



**Institute of
Social Studies
Advisory Service**

**In support of local governance
An analysis of processes and issues
in Uganda**

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List of Abbreviations

BIA	Business Interest Association
CBO	Community Based Organization
CAO	Chief Administrative Officer
CG	Central Government
CP	Community Participation
DAs	Development Assistants
DANIDA	Danish International Development Agency
DENIVA	Development Network of Indigenous Voluntary Associations
DGIS	Directorate General Internationale Samenwerking
DWD	Department of Water Development
EU	European Union
GoU	Government of Uganda
HRD	Human Resources Development
IGT	Inter-Governmental Transfers
KAF	Konrad Adenauer Foundation
LC(1)	Local Council (1) = village council
LC(2)	Local Council (2) = parish council
LC(3)	Local Council (3) = subcounty council
LC(4)	Local Council (4) = county/municipal council
LC(5)	Local Council (5) = district council
LG	Local Government
NGO	Non-Governmental Organization
ODA	Overseas Development Agency
PS	Permanent Secretary
SIDA	Swedish International Development Agency
SNV	Dutch Development Organization
TA	Technical Assistance
USAID	United States Agency for International Development
WB	World Bank

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1. Introduction

The short but intense visit to Uganda has generated one strong impression. Decentralisation in Uganda is not just a process at the fringe of development policy but at the very core of the processes of change and restructuring of state and economy. It appears to have a strong political drive, nationally; it involves a very substantial restructuring of sector ministries, reorganisation of the civil service; it has extended down to substructures of local government (at parish and subcounty level) and is creating a new balance of powers between these substructures and the district government and administration. Lastly, grassroots involvement via village CBOs is part and parcel of the evolving system.

Given the setting in which decentralisation took place, which was one of internal war, local district administration and centralised services that had basically collapsed, and a demoralised civil service, the process has to start in most instances from scratch. While the establishment of the new system of local government has been phased (the 1993 Local Government Act was the consolidation of the initial stage, a new bill has been drafted which will lead to a further development of the system) and while districts were gradually, in three groups, brought under the new system, taking into account the limited availability of resources (organisational, human, and financial), there are a number of problems that need to be address in order to consolidate gains in establishing good local governance and to prevent the system from derailing.

The annex to this report gives a short overview of the main highlights in the decentralisation process, indicating trends and aspects. This allows us to be more selective and concentrate on the main findings, by presenting particular features of the emerging local governance in Uganda (section 2) and discussing the main problems, current and expected (section 3), their implications for capacity building (Section 4) and identifying potential challenges for SNV.

As stated in the Terms of Reference, decentralisation is seen as a process of building institutions of local governance, involving new organisations, structures and relationships. Decentralisation is therefore not merely seen as a political administrative process of creating a new system of local government. While the latter is a dominant part of it, decentralisation has important economic and political dimensions, and involves other actors, in particular, the local polity and political leaders, the civil service administering the system, communities, both participants in and beneficiaries of services, NGOs and producers and private sector organisations. The purpose of this study is to examine the interconnections between these 3 dimensions of decentralisation processes and the interactions between the various actors.

Before presenting our analysis, the mission would like to acknowledge the assistance rendered by the SNV-Uganda Office and in particular its Director. On short notice an impressive list of key informants were identified and meetings were arranged. This together with logistical support made it possible for us to concentrate fully on the subject matter. Dennis Muhangi, of the Dept of Social Administration, Makerere University provided research backstopping.

2. Main features of the decentralisation process

2.1 Introduction

We will describe the decentralisation process by examining the various dimensions and actors in the process, notably, as regards local government, communities, NGOs and the private sector.

2.2 Establishment of a system of local government

It is important to stress that local government, as a separate tier of government, is a relatively new phenomenon in Uganda. It replaces a district administration of central government, which was responsible for basic public services, such as law and order, social services etc. The dictatorships of the 70s and the subsequent internal war and civil strife, contributed to a collapse of the district administration and the delivery of basic services in many parts of the country. The NRM began building new local government structures in liberated areas, these were primarily concerned with law and order. Out of this emerged gradually the Resistance Council system of 5 levels.

The system of local government that is evolving, based on the first steps of 1986, the 1993 statute and the new 1996 LG Bill, has the following important features:

- In Uganda decentralisation seems to build on a national political project as well as on a national policy of economic and public sector reform
- It is a local multi-level system in which formal government systems intermesh with grassroots voluntary structures
- The transfer of functions from the central government offices and their field staff in service delivery capacity is concentrated at district level (LC5)
- Local autonomy in decision making is given further impetus by powers of local personnel management at district level and by the creation of District Tender boards
- Local level decision making is not centralised at the district government level but in part further decentralised downwards to LG substructures at subcounty, parish and village level.
- The retention at substructure level of locally generated revenue is an important means by which decentralised decision making (substructures) is enhanced

National policy of decentralisation

In contrast to other countries in the Region, decentralisation is at the centre of economic and political decision making. Its roots can be found in the attempt of the NRM to build new local structures in 'liberated' areas. Its principal function was political and sought to create local law and order. Redefining the responsibilities between central and local government was part of a new policy to define new responsibilities of government as a whole, reducing the role of the (centralised) state, enhancing the role of the market economy and of local governments. While the Ministry of Local Government has taken a key role in this process and has effectively carried the central co-ordination, Cabinet and the President himself have taken a key interest in the matter. Thus, the arduous and difficult task of redefining roles and reallocating resources in the context of retrenchment and fiscal crisis, was broadly discussed in preparatory commissions and had acquired a relatively broad base, in which also the ministry of Finance played a central role.

The Ministry of Local Government has created a special unit, the Decentralisation Secretariat to co-ordinate the implementation of the decentralisation policy. This unit is being supported by DANIDA.

Local multi-level system of government

An important feature of the evolving local government system are its 5 levels (Local Council 1, being a village council, which in essence has the features of a CBO. While its legal framework is clearly prescribed, the activities are fully voluntary. The next level is the Parish,

LC 2, usually a collection of some 6 - up to 12 or so villages. In essence, the LC-2 may be seen as an apex-CBO. Its councillors are representatives from the LC1. Its executive committee is elected from among them.

The third level is the sub-county level, LC 3 which would group some 6 to 10 parishes. The subcounty is a mixed form, where public officials deconcentrated from the district administration (the sub-county chief) form together with councillors, representing LC-2, the decision making structure. At LC3 work is co-ordinated by salaried staff and councillors, now more distant from their direct communities, receive allowances.

The county level (which would be equivalent to level 4) plays no significant role in the rural context except as an electoral area for national MPs. In an urban context this level would correspond to a municipality. In longer term future town councils may appear in this level and grow into separate LC4 municipalities.

The core of the local government system is constituted by level 5, the District Council, or LC5. A district may have from 6 to up to 30 sub-counties.

While every adult is member of the LC1, the councillors of LC5 are elected via district elections, but the councillors of LC2 and LC3 come from the LC1 level, via representation. In this sense the LG system is a integrated mixed system which is firmly established from grassroots upwards.

Thus, in comparison to other countries, decentralisation is not just about formal districts governments and their machinery but a multi-level system which is based in village CBOs. It is important to note that these substructures are recognised under the Local Government statutes and new LG bill which governs their relationships. In other words, in their efforts of claim making, lower levels find support in the local government act.

Reform of intergovernmental relations and district government

In Uganda decentralisation is firmly linked to structural adjustment and civil service reform. In that way, the restructuring of central government ministries is part of the decentralisation process. Sector ministries have transferred a substantial part of their local level public service delivery responsibilities to the districts and retained national ones. Furthermore, they remain responsible for overall policy formulation, (reduced) regulation and monitoring. Their former field capacity is being transferred to the districts. Important to note however is that this has not implied that LC5s were required to absorb all field office staff of sector ministries. Partly this depended on the financial resources the LC5 was willing to allocate to staff its new functional department. District Service Committees has the authority to screen all staff.

A block grant system has been set up to provide the districts with resources to do so. The fact that it was a block grant it gave the districts the power to re-allocate funds from one area to another sectoral area such depending on district priorities. The size of the block grant was determined by the Ministry of Finance which re-allocated funds from the sector ministry votes to the districts. The following ministries votes were made part of the block grant system:

1) Agricultural extension, 2) Primary Health Care 3) Feeder Road rehabilitation and maintenance 4) Primary Education facilities 5) Rural Water Supply

Other responsibilities were delegated to the districts, using specific grants from respective sector ministries. These are: 1) salaries teachers, civil servants 2) Drugs and Hospitals 3) Secondary education and 4) Training schools.

The important difference is that funds allocated by central government to the latter responsibilities cannot be reallocated by the local authority in response to their own priorities, something they can do with regard to the block grant. A quick fiscal analysis of a sample of 11 districts accounts 1994/5 revealed that central government specific grant

constituted between half and two-thirds of district council resources. The block grants constituted between 8 to 20 per cent of revenues, while local revenues would vary between 10 per cent and 33 per cent of total revenues.

In order to examine these changes, one sector, has been examined, namely the Department of Water Development which was responsible for rural and small town water supplies. This department is now focusing on facilitating local governments and the private sector. All direct responsibility for construction and maintenance of rural water supplies have been transferred to the districts. Small urban water supply construction is not yet transferred. The drilling rigs will be sold to the private sector. The principal functions that remain at the centre are: water resources management, inspection and support services

Initially, there was considerable resistance with the DWD about decentralisation, but currently and perhaps more due to favourable circumstances (more donor funding available for water sector), the DWD staff is in some ways pleased with being relieved of the operation and maintenance tasks under difficult resource constraints and are content with their more limited specialist role to which they can now dedicate more time.

Not all its staff that were retrenched were absorbed by the districts. Nevertheless, it was concluded that the District Water Offices are capable to handle basic water operation and maintenance problems subject to availability of funds.

Local autonomy

Local autonomy in decision making is given further impetus at district level by powers of local personnel management at district level, the creation of District Service Committees, the block grant system and by the creation of District Tender boards.

All district staff, except the Resident District Commissioner (who is an employee of the President's Office) are employed by the council. While overall salary scales and remuneration are set by central government, the district has powers of hiring and firing and payment of additional incentives, known as motivation moneys and training.

The District Service Commission is responsible for recruitment, hiring & firing and settlement of disputes. Personnel management, including performance assessment is done by the executive of the council. Members of the DSC are appointed by the council, upon recommendation by the District Executive and approval by the (national) Public Service Commission.

The block grant system created through reallocation of funds from of sector ministry votes, provides up to 20 per cent of district council budgets. Together with locally generated revenue these resources are the basis for local autonomous decision making on expenditures. This would amount to one/quarter up to one/half of revenue. Please note that the sample is taken from the first group of districts that entered into the new system.

In addition to these domestic resources, increasingly donors are supporting aid programmes which directly go to the districts without any central government interference. As indicated below, some donors, notably DANIDA, are making these resources available either in block grant form or by making decisions on allocation of funds dependent upon local government approval, thereby creating room for more local autonomy.

While the above measures raise local autonomy, it should be stressed that central government cannot and appears not to relinquish responsibility and resources for delegated services, such as teacher salaries, civil service salaries (for core staff), secondary schools, hospitals etc. The latter continue to be funded under a system of conditional grants financed via the corresponding sector ministry. In addition, the government is intending to

establish a system of equalisation grants in aid to the worst off, and poorest districts. This last component has however not been instituted and is dependent upon the establishment of the already announced Local Finance Commission.

Local governance substructures

Local level decision making is not centralised at the district government level but in part further decentralised down to LG substructures at subcounty, parish and village level.

The Village council (LC1) consists of all adult members, residing in a village, the councils at parish (LC2) and subcounty level (LC3) are made up, of members of executive committees of the village and the parish respectively. The district council members are elected from among subcounty council, one for each subcounty. To ensure gender balance at district level, the 1993 statute determined that from the women of each subcounty council, one member is elected who are ex-officio member of the district council. Finally also the national MPs of the corresponding area, are ex-officio member of the District Council.

In the new Local Government Bill, MPs are not anymore allowed to hold political office at district level, district councillors will be elected from subcounty constituencies and also the District Chairperson becomes directly elected and the political head of the district government. Furthermore, special interest representation is increased, and extended from gender to youth and disabled persons.

The administration of local affairs and service delivery is concentrated in the district administration, but parishes and villages can also pass bye-laws. The planning function is concentrated at the district level (district has planning authority) but is to incorporate substructure plans. County and Parish are administrative unit councils and its administration falls under the District Administration. Accordingly it may be assigned functions by those higher level. They also function to monitor the delivery of services in their respective jurisdictions.

The Executive Cte of the Village Council has special responsibility in initiating, encouraging, participating and mobilising for self help projects and monitor projects undertaking by central and local government and NGOs in their area.

Enhancing powers of substructures

The retention at substructure level of locally generated revenue is an important means by which decentralised decision making (substructures) is enhanced

In the distribution of functions, between the local government levels, the district level is set to devolve functions to lower levels, esp. in primary education, PHC, road maintenance (non-tarmac roads), water supplies, and is to concentrate on monitoring lower levels.

Important is the delegation of tax assessment committees, set up in each sub-county, appointed by LC5. The sub-county is the tax collection centre for the graduated income tax. The tax administration is under the responsibility of the sub-county chief (who is accountable to the CAO of the district).

By recent policy decision the sub-county is required to send 35% to the District Council and empowered to retain 65% (was 50%) of its collected revenue. Of the latter amount, it shall distribute 20% to the Village Councils, 5% to the Parish and County Councils respectively.

The retention of revenue is an important instrument in ensuring that the District takes into account the development priorities of the substructures.

The District Development Committee is made up of the District Executive Committee plus district councillors represent their respective substructure (one elected per county), and the CAO. It is supported by a technical planning Cte or Unit. Recently, NGOs can become member of the District Development Committee.

Interviews with the Chief Administrative Officer of Nebbi and staff of the Community Action Programme operating in the West Nile area have shown the potential strengthening of local governance in this area (see below).

2.3 Community participation

Interviews were held with national government representatives, NGOs, researchers, SNV staff (central and from districts) and a senior executive of a district. From these interviews, the following transpired.

- Community participation in needs identification, project and plan identification, formulation and prioritisation does take place, but practices vary from district, sector and funder. There is no formal nation wide grassroots planning system like in other countries, and actual planning initiatives and practices are very much dependent upon the availability of donor funded programmes.
- There are several donors active at district level with community based programmes in the creation of basic services infrastructure. Each project however develops its own participatory structure and the degree to which these, are patterned on existing local governance structures depends on the policy of the donor concerned.
- A good example of integration of a donor funded project in the governance structures is the Rakai RDDP II project, which simultaneously enhances the capacity of the district, technically (via TA) and financially through a block grant for recurrent expenditures, and makes available a District Development Fund to co-finance the development of basic services infrastructure by LC1 up to LC3. Only a maximum of 20% is permitted to be spent of District level projects. Projects are to be approved by the District Planning Cte and the LC5 council.
- The Community Action Programme, which is placed in the Prime Minister's Office and executed by SNV, undertakes community based development of basic services infrastructure, using its own parallel project based structures, namely District and Sub-County Steering Cte's, although it involves the LC3 council in the selection of the areas/communities which will become beneficiaries of its micro-projects. The district administration finally must give approval for the proposed projects in order to ensure overall planning considerations and that recurrent expenditure implications are taken into account.
- Most efforts of community participation are concentrated in the construction of basic services infrastructures. In two sectors community based bodies are widely recognised as playing a role in the operation and maintenance of basic services, namely, in education the School Management Ctes and Parent Teacher Associations and in health the Primary Health Units involved in the maintenance of primary health facilities. In some districts there are also borehole and water management committees.
- In some districts, Nebbi Districts being a good example, has gone further and attempted to integrate community based projects through fund matching. The same district sees considerable potential in user or beneficiary associations as a vehicle for the construction and maintenance of rural basic services infrastructures.
- In the water sector, beneficiary associations are seen as having considerable potential for maintenance purposes, not only in rural but also in urban areas. However, currently it has limited importance.

One may conclude that community participation is strongest in construction of basic services infrastructure and in general administration and planning, and that as yet

communities have become partially involved in the management of these services, especially in primary education and health care.

2.4 Outcontracting, privatisation of local public services and local private sector development

In Uganda there is very limited experience at local level with outcontracting of public services and with their privatisation, though it is a clear policy priority at national level, where it is part of economic adjustment and restructuring. Within the water sector, for example, one seeks to privatise the construction activity. The Dept of Water Development is intending to sell its drilling rigs to the private sector.

Nebbi district appears in this respect to be a favourable exception. The advantages of outcontracting are clearly recognised by senior officials. It reduces the need for the districts to maintain expensive and inefficient works departments, it reduces the need for management and supervisory capacity to manage public works. Technical capacity is only required at contracting stage and for monitoring purposes. The works departments only needs to monitor the contractor and in case of inefficiency and underperformance and doesn't have to deal with own inefficient labour force (Oitamong, 1996).

In urban areas there is outcontracting of refuse collection and removal. Road construction is another important area of outcontracting. Rural town councils are slowly beginning to follow these examples

Many rural districts have outcontracted the operation of public markets to private contractors. Districts don't have the management problems associated with running the marketing department and can avoid internal corruption and fraud associated with the collection of market fees. Furthermore, it can rely on more stable revenues as per contract and is less dependent on vagaries of markets (weather and seasonality of flow of marketed produce).

Local private sector development is in most districts limited to agricultural extension. The districts have taken over the agricultural extension services previously provided by the Ministry of Agriculture.

Wider local economic development is currently not high on the development agendas of the districts. Although isolated efforts have been made such as, for example, the organisation of an annual district fair, creation of small enterprise zones in town council areas.

Donor funded community based programmes in rural areas pay limited attention to private sector and to local economic development. The Community Action Programme has a small income generation component but the project has been reluctant to implement this programme component. Its second phase is made conditional upon greater attention to employment and income generation. One important and valid consideration is that it is difficult to use the project structures set up for community participation in basic services infrastructure cannot easily be used for income generation activities. In Rakai a separate institutional set up has been devised to administer its rural credit component, using a local bank.

It should be recognised that infrastructure development programmes can generate important income and employment generation spin off by imparting technical skills (e.g. masonry, carpentry, and via building material production)

One interesting but as yet untested NGO activity in this area is VEDCO which seeks to increase the bargaining power of small farmers in marketing their crops (via information on

prices and outlets, via joined or group marketing and warehousing) and by improving farmer production planning, farm practices and access to credit.

In the area of small enterprise development there are very few activities taking place in rural areas much less than in urban areas (see also annex). Most activities that do take place are concentrating on micro-enterprise and farm credit. E.g. in the Northern Uganda Reconstruction Programme, credit scheme with the Uganda Women's Finance and Credit Trust. Technical skills, incremental product and production improvements, marketing and enterprise development receive much less attention.

2.5 NGOs and local governance

There is considerable interest among NGOs in decentralisation and local governance issues. Several workshops have been held in 1995 and 1996 to discuss experiences elsewhere and to review options, opportunities and constraints.

The roles of NGOs are seen in the following areas:

- advocacy role to strengthen local democracy and transparency
- supporting community participation and claim making power of communities
- supporting service delivery
- income generation and production

There is an ambivalent attitude with respect to local governance. While some NGOs and DENIVA - the network of development oriented indigenous NGOs, are supportive of decentralisation, at the same time they see dangers and problems associated with it, especially in the area of accountability and transparency.

Government has been insisting that NGOs themselves become more accountable and forthcoming. NGOs operating in an area are invited to become member of the District Development Committee but also are to report their project activities to the local government. Furthermore, they are being asked to share information on their project budgets with local government for inclusion in the district development budgets. The latter is as yet not happening on a wide scale.

Local NGOs set up and operating from within districts are often seen to be weak. Several cases of "ghost NGOs" have been reported which claim to have initiated significant community projects and subsequently ran away with donated funds.

2.6 Decentralisation and democracy

For Uganda many people consider that decentralisation is an exercise in democracy. The creation of the district councils and the substructures below LC5 are seen as extending the democratic base of society and the involvement of civic groups in more democratic public decision making. By devolving substantial decision making powers to the districts and substructures there is a wider democratic access to public institutions. Several commentators observed that in spite of limitations, problems that have emerged and the time it takes for the system to take root and come to full fruition, there are clear signs that local communities have become more assertive in the exercise of the rights. In many districts there is a greater interest and activities in taking responsibility for and management of local affairs (interview DENIVA).

In several districts local governments have begun to take action, incl. the proclamation of bye laws to deal with local problems. This also applies to substructures (LC3 and LC1). For example with regard to the acquisition of private land and to environmental problems.

Indications are that new elements will be introduced, through the 1996 Local Government Bill, which seek to increase the democratic content of the local government system. The direct election of chairpersons of districts and of mayors of municipalities, becoming political heads of the rural and urban local government system and the direct election of district councillors will further extend the democratic basis of the system.

3. Problems arising on the ongoing decentralisation processes: issues and actors

3.1 Introduction

The description of the decentralisation process, as summarised in the Annex, and the above summary of the features of local governance serves to demonstrate that Uganda has made remarkable progress in a relatively short period of time. The system has however still a number of serious problems which still may derail its higher objectives and undo progress made, if left unattended. The interviews made and literature reviewed suggest a number of problems and challenges. These will be treated under the following headings: i) local government system; ii) enhancing the roles of communities; iii) roles of NGOs and, iv) local economic development and business & producer groups.

3.2 Local government system

A number of issues are affecting the performance of the local government. These may suitably be categorised under the following 6 headings:

- i) legal and inter-governmental framework
- ii) political legitimisation and capacity
- iii) technical capacity
- iv) resource mobilisation
- v) human resource capacity
- vi) physical facilities and equipment

Legal, institutional framework

- The 1996 Local Government Bill and the ongoing restructuring of the government at national level will continue to affect the local government system. New functions are likely to be transferred to local government. At the same time the Local Finance Commission is yet to be established to make recommendations to improve local government finances and to create more clarity on the intergovernmental transfers. As these new responsibilities and revenue powers and resource transfers remain undecided while the local democratic content is raised, local discontent may rise and may create tensions or renewed alienation of the public at large and continued or growing unwillingness to pay taxes.
- In some respects one could describe the Ugandan local government system itself as politically decentralised and administratively centralised. The scarce administrative resources is concentrated at LC5 level, while the LC3s and LC1s do play significant roles in political and community decision making respectively. The specific concentration of financial resources at LC3 level is an important instrument in empowering decentralised political decision making and needs to be consolidated.

Political and civic capacity: public decision making and external accountability

- The local government system is as yet to mature, especially as regards public decision making and accountability. Several interviews point to the need to continue to educate councillors in the powers and burdens of public office. Many councillors, according to interviewed persons, continue to see public office as a source for private gain. Corruption by officials and by councillors is seen as a serious problem, which also became decentralised along the way.
- Accountability plays at several levels. On the one hand between councillors and officials. The latter are often better educated and may dismiss being accountable to uneducated councillors. The latter, being unaware of powers and responsibilities may decide to 'opt out' and leave public decision making to autocratic officials. Accountability also plays between local government bodies and their electoral constituencies. Greater civic

awareness of communities and the population at large is important to consolidate democratic gains, to raise transparency and to contain corruption.

Technical capacity

- Planning and budgeting of resources is far less developed than 'needs' planning. Especially using norms and standards for estimating recurrent and investment requirements and coping with annual and unexpected fluctuations in revenues and expenditures giving rise to cash flow problems. Multi year perspective budgets, with realistic estimates of revenues and with broad prioritisation of priority expenditure programmes don't yet exist.
- Better economic evaluation of decision making on projects, based on simplified evaluation of social costs and benefits. Key to better project decisions is better information on distribution of existing service facilities and the population they serve.
- Too little attention is paid to devising systems of service delivery, operation and maintenance that reduce the opportunities for corruption and fraud. Such systems would have to be designed to minimise problems of internal accountability and monitoring (see below).

Resource mobilisation

- There are structural constraints to greatly improve the resource available to local government via local resource mobilisation (poverty and legal and technical limits on local taxation). However, there are a range of opportunities to incrementally improve local resource mobilisation and the management of these resources. Tax administration, assessment and collection can be made more efficient, fair and effective. The issue is not developing advanced computerised systems but gradually improving overall management, supervision and monitoring of tax assessment committees, tax collectors and enforcement of tax laws. Establishing simplified tax assessment methods that are less arbitrary and easy to use. Clearly there is a need to ensure that graduated tax is progressive in nature and treats people in same income position equally. (Outcontracting of tax assessment and collection may be one option).
- Improved service delivery is considered an essential condition to improve willingness to pay taxes. This constitutes a serious dilemma in decentralisation: service delivery cannot be improved without additional resources, and these are not forthcoming unless taxpayers see that services are improved. Resources from outside the districts are critical. The latter refers to both intergovernmental transfers for decentralised and delegated services and donor funding for new basic services infrastructures.

Personal management and human resource capacity

- There is a need to improve the calibre and preparedness of local government staff. While some districts have already taken training as a priority, others consider training of staff to have low priority. In the face of mounting pressure of population to deliver services and their (growing) unwillingness to pay taxes in absence of delivery, councils opt for visible results rather than intangible and hidden benefits of raising the quality of council staff.
- Improving internal monitoring and accountability of local government departments and field staff is a key issue. While the Decentralisation Secretariat has paid considerable attention to improve personnel management of councils, there are considerable problems at this level, weakening internal accountability. Performance assessment of departments and of staff is only practised in some districts.

Physical facilities and infrastructure

- The current 39 districts were created by subdividing the pre-existing 17 districts, thereby creating considerable inter-district inequalities in availability of local government infrastructures (offices, staff housing, vehicles and equipment). A number of districts were better off from the start or have been able to make considerable improvements,

other poorer districts continue to be handicapped by poor facilities. The latter is known to have a negative effect on their ability to attract qualified staff.

3.3 Strengthening the roles of communities

The roles of communities may be strengthened in a variety of ways:

- i) the political empowerment of communities
- ii) the participation of the communities in the planning and construction of basic service facilities
- iii) community management of basic service facilities
- iv) income generation and economic empowerment of communities

Political empowerment of communities

Several commentators consider it essential for the population at large to be better informed what decentralisation in Uganda is all about and what their rights and obligations are in the new local governance. Most information and publicity campaigns have been directed at direct participants at the centre of the local government system, notably, LC5 and LC3 councillors and local civil servants. It should be mentioned that the Decentralisation Secretariat is currently running a publicity campaign in the mass media and leaflets and booklets have been prepared and distributed in vernacular languages explaining the local government system (Decentralization Secretariat, quarterly progress reports). Such campaigns are important but more may be needed especially in rural areas.

The sub-county level is becoming increasingly the focus for development activities and some see a danger of a too large distance between grassroots communities and LC3 councillors. LC3 may bureaucratise as a result.

Community participation in planning and construction of basic service facilities

There are a number of donors active in programmes that involve communities in the planning and construction of basic services infrastructure. Given the national resource constraints, government programmes directed to build new infrastructure is very limited. Most of resources of local governments are devoted to covering essential recurrent expenditures (salaries and general administration). The same applies to the transfers received from central government (the block grant). External resources are critical in expanding the infrastructural base. Donor programmes constitute the lion share in this respect.

Within this field it has become common practice to involve communities. An important motivation is to reduce the costs per project by drawing on community labour and contributions (mostly in kind). The advantages of bottom up planning is recognised in the districts as a means to mobilise resources, to ensure demand led infrastructure development and to create a greater local community ownership of created facilities.

Thus, some districts are developing infrastructure programmes based on matching of different sources of funding, namely: district resources, community resources (in labour, kind and from the graduated income tax, retained at LC3 and LC1 levels) and NGO/donor resources. Such experiences are however still incidental but have considerable potential and advantages (see below).

Community management of basic service facilities

As indicated earlier, community management of basic service facilities is well established in some sectors, notably education (PTAs and school management committees) and to an extent in health (health management units), but as yet less developed in other sectors, especially water, sanitation, roads, environmental management. This is understandable in view of the tremendous gaps in coverage of basic services.

Given the restrictions on government resource mobilisation it is quite likely that such resources continue to be concentrated at district level and would need to be linked up with community initiatives in order to ensure a reasonable standard of performance. Matching of contributions and inputs in the running, maintenance and management of facilities and services is likely to become a more important issue in the near future.

The roles of beneficiary associations or user groups is likely to become more important, not only in terms of developing these institutions but also in terms of incorporating them in the systems of service delivery. As yet insufficient attention is paid to developing such systems.

Income generation and economic empowerment of communities

There is little disagreement about the importance of the topic of income generation at local levels. Poverty alleviation may in part go via needs alleviation, but in the end has to be complemented by activities of the sphere of income generation, if only to ensure needs alleviation on a sustainable basis.

Other argue from a slightly different angle that income generation is critical for decentralisation to succeed. The enlargement of the local government's tax base depends critically on improving income and production in their respective areas, leading to further spin off in trade and services.

However, income generation and economic empowerment is taking place at a very limited scale. There are some projects of small enterprise development in a few districts and VEDCO is venturing into a programme to enhance the marketing of agricultural produce via producer groups around a community based rural development advisor. VEDCO links up with agricultural extension officers of local government.

Some argue that if claim making power of communities is enhanced via social services sectors, this would lead automatically to strengthen the capacity of the communities involved in furthering their economic development. This would seem debatable to say the least. Claim making power alone may be empty in absence of improving the productive capacities of small producer and entrepreneurs and their access to critical inputs and markets.

Programmes aimed at economic development of producers, especially in the non-agricultural sphere, do not follow the same logic of collective action as social infrastructure.

3.4 Roles of NGOs

There are quite a number of NGOs in Uganda. Some estimate there to be some 1500 - 2000 of them and the vast majority among them are indigenous NGOs. Some 400 of the latter are organised in DENIVA.

Only since recently have NGOs taken an interest in decentralisation. The problems as regards their roles may be subdivided into two categories. One concerns problems of technical and institutional capacity of the NGOs, the other concerns their specific expertise in the area of local governance.

It was beyond the scope of this short study to go into much depth on the first set of problems. Many are well known, at least superficially. The narrow resource base and dependence on external funding, the continuous struggle to finance overheads, which often are high in relation to turnover. Limited specialisation and competition for projects and funding. In the districts, the capacity of NGOs is even considered weaker than in Kampala and other towns. Often NGOs have highly professional and committed persons leading the

organisation but frequently lack sound business management (cost accounting, cost control, financial & personnel management).

The impression one gets is that NGOs play different roles as regards local development in Uganda, such as, i) delivery of basic services (esp. Churches), ii) community participation in construction (and to a lesser extent the management) of basic services infrastructures, iii) employment and income generation via empowerment of communities and user groups in production and marketing, and lastly iv) advocacy (environment, gender, democracy). The first and second are traditional domains. The third is relatively small while the fourth is often national and urban based (though sometimes also integral part of ii).

With some notable exceptions, it seems that NGOs are quite reluctant to link their programmes directly up with local government structures. Clearly, there is contact with local councils, if only to gain access to an area and be allowed to operate, but on the whole most seek to minimise their contacts and keep local political bodies out of their own decision making structures. Contacts are often limited to the administration arm of local government.

There is a certain ambivalence. Decentralisation is seen as a positive process increasing the scope for community participation and for greater democracy but at the same time there is a tendency of "local governance yes, but not in my backyard". On the one hand this is understandable. A project has a short duration but ambitious objectives, has a clear target group orientation and results have to be achieved quickly and massively, and therefore the least of interference will allow the project staff to reach objectives and target groups with a minimum of delays. The greater the dependence on local governance structure the less a project is able to control and manage the process. On the other hand there are doubts as to whether this is a wise course of action. If one is to achieve a greater claim making power of the communities, then this must take place as much as possible under real conditions. Claim making power has to be developed under conditions of imperfect democracy which will return as soon as a protective project umbrella is lifted. Communities and their leaders must deal with learn to cope with conflicts of interest, nepotism and elitist behaviour of councillors and senior officials and be given the instruments to do so.

Projects that are concentrated in a few parishes or villages inevitably generate conflict with those that not getting access to resources. Basic service infrastructure projects are taking place in the investment sphere but do generate future recurrent expenditures. The political bodies responsible for recurrent budgets have to ensure sustainability of project results and hence have to be part of decision making to safeguard long term sustainability.

There is clearly a trade off between obtaining quick and well targeted results via a project set up but with higher risks of longer term failure and greater incorporation in existing governance structures, which involves more time with less accurate targeting of beneficiaries but with better overall chances of sustainability.

The reluctance of NGOs to take part in public local governance structures is argued in part on the ground that they may be exposed to corruption and political manipulation. For example, NGOs do often not want to reveal their project budgets. One reason may be the lack of transparency on the part of the NGOs themselves, unwilling to show their actual cost and cost structures. Another is the pressure they may become subjected to contribute/subsidise local government budgets (fuel, transport, training). In this context DENIVA suggested that information on projects could be made available via local NGO associations in a consolidated fashion thereby not revealing the individual NGOs. Several observations could be placed here. Firstly, it is difficult to remain anonymous in a local context. The local situation, involving small numbers of players and stakeholders, makes it fairly rapidly known which NGO is behind what project, certainly in rural areas. Secondly, not the entire project budget needs to be known, but rather the local investment budget for basic services infrastructure.

While it is true that local political leaders may create difficulties to local community facilitators, they also may become their greatest allies once their collaboration and backing has been achieved.

NGOs have considerable opportunity to contribute to strengthening the civic competencies of local communities and local government substructures by operating through these structures and to train councillors and communities in a learning by doing fashion in the civic roles, creating greater awareness and knowledge about the functioning of the LG system, their rights and responsibilities, the roles and limitations of local government. Yet, very few NGOs have on started initiatives in this area.

Advocacy for good local governance by civic education, exposing corruption and fraud, by lobbying on behalf of community interests have yet to be taken up by NGOs in Uganda.

Traditionally NGOs have expertise in particular areas, health, education, community based construction, but there is little effort to link up with government practices and procedures.

3.5 Local economic development & business groups

With regard to local economic development several aspects may be distinguished:

- i) direct income and employment generation
- ii) stimulating the formation of local business interest association (BIAs), and
- iii) creating a conducive environment for local economic development

As indicated above, relatively little attention has been paid to local economic development in the decentralisation policy. Local governments themselves, with some notable exceptions, NGOs and donor programmes have little to show in this field.

The dominant component in non-agricultural enterprise programmes is credit. One important example here is the Uganda Women Finance & Credit Trust.

Other important aspects, such as incremental product and production improvements, technical & entrepreneurial skills, marketing and general business advice have so far received much less attention.

Stimulating the formation of BIAs is equally a relatively underdeveloped field. VEDCO is a clear and notable but as yet untested exception. As part of its programmes it seeks to stimulate the formation of producer groups and associations of producer groups to strengthen their market power and bargaining position vis a vis traders and retailers and to achieve economies of scale in warehousing, transport and marketing information.

With regard to the third issue, several type of activities may be distinguished:

- a) regulatory environment
- b) infrastructure services
- c) business support services

Regulatory environment

The extent of local de-regulation could not be ascertained by the mission. The formal sector is extremely small in Uganda: 90% of non-agricultural activities are being conducted by informal enterprises. This would suggest that formal sector regulation inhibiting the growth and graduation of informal enterprises would be less of an issue in this country.

Infrastructure services

Important here are: electricity, roads, availability of (small) commercial and industrial plots, public markets, housing. Time was too short to inventorise this area. The few relevant interviews stressed that lack of attention to these services.

Business support services

Districts seem to have little experience with business support services (business advisory centres, small enterprise zones for trading and for manufacturing with small plots serviced with utilities and public security; trade fairs, agricultural shows, "town marketing", warehousing, etc.). The only very incipient development of BIAs partly explains why there have been so few activities in this area.

If asked, several interviewed mentioned incentives to attract business investment as one instrument to stimulate local economic development. Experiences from elsewhere suggest however that investment and tax incentives have little effect if replicated by other local authorities, causing tax competition and an overall reduction of effectiveness. Such proposals should not be recommended.

Each district normally has a Production Department, which includes a typically the district extension services (crop, veterinary and natural resources) and a commercial services branch. However this department is often understaffed in extension services, while the commercial services are limited to 'old' co-operative development officers.

4 Strengthening local governance: issues in capacity building

4.1 Issues

In general terms several aspects may be distinguished with regard to capacity building:

- i) institutional capacity (including regulatory frameworks, roles and responsibilities)
- ii) financial capacity
- iii) human resources capacity
- iv) physical capacity and equipment

Below we will try to consider each aspect when examining each of the principal actors in local governance.

4.2 Local government

Strengthening institutional capacity

In this area there would seem a number of areas that need to be attended to:

- Intergovernmental relations: especially as regards the division of responsibilities between the sector ministries and local government. Some sector ministries are back-peddling in the face of the financial and staffing consequences. One example is the uncertainty surrounding the new education bill. Roads is another case where division of responsibilities is as yet unclear. The new local government bill gives a new schedule of responsibilities but this needs to be followed up, when approved by parliament, in concrete and operational terms. Intergovernmental relationships are likely to remain in some state of flux. This in itself is inherent in a decentralisation process which in part proceeds on a trail and error basis.
- A related issue concerns the intergovernmental fiscal relationships, especially with regard to intergovernmental transfers to local governments. A national Local Finance Commission has been set up to define the new regime of unconditional (block) grants, conditional grants (for delegated services) and equalisation grants (in aid of disadvantaged districts) but as yet no concrete proposals have been made.
- Relations between districts and substructures appears to be undergoing further changes. The subcounty (LC3) seems to become the central level focusing on development programmes. It is also at this level where 65% of graduated tax will remain.
- Raising internal and external accountability of local government is a central concern that needs to be addressed. Several institutions are in place, such as internal audit offices, district accounts committees, auditor general, and since recently national parliament is considering district public accounts committees. But capacity on the ground is as yet limited.
- While there is broad agreement among those interviewed that the creation of the new local government structures is extending the democratic basis of the country, at the same time there seem to be a certain wariness about the possible emergence of "big local government" which itself is taken on many responsibilities, crowding out community and private initiatives and failing in efficient and effective service delivery. It should be added that the local government system itself is rather modest and has not yet acquired large functional departments (works, health, education, social welfare, etc.).
- The development and institutionalisation of new forms of service delivery, especially outsourcing of services by communities, beneficiary associations, intermediary organisations and private sector is as yet not regulated and could significantly contribute to keep local government small, effective and accountable.
- Greater responsiveness to issues of and concern for local economic development is needed to address income and employment creation and to strengthen the fiscal base of local government

Financial capacity

Many commentators have stressed the critical nature of this issue. Without improving the financial management and resource mobilisation capacity of local governments there is a real danger that the high expectations of decentralisation may not be met. Particular issues are:

- Tax administration, especially raising the efficiency of tax collection and monitoring of substructures
- Tax assessment methods especially as regards tax equality and progression
- accounting and audit
- Strengthening planning and budgeting systems and their transparency, with less emphasis on comprehensive needs planning and more on operationalisation
- Improving financial management capacity, more accurate forecasting of expected revenues.
- Reducing the peakloading in financial flows and better communication between central and local government with regard to cost increasing measures (e.g. announcement of salary increases!)

Human resource capacity

- Nebbi district is an example where the district administration has developed management systems using workplans and monitoring of work performance of departments and officers, however there are many districts where the scarce resources are not effectively utilised. It is important to stress that in Uganda one has not scared away from making non-performing staff redundant, but general and personnel management improvement can greatly improve deployment of staff
- Training is not anymore a national responsibility. While this may have to be reconsidered in the future, districts must be encouraged to improve the capacity of their staff. As indicated earlier this is not always a local priority.
- During interviews the following areas were mentioned: planning and budgeting; technical expertise in selected areas (water, roads and construction engineering) and often at intermediate levels; management and monitoring of outcontracting of services; economic analysis in the area of projects, taxation, business development.
- The above points refer in particular to the civil servants, but it should be added that also councillors are in need of training, especially in the area of competencies of public office, planning and budgeting, monitoring and evaluation, project selection, new forms of outcontracting. Several interviewed persons referred to the problem that educated administrative staff is to be held accountable to "uneducated" councillors. Strengthening the capacity of councillors to deal with such situation would be a relevant matter in this respect.

Physical installations and equipment

As a result of the creation of 39 districts out of previously existing 17 and the ravages of internal war, many districts lack adequate plant, equipment, service facilities and housing for staff. The latter is particularly important for attracting qualified staff.

4.3 Communities

One of the distinguishing features of the decentralisation process in Uganda is the involvement of community substructures as part of the local government system. In spite of the advances, several important issues were raised during interviews.

institutional capacity

- The relationships between district and substructures is in need of further clarification, especially as regards community or substructure involvement in district level planning and the ownership of basic services.

- Regulating the roles and powers of communities in external accountability may be one of the important instruments for raising transparency and accountability. In some countries, communities have been empowered to perform external accountability responsibilities (so-called watchdog or vigilance committees, which monitor the implementation of investment projects and the running of basic services in their respective areas). Such watchdog committees have direct access to district audit officers to report any irregularities.
- Regulating the roles and powers of user associations and other forms of community based management of basic services and their relationships with the district administration and substructure bodies would enhance their capacity, and would empower these bodies to act in the local public interest.

Financial capacity

- It is important to stress in this context that substructures (notably LC3 and LC1) play a role in the assessment and collection of graduated income tax and are entitled to retain the major part (65%) of that revenue. It is important however to gradually improve tax administration and the functioning of tax assessment committees, the tax collection process and monitoring of tax revenues
- A key factor that often leads to a depreciation of the importance of community contributions is the fact that these contributions are not valued in monetary terms. Consequently all community efforts (overhead organisation as well as direct labour time contributions) are frequently underestimated. For the purpose of district development budgets it would be relevant to develop basic rules of thumb and standards to "value" community contributions. The Nebbi District micro project plans do explicitly recognise community contributions, but methodologies for the appraisal are not made explicit. Furthermore they should be uniformly applied across districts.

Human resources capacity

Improving the human resource capacity within communities has several important aspects.

- Firstly, the trade off between constructing community based infrastructures and imparting technical skills. Often the former is given priority as the latter is more costly in time and in preparation. However, providing community members with sufficiently developed skills in construction and other community management skills enhances their long term capacities.
- Within this context it is important to distinguish between community skills (organisation, planning, monitoring & evaluation) and privately held technical skills given to benefit community works. The latter have subsequent private application and spin off. In several countries NGOs are making this distinction to the effect that private skills are not provided free of charge.
- A second important issue concerns civic education of communities in the basic rules of the game of local government and democratic rights, as well as the regulations concerning rights and obligations concerning community based construction and management of basic services. The ownership question need not only be asked in a sociological sense but in a legal and a contractual sense. Often communities are left in the dark as to the ultimate consequences of their involvement.

4.4 NGOs

Several commentators have high expectations as regards the potential roles of NGOs in strengthening local governance. At the same time the weaknesses are appreciated. It would seem that there are several areas in which the capacity of NGOs need to be improved.

Institutional capacity

- While NGOs are invited to be member of the District Development Committee, to have a voice in its affairs and contribute information concerning its own projects, NGOs have

expressed doubts about this arrangement. Their principal concern is to safeguard their independence and autonomy vis a vis government.

- In the context of new modes of delivery of basic services new forms of NGOs will emerge, such as user groups, beneficiary associations, business interest associations. Their statutory responsibilities and powers need to be carefully regulated also in relation to local government and other service providers.
- Partnerships between government, communities and NGOs are already common in the construction of basic services infrastructures. An adequate legal basis seems to be lacking in the area of planning, implementation and asset ownership.
- Several persons raised doubts about the institutional capacity of many NGOs. The majority lack a proper constituency, are not membership organisations but intermediary ones, dependent often on a narrow, even if committed, leadership. Registration would seem one aspect of improving accountability and transparency, but much depends in particular on the policies and attitudes of the NGOs themselves.

Financial capacity

- Resources are limited and many NGOs are said to be in need of better financial management (incl. proper costing of their activities)
- Interest organisations, like DENIVA, can assist in self regulation and improve the financial capacity of its affiliated members.
- Local NGOs in the districts are less known to international funders and often operate under precarious financial conditions. Decentralised co-operation can help remediate this to some extent, just as the contribution by umbrella associations such as DENIVA. Nevertheless there are bound to be considerable inter-district differences in the capacities of local NGOs.

Human resource capacity

- NGOs are said to have several general management weakness and SNV is currently working already to assist NGOs in repairing these (esp. In the area of financial and project management)
- NGOs have a clear advantage in mobilising communities, but the methods employed and structures erected are sometimes across purposes with local government. Better preparation of NGOs in decentralisation and local governance would ease the way.
- A similar point may be made with regard to institutional models and methods of community based management of basic services. Rather than re-inventing the wheel, sharing and diffusion of international experiences would improve their capacities.
- NGOs would similarly have a comparative advantage in civic education of communities but current projects are not much used to instil such education other than in those areas immediately relevant for the project concerned.
- Local NGOs may be ill-equipped and ill placed, for extensive advocacy work. They may lack the expertise and local political environment may be too difficult. National NGOs would have a better capacity. In the area of local governance no NGO has yet claimed substantial expertise.

4.5 Private sector development

In agriculture, the degree of self organisation is relatively low in Uganda, except for export crops like coffee. The extension service which is now provided through the districts is the principal channel for support. The technical capacity of the extension services could not be assessed in the short period of the study. There appear to be few alternatives, with the possible exception of VEDCO.

Self organisation for indigenous private sector development appears to be very limited, as 90% of the non-agricultural enterprises are informal. The Ugandan Manufacturers

Association has a small membership but has been quite vocal in advancing collective interests (e.g. in relation to VAT).

Experience suggests that the (self establishment) of business interest organisations mostly emerges in the towns, rather than in rural areas.

Currently there are very few business support services that cater for demands at the bottom end of this market and/or that are development oriented (i.e. non-profit)

It would seem that there is considerable scope for capacity building for Business Interest Associations in the small enterprise sector, and there are few organisations active. In agriculture one could consider schemes which would link up indigenous farmers to commercial associations. Institutional development would however require considerable preparatory work before capacity building would become effective.

5. Challenges to SNV

5.1 Issues

In the previous sections we have examined ongoing process of and trends in decentralization and we have tried to identify principal problems and bottlenecks. Informed by our own analysis and by comments made by the interviewed persons, we have reviewed needs for capacity building. The question yet to be answered is to identify strategic options and choices for SNV in relation to these demands for capacity building. The latter is again informed by three sources. One is based on our own (limited) knowledge as to the strengths and weaknesses of SNV and its distinctive competencies. A second source is our own accumulated experiences in researching and advising on local governance. The third source is a direct question posed to main stakeholders in Uganda as to what they thought would be issues they thought SNV could address based on their own analysis of what the main capacity problems are and on their own knowledge of SNV. It should be added immediately that this study is not one aiming to identify and/or quantify the demand for the services of SNV. It is an explorative study only and serves to assist SNV in making strategic choices. More detailed demand studies could very well be a sequel to this report.

The framework adopted in this study has identified a set of actual and potential clients of SNV, namely, i) government (central government, sectoral ministries, MLG, and local councils); ii) communities (territorial, subgroups) iii) indigenous business sector; and iv) NGOs.

The challenges for SNV are discussed in two stages. First, we try to determine the relative importance of the various client groups. Then, secondly, we will identify choices in terms of technical assistance and capacity building for each of these clients.

- Currently the SNV programme is primarily oriented towards communities. The CAP programmes in West Nile Districts constitute the backbone of the programme.
- On the basis of the above analysis, the Mission would submit that **local government** deserves to become more important as a SNV client. Linking up and integrating community oriented programmes with the local council structures, at village, subcounty and district level, could yield important potential gains in terms of sustainability of results after development project completion.
- **Communities** are the principal client of SNV. Given the large needs for construction of basic services facilities, this is probably a good choice. Given the ongoing attempts to formulate policies on decentralization towards user groups and beneficiary associations, there is a potential demand for development/design of systems of community based co-management of basic services. SNV could very well placed to begin to experiment in this area, using its own (inter)national experiences and the ongoing projects as pilots. the latter could be done in cooperation with local councils (esp. LC5).
- For purposes of proper future insertion of such systems within the regulatory frameworks of the corresponding sector, it would be crucial for SNV to liaise with the **sector ministry** concerned in order to ensure future nation wide replication .
- It would seem that **NGOs** are playing a minor role in local governance processes in Uganda. Furthermore, it may be concluded that there would seem to be insufficient base as yet to concentrate specific TA activities on NGOs activities on local governance processes. There is some direct and general technical assistance to NGOs, especially in the area of advice on business management. It would be relevant to examine whether this general management advice could be extended to intermediary NGOs in the districts. (Could other country programmes learn from this experience?).

- **Business interest associations** are as yet poorly developed in Uganda. SNV would be advised to monitor closely developments in this area and examine ways and means by which the formation of such associations can be supported

5.2 Local Government

In chapters 3 and 4 we have examined the problems local governments face in strengthening their capability. One is at a general level the management capacity both on the part of the senior officials and among councillors.

At a more specialised level, and taking into account the experiences gained by SNV it would seem to be well suited to assist in:

- linking up/integrating district and subdistrict planning methods and community participation.
- assist in integrating budget and planning processes. The latter would improve the capacity of the districts to manage their resource allocation processes better and to incorporate matching of district, community, NGO and other external resources in an expanded version of the District Development Budget.
- A third specialised area would constitute tax administration. Here several aspects may be distinguished. One is strengthening the tax administration system (improve monitoring, accounting, regulation of roles of LC3, tax assessment cte's, appeal procedures, etc) and another would be to assist in improving tax assessment methods.
- A fourth area would concern external accountability, especially reviewing and presenting different institutional and operational modalities of external accountability and the role different local bodies can play in these.

Last but not least, there are a number of districts that have made exceptionally good progress in developing new approaches to local government management and to local governance. Nebbi District is one of these. SNV could play a useful role in facilitating the wider diffusion of and debate on these innovative practices in the country by organizing seminars, workshops and field days.

5.3 Communities

With regard to communities, several aspects may be identified. Firstly, the roles of local government substructures (LC1 and LC3). Secondly, community groups in relation to basic services and thirdly with regard to employment and income generation. The last one mentioned will be treated under section 5.5.

Given the development of local governance in the country, SNV would be strongly advised to assist in strengthening the roles of the substructures rather than to continue its current practice to work with communities as parallel independent bodies and unrelated to local government and governance.

Capacity building in community organization skills, bottom up participatory planning, monitoring and evaluation systems, project planning and management would be priority areas.

With regard to community based basic services construction there would seem to be scope for consolidating community expertise on technical designs, micro-project costing and PMES.

Co-management of basic services is an area that is very likely to become prominent in the near future. SNV Uganda and Head Office would be well advised to begin exploring alternative institutional designs (legal and organizational) and methods of co-management.

5.4 NGOs

In comparison to other countries, SNV-Uganda has made considerable progress to a more systemic approach to NGO support, focusing on enhancing their management capacity (general and financial management, personnel, costing and contracts). It would be desirable for SNV to continue exploring ways and means to strengthen NGO capacity. It would be of interest to the other countries in the Region to learn from SNV Uganda experiences.

As regards local governance, the Mission has reservations about the effective demand for SNV TA services in this area of expertise. More study may be needed to assess demand. Since many NGOs in Uganda work with communities, SNV might be able to play a role as trainer of trainer in bottom up participatory planning so as to convince and enable other NGOs undertake their community work in the context of enhancing local governance.

5.5 Indigenous private sector development

Three areas of concern have been raised in this report with regard to indigenous private sector development. The first is employment and income generation. The second is supporting the formation of business interest associations, and the third is promoting local economic development.

One of the main contentions of the Mission is that efforts to alleviate poverty must be complemented by employment and income generation if poverty alleviation is to become sustainable. It should also be recognised that efforts of employment and income generation should not be addressed to general territorially defined community based organizations. After all, employment and income generation is directed towards private asset formation (financial, human, institutional). Although there may be some collective action to produce collective goods/services, these are generally quite distinct from basic service facilities such as water supplies, primary education, primary health etc., which are to benefit the community at large. Thus, employment and income generation cannot be easily subsumed under projects which aim at the construction of the latter type.

With regard to employment and income generation, SNV could investigate if there is scope and opportunity to develop new innovative schemes with domestic and international organizations in different aspects of enterprise development (credit, product and process development within particular sectors, entrepreneurship, and skill formation).

In contrast to other countries, the degree of organization of the private (incl. informal) sector in Uganda is relatively low. Although there would be a need for the development of business interest associations to enable indigenous firms to internalize some of the opportunities of the de-regulation and liberalization of the economy, it would need additional study to determine to what extent and in what ways SNV could play a role in this.

Finally, with regard to local economic development, SNV could provide technical assistance either to individual districts and municipal governments or to their national associations to improve the local business environment (via local regulation, business promotion services and infrastructural development).

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