasing level of investments with derived operational and maintenance costs,
- Slow and unbalanced implementation of the FDS from 2002, and insufficient CB support to LGs to roll it effectively out,
- Centralisation of the HRM of the CAO which will lead to some confusion of the hitherto very clear lines of accountability within the LG system,
- The proliferation of new districts without provision of adequate additional funding to cater for administrative costs,
- The creation of a regional tier without clear outline of its functions and financing,
- Insufficient linkages between the overall decentralisation reform process and the sector developments, - insufficient legal harmonisation between decentralisation and the sectors,
- Introduction of multi-party politics before sufficient orientation of the LGs on the implications of its introduction,
- Limited transfers to LLGs - making them un-functional especially with the abolition of the G-Tax,
- Limited downward accountability further compromised with the abolition of taxes,
- Payment of the District Executives and Chairpersons of LLGs from the centre - affecting accountability lines, stifling efforts to collect local revenues etc.,
- Limited staffing at LGs - most of the established positions are not filled and some functions not performed especially in the hard to reach areas,
- Inefficient system of monitoring and supervision of LGs with multiple institutions, lack of coordination and capacity.

6-2 Linkages between Sector Decentralisation and LGs

Each of the three sectors analysed in this study have in different ways worked within the general LG system to enhance service delivery but also pursued sector specific strategies to enhance effectiveness of local service delivery.

In Table 6-1 we summarise some of the key differences in approaches of the sectors regarding their linkages with the overall LG institutional arrangements, financing, HR management procedures etc.

Table 6-1 Sector – LG Linkages

Issue area	Education	Health	Agriculture
Integration in overall LG planning and budget system	Sector emphasis is on district and school level, weak integration at sub-county level. Education sector is the largest LG expenditure area.	Sector emphasis is on district level and HC (Health centre IV). Planning process dominated by technical staff with limited input from the HUMCs. Poorly linked to sub-county planning process.	Policy emphasis is on sub-county level. Sector efforts for enhancing district level planning for agriculture work. Emphasis on farmer groups rather than LG structures.
Transparent allocation of resources through formula	It exists, but with resistance in the ministry against revised and more poverty sensitive and needs based grant allocations.	Resources are allocated based on a transparent formula across HSD and lower level HCs.	Not yet as funding for NAADS and PMA grant has been in project mode – not national in scope. Funding for public extension formula based but limited in scope.
LG prioritisation of the sector in • Own funding • LGDP • FDS	School construction has received significant attention from both the CG sector grants SFG and from the prioritization made by the LGs from the LGDP. Lowered source of revenues have lead to limited funding from LGs towards this area. In future the SFG will be ceased/reduced, and the investment level is expected to decline.	Most of the sector funding is from CG transfers (wage, recurrent non-wage and development). LG funding of the sector including LGDP and NUSAF is meagre.	Various reports emphasizes that LGs should prioritise agriculture, which is under the core areas promoted by LGDP and FDS. LG prioritisation seems mainly directed towards development funding. LGs have tended to focus more on the 2 other sectors.
Level of LG fiscal autonomy	Although PE is decentralised, the CG has kept a close control of the utilisation of funding through the strict earmarking of funds. Attempts have been made in the sector to increase the LG autonomy on expenditure composition (capitation grants and scholastic materials), but these initiatives are not well coordinated with the overall FDS (other sectors).	CG transfers are highly earmarked for the different expenditure items for example 50 % of the recurrent non-wage for drugs.	Limited funds for non-salary priorities.
User group management of recurrent funding	Significant. Most of the non-salary recurrent funding for PE is now managed at school level (about 40 billion (B) UGX). However, the funds have become under pressure recently and is much smaller per pupil than e.g. in Kenya.	HUMCs are supposed to be involved in the management of the recurrent funding but most of them are not effective and have limited information on the amounts received and how it is used.	The policy goal is very ambitious as majority of extension funding is foreseen to be managed by farmers groups.
User group management of development funding	No significant direct role. Development funding is managed through the LG structures – in particular district level.	No significant direct role. Development funding is managed through the LG structures – in particular district level.	Development funding is managed through the LG structures – in particular sub-county and lower levels.

Issue area	Education	Health	Agriculture
Sector staffing at LG level – measures for local accountability and CB	There has been significant CB and training support within this sector, particularly to up-grade the teachers. However, the general administrative functions at the district level have become financially stressed with the reduction of LG own source of revenues. It has become hard for the schools and the LGs to manage the teachers efficiently, address problems with absenteeism etc.	Health staff are recruited by the DSC with guidance from the HSC. The deployment and management of staff is mainly by the DDHS and CAO with minimal involvement of the HUMCs. The MoES is responsible for pre-service training and the health sector has devoted resources to the upgrading of health staff especially Nursing Assistants. However, the staffing levels are still below the requirements.	LG staff recruited some graduate extension workers in the late 1990s. With the introduction of the NAADS, their role has changed. There are uncertainties in the future use of these staff as they have not been restructured under the recently concluded restructuring process.
Incentives for staff	The salaries have been increased for the teachers, but more fundamental issues such as availability of houses, transportation, general living conditions – in particular in remote areas.	Wages of health workers are supposed to be increased by 10 % annually, but there are still widespread complaints of low payments. With the abolition of the user fees, the health staff are no longer getting additional top-up from the community members.	Lack of funds for operations and transportation

6-3 Impact of (Sector) Decentralisation on Governance

As evident from Table 6-1 and the discussion in this report, the three sectors we have analysed interact with the local governments very differently. Although all sectors are operating broadly in adherence to the decentralisation policy, Constitution and LGA, they also aim in various ways to enhance the sector specific policies and strategies. The development discussions and strategies have concentrated around the sector working groups (under the SWAp model), as fora for defining strategies, plans and operational implementation arrangements. Although many stakeholders and LGs have been involved in these discussions, they have tended to be rather sector specific with less focus on the cross-sector/cutting issues such as the general impact of the sector initiatives on the LG system/ decentralisation.

The impact of the sector specific efforts for decentralisation on governance has in a broad sense been **positive** regarding enhancing citizens participation in planning and delivery of services through sector specific user groups, but **negative** regarding enhancing citizen participation in cross sectoral planning and budgeting through their LG councils at village, parish, sub-county and district levels and in supporting the overall strategies within decentralisation, such as the fiscal decentralisation strategy. Only the LGDP and the PMA non-sectoral sector grant funding modalities provide incentives for broader governance issues such as cross-sectoral planning, broad based citizen participation, and general LG accountability, whereas the multiple earmarked grants in the three sectors and their focus on up-wards accountability to the central government rather than downwards to the citizens, have tended to undermine LG autonomy and involvement of citizens in decision-making and supervision.

The governance impact of the sector decentralisation reforms in selected thematic areas is summarised as following.

6-3-1 Impact on Transparency and Equity

Transparency in allocation of financial resources

Broadly speaking all sectors have strived at distributing fiscal resources in a transparent manner through formula based allocations across local governments. Especially for the health and education sectors, the bulk of funding is provided through formula based grants to districts. For the agricultural sector (except for the grant to the salaries for agriculture extension staff) this is yet to fully implemented, as the NAADS and PMA still are to cover the entire country and as the sector still have a significant number of projects with particular area based focus.

Work has been ongoing under the FDS to refine the formulas to be more transparent and poverty oriented. Especially the education sector has resisted implementation, but analyses have shown a clear need for reform. In all sectors it appears that the long-standing geographical disparities between different regions have largely remained unchanged¹⁴⁸. The sectors, in particular education, have tried to enhance transparency in resource allocation at user level and in this manner supported elements of decentralisation below district level. However, only agriculture has sought significantly to strengthen the sub-county level by providing budget allocations at this level.

Transparency in allocation of HRs

All sector staff in LGs is recruited by the respective DSCs. For all sectors there seem to be significant problems in allocation of staff to marginalized/remote areas - this is partly a problem across districts, but also a problem within each of the districts. During our fieldwork, the islands in Mayuge District particularly illustrated this. The problem appears to be common but not well documented. Sectors have taken some steps to address the first kind of inequalities by assisting the districts in recruitment of key sector staff, however the latter problem is left to the districts to cater for. The districts in turn have limited scope and capacity to address these matters. Citizen/user involvement in staff deployment is limited or non-existent in all sectors although it was reported in some cases that communities tried to resist the transfer of staff to their facility because that staff had performed poorly in some other area. LGs also seem to lack sufficient tools and/or willingness to address problems with staff performance, particularly in the education sector.

¹⁴⁸ Uganda Education Statistics Abstract, 2004.

6-3-2 Impact on Participation

The decentralisation of service delivery has opened opportunities for public participation, which were not available prior to the start of the process, particularly with planning, with the established user committees and with the options for information on core activities and use of funds. However, there is still great room for improvement, as most of the sector funding to the LGs is earmarked and mainly planned at the district level, hence not conducive for eliciting participation of citizens especially in lower local councils

As concluded in a recent major review of GBS in Uganda ¹⁴⁹, there has been some improvements of the responsiveness of services to beneficiaries, but the extent is difficult to access. As mentioned in the review:

“it has been an ongoing challenge to reconcile the wish to ensure local government compliance with national targets and the aim to ensure sufficient local autonomy to enable responsive delivery”. High level of conditionality and vertical accountability mechanisms associated with local government funding under SWAs give local governments little space to alter sector funding allocations, especially in the recurrent budget. However local government planning and budgeting processes have become more participatory, and due to the discretionary nature of the Local Development Grant, local governments have significant autonomy in the distribution of sector investments as well as of new services, and therefore have significant scope to be responsive in this respect”.

These findings have been confirmed by this study, but it is evaluated that the level of autonomy has declined since the findings of the GBS in 2005, particularly due to the reduction of the LG own source of revenues after the abolition of local taxes and the relative decline in the share of total funding from the unconditional grants combined with increased pressure on the basic costs of the general administration (also due to the introduction of the new structures, with additional costs, which has not been financially compensated).

The establishment of user committees has been highly appreciated by most stakeholders, but the recent decline in funding for capitation grants, combined with the abolition of user fees and charges have reduced the citizens’ interests and impacted negatively on the demand for accountability.

¹⁴⁹ Lister, Williamson, Steffensen and Baryabanoha: Joint Evaluation of General Budget Support, 1994–2004, *Uganda Country Report, Main Report*, p. 75.

6-3-3 Impact on Accountability

Staff accountability

Staff accountability is sought enhanced by the employment of staff through the local DSCs and mainly played out in the interface among the District Council/Service Commission, the Chief Accounting Directs, the Heads of departments and their staff. However, user committees play no significant role in enhancing staff accountability even though there are reported substantive problems of e.g. teacher absenteeism. The abolishment of user payments in the education and health sectors appear to have left staff with very limited or no accountability towards users. Sectors have done little to enhance local arrangements for staff accountability. In the Agriculture sector the response has been to privatize the implementation of services and seek to strengthen users control of service delivery in this manner. In education, it has been hard to address the lack of teachers' incentives to perform.

Financial accountability

The financial accountability upwards to the funding agencies (the CG and development partners) have been the main focus in most financial management arrangements, and demanding planning, budgeting, accounting and reporting systems within monitoring and evaluation have been put in place. It has been realised that these systems may lead to large transaction costs for everybody who involved, and a need to focus more on the downward accountability and more simple systems has been identified and operationalised in the FDS. Various well intended initiatives such as publications of transfers, local open budget workshops, publications of plans, budgets and accounts etc. have also been taken over the past 5 years, but there has been a lack of an overall strategy to improve on downwards LG fiscal accountability and most initiatives have been rather ad hoc and piecemeal. However, the progress in this area has been slow and there is a critical need to improve the interaction between the LGs and the citizens for improved financial accountability. The LG annual assessments undertaken to measures LGs' eligibility to non-sectoral grants under the LGDP has been a promising tool to enhance this interaction and to focus on performance improvements, but there is a need to strengthen the implementation arrangements, and the linkage of this system with other (sector) performance monitoring systems and financial management reforms.

6-4 Impact of (Sector) Decentralisation on Service Delivery

Decentralisation has not been implemented as the only mode of service delivery and multiple other factors have impacted on the level of service delivery over the past 5–10 years. However, as evaluated in other studies, and if compared to the development prior to decentralisation, the system of local government service delivery has been a relatively effective vehicle for enhancing the service delivery and channelling of funds through the government mainstreamed structures, particularly when

compared to off budget project-specific support.¹⁵⁰ Various studies have shown that an increasing and large share of the funds transferred through the conditional grants are used for basic service delivery within the core poverty alleviation sectors, although education and health received higher priority than agriculture¹⁵¹.

In the 2 social sectors, most emphasis have been made on increasing the access and quantity of services, and only in a subsequent phase focused on improved quality. This has been reflected in the outputs observed in health and education where the immediate input and output data has shown some improvements, but where the outcome data is still less than satisfactory (e.g. the school survival rates and the innumeracy rates). Grants have ensured a relatively equitable allocation of resources across the LGs, but as other conditions are working against certain parts of the country, this has not been sufficient to ensure (counteract) an equitable level of outputs and outcomes, and the general trend has been an increase in the regional disparities in Uganda over the past 5 years. However, as mentioned, this cannot be attributed to the decentralisation of service delivery.

6-5 Why Have Reforms Progressed in This Manner?

The trajectory of reform can most importantly be explained by the political requirements of the NRM regime: the extent to which a democratic and autonomic LG system was seen as supportive of the central NRM government. The more technical aspects of sector reforms have on the other hand been significantly influenced by donor policies. These two trends are elaborated further.

The decentralisation reforms in Uganda have since the early 1990s for long been considered a frontrunner of decentralisation by devolution. The reforms in Uganda were initiated in 1986 with the NRM coming into power in a situation where the public sector was ruined after several years of civil war and despotic regimes¹⁵². The reforms included initially the nationwide introduction of Resistance councils that allowed a basic grassroots administrative system to be established, while simultaneously also establishing a political base for the NRM. The LG structures at district level and sub-county level were gradually transformed from 1993 until culminating with the LGA in 1997. The system in place at that time granted LGs a hitherto unseen degree of autonomy; probably also being the most devolved system of in sub-Saharan Africa with fully elected councils, significant control by councils over staff through their own service commissions and strong protection of LG autonomy in law and Constitution.

¹⁵⁰ E.g. the GBS review mentioned above.

¹⁵¹ E.g. Williamson and Canagarajah,: *Is there a place for Virtual Poverty Funds in the Pro-Poor Public Spending Reform? Lessons from Uganda's PAF*, 2003.

¹⁵² For details of history of local government system in Uganda, see e.g. Tidemand 1994: *The Resistance Councils in Uganda*, PHD Roskilde and Tidemand 1997: *The Local Government System in Uganda* (Annex to District Development Programme description MoLG and UNCDF 1997)

From the mid-nineties Uganda received as one of the first countries significant debt relief, a massive increase in donor support and also an increasing amounts of donor support in the form of budget support. These contributions were earmarked for priorities in the poverty eradication plans, primary basic education, health and infrastructures. Since the LGs were responsible for the provision of these services it was clear that systems would have to be designed to provide these funds to LGs. In part because the first reviews of the LGs use of unconditional grants indicated that some LGs didn't allocate sufficient funds to some key service areas and in part because the sector ministries and the supporting donors would like to see an ex-ante allocation of resources along specific sectors it was decided to allocate the funds to LGs as conditional grants for education, health and roads. Others sectors like water and agriculture followed later suit. At the CG level these transfers were ring fenced as a "poverty alleviation fund" in order to ensure donors that the additional budget allocations were used for their intended purposes. The fiscal resources at LG level increased ten-fold over a decade, but the share of conditional grants of LGs total resources also increased significantly as demonstrated in Chapter 2 of our report.

In the latter years, NRM came under increasing pressure to liberalise politically: to allow multi party democracy. Elections became more intense and it may be argued that NRM policies also became more populist. A significant number of elected LG leaders were seen as opponents to the NRM, including the leadership in Kampala City. A number of CAOs who acted as returning officers were accused of siding with particular parties during elections and complaints of financial mismanagement also became more frequent, with CG officials being frustrated over lack of control of district staff. These issues and what may be seen as diminished need of NRM for autonomous LGs may explain the centralisation of the CAO and other recent changes of the LG system.

The development of the sector policies and strategies on the other hand has been more influenced by sector ministries technical staff and the supporting donors. They have pursued strategies that supported the specific sector objectives, which in turn have included sector earmarking of funding, support of specific technical/sector modalities for LG planning and service delivery. In the planning process emphasis has on the one hand been on the technical staff at district level responsible for the district sector plan and on the other hand involvement of the particular "sector users" represented by school committees, farmers groups etc. This emphasis is understandable and unavoidable when the main focus is on the specific sector. However the approach has some unintentional consequences: such as bypassing of the political part of the LG system, in particular bypassing the lower level local governments and councillors.

6-6 Key Challenges for Decentralised Service Delivery

The study has revealed that although the basic system of LG is intact, the risks and challenges identified in the 2004 study have been valid, particularly in the field of the overall structure of the system of local government, the accountability issues and the basic system of intergovernmental fiscal relations, and funding of local service delivery. Some of the main challenges for the future decentralised system of service delivery are listed below,

Structure:

- The number of districts have increased rapidly in recent years and decision been made regarding the introduction of a regional tier. Decisions on these fundamental changes of the overall structures of the LG system have been made without - or in spite of - substantive technical considerations. It is a major challenge to ensure that the system is not further fragmented into smaller units of local governments without sufficient capacity and funding to perform their mandatory functions. To balance functions, finance and operational capacity (staff etc.) is going to be one of the future main challenges.

HRs:

- Central recruitment and disciplining of the CAO but with day to day reporting to the LG council is likely to introduce complications in reporting and the CAO giving more allegiance to the centre more than the LGs. It will be major challenge to implement this decision without counter the GoU objectives of decentralisation by devolution.
- Another challenge wider challenge is the effectiveness of the DSCs generally. This is an area that has received relatively limited attention in the reforms to date. Effective DSCs that implement principles of merit in human resource management could have significant impact on impact on the performance of LGs ¹⁵³ and could also possibly address the central government concerns over CAOs without centralising their management.

Finance:

- A key challenge is to ensure a better balance between the discretionary funding (where LGs have influence on the priorities) and centrally controlled funds, i.e. ensure a meaningful local option for prioritization of services according to local needs, balanced against the need to ensure certain agreed national targets. The main optional instruments of this are to improve LG own source revenues, the unconditional grants and the equalisation grants and to merge some of the many earmarked grants to fewer “boxes”. This is supposedly to be addressed under the FDS, however practical progress has been slow and in some areas nil.

¹⁵³ Therkildsen and Tidemand 2006: Study on selected HRM practices in the Public Sector in Uganda and Tanzania.

- It is important to ensure an agreed strategy and implementation plan for improvement of the LG own source revenue assignments, identifying viable substitutes for the abolition of the G-Tax and the changes in other tax assignments. In the meantime the fiscal gap derived from the abolition of taxes needs to be fully compensated,
- Create a better balance between the funds available for recurrent non-wage areas and the wage and development part, to ensure that sufficient funds are available for the operational and maintenance of future investments. The experiences from the review has shown that the LGs are under severe fiscal pressure from: i) reduction in the LG own source revenue assignments, ii) demand for increased expenditure levels as part of the introduction of new structures, iii) increasing demands for sustaining the past investments in terms of operational and maintenance costs, iv) increasing unit costs of service provision when moving from quantity to quality services, v) from a large amount of arrears and coming obligations (e.g. from the pension obligations),
- Safeguarding the objectives formulated in the FDS and roll out of the FDS strategy with sufficient support from the CG and development partners,
- Ensure that the future LGDP non-sectoral grant is continued and further improved/expanded to promote local planning and efficiency,
- Continue to strengthen the incentives for the LGs to improve on financial management performance through strong credible systems of assessments linked to transfer of funds.

Coordination:

- Ensure a strong adherence and current up-date of the newly adopted LGSIP, through strong interactions between the CG, LGs and the funding agencies.
- Avoid piloting and support of various (conflicting) approaches for local development and decentralised service delivery.

6-7 Key Areas for Possible External Assistance

It should be noted that for each of the 3 sectors as well as for general LG development/ decentralisation the GoU has in collaboration with Development Partners established different forms of sector programmes through which all future development priorities are to be identified and through which development partners are requested to provide their assistance. In the LG “sub-sector”, it is expected that the corporation and coordination will take place around the newly adopted DPSF and LGSIP with a joint monitoring and evaluation framework.

Within the very wide ranging interventions for improved local service delivery and decentralisation, then the following key areas seem to warrant further consideration:

- Review of the overall system of LG and the links between the tiers, including the future role of the regions (if any?)
- Support to elaboration of systems for improving the downward accountability. This would involve strong emphasis on the rights and obligations of the constituents as well as supporting public-LG dialogues
- Strengthening the systems for LG HR management by
 - Strengthening merit based HRM through DSCs
 - Providing marginalised LGs the means to attract key staff according to new structures
 - Enabling LGs to address their problems of staff deployment in marginal parts of the districts
 - Strengthen local systems of staff appraisals (and using the results to give rewards and sanctions)
- Systems to ensure a better balance between the level of local investments and funds for operational and maintenance
- Joint support to the roll out of the FDS, supporting ongoing initiatives and CB of CG and LG

As the work of establishing SWAp, kind of arrangement within the LG sub-sector is ongoing it is important that all future initiatives are closely aligned with the LGSIP and clearly linked up to this initiative.

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