



The Effects of Privatisation Policy on Markets Performance in Uganda: A Case Study of St. Balikuddembe Market

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Dedication

This piece of work is dedicated to my beloved father Lt.Col Dr. Christopher Kaija and my sweet grandmother Margaret Atwooki Kabakidi.

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Abstract

This research explores the effects of privatization policy on performance of St. Balikuddembe market in Uganda; notably the paper considers three main aspects as the guiding principles in the privatisation process of the market. These principles entail; an open and democratic tendering process, adherence to effective institutional frameworks and lastly effective service delivery. Despite the privatization objective of promoting efficiency and effective service delivery, the analysis indicates various hitches that were encountered as a result of irregularities in the tendering process. The study links the stated irregularities with limited yet weak institutional frameworks lacking operational guidelines to re-enforce quality services by the private contractors of St. Balikuddembe. The study portrays different opinions among the market stakeholders (Kampala Capital City Authority, Private entities and the market vendors) thus suggesting for an institutionalization process that would set clear mandates and functions for the relevant actors to perform their duties effectively.

List of Acronyms

CPI	Corruption Perception Index
DRC	Democratic Republic of Congo
ET	Equator Touring
FGD	Focus Group Discussion
IGG	Inspector General of Government
KCC	Kampala City Council
KCCA	Kampala Capital City Authority
NRA	National Resistance Army
NVA	Nakivubo Vendors Association
OTT	Owino Traders and Transporters
SSLOA	St. Balikuddembe Market Stalls, Space and Lockup Shops Owners Association Limited
TI	Transparency International

Key Words:

Privatization, contracting and regulation, Institutional capacity, Effective service delivery, Market vendors, Private entities and Kampala Capital City Authority (KCCA).

Chapter 1: Research Background

1.1 Introduction

Historically privatization ideologies started in the United Kingdom during the 1980s and in the last decade of the previous century spread all around Europe and in many other countries (Beghetto 2008). Privatization may be defined as ‘the transfer of a function, activity, or organization from the public to the private sector. It may also mean the process of reducing the role of the government while increasing that of the private sector in activities or asset ownership. It may as well embrace divestiture– the replacement of budgeted public activity by private market mechanisms, consumer co-operatives, co-production, state management contracts and user charges’ (Murisa 2008:125). The overall aim of privatization has been perceived as a way of cutting government expenditure at the same time increasing competition between many actors thus avoiding monopoly by government ownership (Murisa 2008).

It was on this background that the Uganda government joined the 1990s privatization bandwagon to privatize markets in Kampala city with an ultimate aim of improving efficiency and effectiveness in the market operations. Based on this understanding this study sought to explore the effects of the process so as to create new knowledge for future similar initiatives.

1.2 Situational analysis

1.2.1 Understanding Privatization

With the enactment of the structural adjustment policies championed by the World Bank and IMF in 1990s, privatization and divestiture of former public enterprises were promoted as the “best” tools for economic reform and development particularly in developing countries. This was on argument that with privatization, governments concentrate on policy making and regulation, while private sectors focus on business and project implementation, in this way, privatization theorists and experts argued that the policy would accrue greater efficiency and effectiveness in service delivery. Additionally, the proponents of privatization claimed that governments could benefit from the policy through revenue collection after sale of public goods like telecommunication, rails and banks. It is also believed that governments would save themselves a huge burden of financing deficits in these enterprises in case of fiscal instabilities as it is the case for most nationalized enterprises (Bos 1997). Since its inception in 1990s privatization has undergone a transition process of moving away from the communist model of centrally planned economies to decentralized market based economies.

Despite the fact that privatization has been a global campaign by the west and more precisely World Bank and IMF, the same ideology has not been actively implemented in the western countries, to some extent and in my personal point of view this is a total contradiction in a sense that such a philosophy originated from the west and was instead imposed to the south. I am not against the privatization policy but I believe it could have

been better to study the local social economic factors in developing countries before imposing the idea. This is because many privatization interventions have failed to achieve their intended objectives in different parts of the developing world. For instance in Uganda, the privatization of Sheraton hotel failed due to lack of transparent tendering processes, accordingly studying the social economic terrains could have helped the government of Uganda to pass legislations that address corruption irregularities in tendering processes thus minimizing privatization challenges.

Notwithstanding the above challenges, developing countries also lack sufficient information and facts about the actual property value hence under estimating or overestimating its worthiness something that could lead to inappropriate bidding processes. The above stated information gaps are reinforced by Bunell (1997) who argues that privatization in developing countries is based on incomprehensive data that makes the tendering and general privatization process a difficult exercise. Moreover, some countries privatize as a formality to satisfy the interests of the public sector without adequately assessing the benefits that may come along with the transition, this lack of assessment may contribute to negative effects of privatization. In spite of the claims by both national governments and Breton woods institutions to privatize in order to promote effectiveness within the public sector, it still remains difficult to quantify the public sector ineffectiveness (Stewart and Walsh 1992), this has been witnessed in situations where some governments privatize without in actual sense justifying the ineffectiveness within the public sector.

1.2.2 Privatization: Uganda's Experience

Considering that privatization originated from the west and was meant to reduce government expenditure, on the other hand it aimed at paying debts owed to the North by the South through increased efficiency created by the privatized entities (Murisa 2005). In line with the above argument the government of Uganda like any other developing country anxiously undertook the privatization policy in order to cut its deficits. From around the period of 1991 the then National Resistance Army (NRA) government embraced the privatization of public enterprises and the process continued, this embracement aimed at regaining the country's economic status that had almost collapsed due to the political instability. The stated instability was contributed by the long period of political turmoil that the country had undergone as result of the rebel group led by Joseph Kony that left Uganda in a mess of systems and structures (Murisa 2005), the government thus perceived privatization as a crucial approach in stabilizing the situation.

Despite the challenges stated above on political instability some scholars have cited the lack of trained experts as another factor that triggered the privatization process in Uganda, precisely the government lacked competent personnel that could transform the economy to the next level. Mentioning a few but not limited to; these technical personnel included accountants, economists, legal experts, financial analysts and managers, this situation led to hiring of foreign nationals to perform the same duties. It is imperative to note that hiring of foreign experts had some cost implications that were catered by government through tax payers' money meaning that even if privatization was to achieve its intended profits the cost of technical personnel was factored in the profit margin. On

this note, I believe the government could have focused on the local skills development rather than hiring foreign experts who were relatively expensive as compared to local personnel (Oketcho 2006). This argument does not dismiss hiring of foreign experts in totality but rather treats it as a supplement in case of areas that need specific technical skills which cannot be accessed locally. Much as one of the claimed objectives of the privatization process was to empower citizens as well as increase their participation in the economy, few Ugandans or companies if any had the capacity and the resources to purchase these enterprises. As such, almost all the enterprises were bought by individuals and companies from the developed countries that came along with their experts to manage them (Murisa 2005).

According to Kibikyo (2008) privatization in Uganda was both a success and a failure depending on the criteria one uses to measure the outcome of the practice. For example if one uses the criteria of 'de-linking central government subsidies from the enterprises then privatization is believed to have been a success. Secondly if profitability to the privatized enterprises is used as another assessment criterion, then privatization is viewed to have been a failure because the profitability of industrial companies declined after privatization while that of service enterprises remained the same even after the transfer. Another measure of the outcome of the process is the better working conditions for the employees, if this criterion is to be used, then privatization would be regarded to have been ineffective because several indigenous employees lost their jobs in the restructuring process with meager terminal benefits, though a few who were absorbed by the new management got better salaries and improved their working conditions. Lastly, and considering that majority of the labor force lost their jobs one can infer that the privatization intervention was unsuccessful.

It is imperative to note that the privatization process in Uganda experienced implementation challenges due to limited transparency, high level of corruption, patronage and political interference thus derailing the achievement of the policy objectives. This (political interference) as cited in the privatization of Uganda Sheraton Hotel was witnessed when politicians and their affiliates close to state power connived to take the enterprise for free in return of getting kickbacks from the prospective enterprise buyers.

Even though there have been corruption allegations in almost every privatized enterprise in Uganda, I will single out the privatization of Sheraton hotel as unsuccessful due to the fact that it ended up in controversy between the bidders as a result of tendering malpractices.

On the same note, the hotel was floated for privatization that saw Karim and MIDROC companies submitting their bids, consequently Karim coming out as the highest bidder with \$21 million against MIDROC's \$19 million. Based on the highest bidder standards, Karim was awarded the offer something that did not satisfy the competitor (MIDROC). The latter justified his complaints by stating that the bidding process was not transparent due to irregularities in tendering the hotel, after investigations by the Inspector General of Government (IGG) the contract to Karim was cancelled awarding the tender to MIDROC (Karim's competitor). Further investigations by the parliamentary committee in 1998 concluded that the above allegations were true given the fact that two

ministers including the Minister for Justice, the Minister for privatization and other close allies to the president's family were involved in the malicious tendering process of Sheraton Hotel (Murisa 2005:30).

1.2.3 Privatization of Kampala Markets

As far as market clusters are concerned, Uganda has got different types of markets, most of which are in urban centers. These include; super markets, roadside markets, open public markets, mobile markets, street vending, built/sheltered markets, car boot sales and many others, some of which are formal while others are informal (The Uganda Law Reform Commission and Ministry of Local Government).

It is not unusual for one to ask why privatization of markets was highly pronounced in Kampala as compared to other cities. Objectively, Kampala is the capital city of Uganda with relatively good infrastructural facilities; the city also hosts several international organizations and government office headquarters implying that it has a high potential revenue collection base thus creating a high demand for the private bidders. Besides Kampala is a cosmopolitan city drawing traders across the country and the neighboring countries like Kenya, Tanzania, Sudan, Democratic Republic of Congo (DRC) and Rwanda.

Like any other public enterprises, markets in Kampala City have been privatized and renationalized in a manner that left the involved parties for instance; vendors, local government authorities and private contractors engaging in conflicts of interest whereby each of them claimed to be the most competent in the management of the market facilities. It is a situation that for long has led to confusion and delays in the market operations affecting the livelihoods of the ordinary vendors who are the primary beneficiaries.

In line with the above discussion, the Uganda law reform commission in its report of the review of the markets Act observed that;

‘Most markets in Uganda have been centers of controversy arising out of mismanagement of market facilities by the local governments, private investors and market vendors’ associations. Specifically in Kampala city, management of markets has been characterized by intrigue and divisions which to some extent led to adverse effects to market vendors, stating a few of these effects include; loss of employment among the vendors, especially women, youths and persons with Disabilities’ (The Uganda Law Reform Commission and Ministry of Local Government 2013:11).

Previously, some markets in Kampala were managed by vendors’ associations and at the same time Kampala City Council- KCC, (which is now Kampala Capital City Authority-KCCA after restructuring in 2010), however with the intensification of the privatization process, management of these trading places shifted to private entities. The reasons behind market privatization included; increased efficiency and transparent revenue collection thus reducing state expenditures and performance loopholes. Moreover the effort to conduct a democratic tendering process was affected by the bidding standards that required vendors’ associations to have formally registered VATs something that they

could not afford. Due to the above stated formalities vendors' associations were not in a position to compete and win the tenders (Lindell and Appelblad 2009). The same scholars have argued that, market privatization in Kampala city did not follow the required modalities for contracting rather the process was conducted without consulting all the relevant actors and stakeholders hence creating confusion and uncertainty among the market occupants. Notably, this research focuses on a case study of St. Balikuddembe market which is an open market accommodating an average of 50,000 vendors in Kampala city.

1.3 Background and Development of St. Balikuddembe Market.

St. Balikuddembe market was established in 1971 with 320 vendors that were transferred from Nakasero market both located in Kampala city. Formally it was named as Municipal market but later changed to the famous Owino market in honor of an elderly man who was its pioneer in the early 1970s. It is the biggest market in Uganda and East Africa at large with an average population of 50,000 vendors. It is important to note that 70% of the traders in this market are women indicating that females are the majority of market vendors (Ernst and Young 2011). Ideally is not possible to justify the reason as to why women are the majority in St. Balikuddembe, but based on the African culture, females mostly engage in low income activities while the male counterparts participate mostly in white collar jobs. This market has a high revenue potential generating an average annual income of US\$1,350,135,000 equivalent to USD.540,054, this is an indicator that St. Balikuddembe is a strong revenue resource base for the Kampala city dwellers at large.¹

St. Balikuddembe market commenced by engaging in whole sale supplies to the neighborhood trading places, however it has expanded its product scope in the sense that it deals with variety of commodities ranging from food stuff, clothes, shoes, cosmetics, traditional herbs, crafts, kitchen ware, plastic products, hardware among others. By the year 2011, St. Balikuddembe comprised of 838 shops, 6000 stalls and 2500 registered space for the vendors (Ernst and Young 2011).The market is currently owned by St. Balikuddembe Market Stalls, Space and Lockup Shops Owners Association Limited (SSLOA).

1.3.1 Generalizations on Vendors at St. Balikuddembe Market.

Most of the vendors at St. Balikuddembe are women together with few men and children, these traders engage in a variety of activities that entail both wholesale and retail business transactions. There are several reasons as to why these traders have opted for market vending as their main source of livelihood, among these include; unemployment and breakage of marriages leaving especially women with no other option but to transact cheaper business in the market. It goes without saying that the male vendors engage in bigger sized businesses that require relatively larger capital thus accumulating more profits as compared to the female counterparts.

¹ This information was obtained through an interview with a key informant at KCCA.

1.4 Institutional and Policy Frameworks Governing Markets Operation in Uganda

In order to understand the effects of privatization process on St. Balikuddembe market, it is crucial to be aware of the institutional and policy frameworks guiding the market operations in Uganda. This awareness provides the study with clear benchmarks to compare the ideal situation with the actual status. Precisely, the Markets Act formulated in 1942 is the principle law under which markets in Uganda are established. Among some of the “current” implementing legislations include, the markets rules, S.I 94-1’ (The Uganda Law Reform Commission and Ministry of Local Government 2013: 15).

Besides the Markets Acts, there are also other laws that complement the establishment and management of the market operations in Uganda, these laws include; Public health management, physical planning, decentralization, land use, environment management, standardization and procurement. It is worth to note that; all the above laws operate under different dockets and mandates by different implementers (The Uganda Law Reform Commission and Ministry of Local Government 2013:15).The Markets Acts stipulates that control and ownership of trading places should be run by the local authorities, even then, this is a situation that locks out some stakeholders like market vendors from participation. In my personal point of view I want to believe that this is against the basic tenets of democracy that calls for active participation and fairness by all.

The 1995 Ugandan constitution through its decentralization policies empowered the local governments to take charge in the management of the local markets with an overall aim of improving effectiveness and efficiency in the market systems (The Uganda Law Reform Commission and Ministry of Local Government 2013), the same constitution abolished land leases to the urban authorities, something that further triggered the shift of most markets in the city to private ownership. This condition left Urban Councils with limited options of land ownership forcing them (Urban Councils) to purchase market places at a cost above standard prices due to the demand versus supply factors. As stipulated by the constitution on land ownership, the Kampala Urban Council was left in an undecided situation of whether to withdraw their interest in market ownership and management or rather engage in duty sharing with the private entities. (The Uganda Law Reform Commission and Ministry of Local Government 2013:16).

In addition to the institutional and policy framework efforts, the government of Uganda through the presidential directive in 2008 sought to empower vendors to get involved in the market administration and management, however the directive was not implemented due to the fact that it was not translated to legal provisions making it difficult to be enforced to empower the vendors to participate in market administration. (The Uganda Law Reform Commission and Ministry of Local Government 2013:17).

1.5 Motivation and Relevance

This study was motivated by the zest to understand the real effects of privatization on the performance of St. Balikuddembe market and specifically the contributing factors that led to disputes between the vendors and private entities. While trying to explore the effects of privatization, the researcher aimed at coming up with potential mitigating strategies thus creating a policy plat form for the betterment of the entire market systems and structures in Uganda. The study focus was inspired by the fact that St. Balikuddembe market was majorly affected by the privatization process. Considering that the market is the biggest in the city with the highest revenue collection base, it created a high demand among the private bidders. As another motivating factor, the researcher intended to share the findings with the likeminded institutions for their insights and improved policy implementation.

1.6. Research Objective

This research aimed at exploring in detail the effects of privatization policy on performance of St. Balikuddembe market. In order to understand the fine details, the researcher conducted a case study in the above mentioned market which hosts a bigger number of traders as compared to other markets within the city. The market was specifically targeted because it is located at the heart of Uganda capital city thus attracting diverse clients. Generally, the researcher intended to come up with the reality concerning the effects of privatization thus using the study findings and recommendations as the basis for future similar policy interventions.

1.6 Specific Objectives

1. To examine the modalities used in the contracting process of St. Balikuddembe market.
2. To explore the policies and institutional frameworks governing St. Balikuddembe Market.
3. To assess the current level of service delivery by the private contractors while comparing the status of St. Balikuddembe before privatization.

1.7 Research Question

What have been the experiences of St. Balikuddembe market as a result of the privatization policy?

1.8 Sub-Questions

1. How was the overall process of contracting St. Balikuddembe market conducted?
2. What are the policies and institutional frameworks governing St. Balikuddembe Market?
3. What is the current level of service delivery by the private contractors as compared to the status of the market before privatization?

The next section of this paper is structured as follows; Chapter two discusses the relevant literature on privatization, with specific emphasis on current debates about the pros and cons of the process. The chapter further discusses the dynamics of market vending in urban centers, its contribution as well as the associated challenges. The vending dynamics will entail understanding vendors' experiences in the privatization

context. In a nut shell the section informs the study on appropriate strategies for privatization thus drawing a conclusion in an informed perspective. Chapter three discusses the methodological approaches that were applied in field data collection, specifically the section describes the key methods and justifications for the techniques used in data collection. Similarly, the chapter highlights the relevant literature supporting the method choice. Finally, the section explains the challenges faced during the study and the approaches undertaken to mitigate them.

Chapter four presents the analytical framework that acts as a guide for the entire data presentation and analysis, in synopsis the section points out three main concepts (Contracting and regulation, Institutional capacity and effective service delivery) which act as a backbone for the analysis. Comprehending these concepts and relating them with the study variables creates a benchmark for the conclusion and recommendations. Notably the concept(s) definition and exploration is anchored on the global privatization context as argued by scholars in this field of study, lastly the section elaborates the relationship between the three study concepts with regard to the case study (St. Balikuddembe market).Chapter five recaps the findings and analysis as well as suggesting possible recommendations, notably the conclusion and recommendations are based on the research questions and objectives.

Chapter 2: Review of the Existing Literature

2.1 Introduction

Privatization has been a widely debated concept with its proponents and critiques giving varying views to defend their positions. This chapter will attempt to cross-examine this concept by analyzing the works of other scholars on the subject. The discussion will cut across debates surrounding the benefits and failures of privatization. Additionally, this section will review the privatization process in Uganda's context as well as the dynamics of market vending in urban centers.

2.2 Cross-Examining the Privatization Agenda

Privatization is believed to have started in the 1980s and gained momentum in the early 1990s. In Europe it was fueled by the liberalization of markets at the Europe union level as a result of fiscal constraints faced by the economies (Cook and Uchida 2003). There is a general consensus that privatization was the result or part of the structural adjustment policies advocated for by the Briton wood institutions of the World Bank and IMF that looked at it (privatization) and divestiture of former public enterprises as the preeminent strategy for economic reform and development particularly in the developing countries. There have been debates overtime on whether privatization produces positive outcomes or negative results to the economy and the local individuals in various countries.

Analyzing the works of Birdsall and Nellis (2003:1617) provides some light on this debate. They argue that 'privatization has increased profitability, returns to owners and investors, economic efficiency, welfare and growth'. Much as these scholars argue that privatization has positive effects, they concur that it is highly unpopular among the majority of the people in many countries, and these negative perceptions tend to be on the increase rather than declining. For example majority of the people interviewed in 17 Latin American countries viewed privatization as less beneficial, more than two thirds of the Russians surveyed in 2001 argued that they had lost more than gained from privatized state enterprises with only 5 percent mentioning otherwise, while over 60 percent Sri Lankans responded that privatization had increased poverty in the country.

In Uruguay for example, a referendum revoked a privatization law while South African Civil society organization's and activists formed an Anti-privatization league purposely to fight privatization. Birdsall and Nellis (2003) conclude that a number of privatization programs particularly in developing economies have worsened income and asset inequality especially in the short run in areas like oil, banking and natural resource extraction, though it not clear for utility services like electricity and telecommunication where privatization has led to increased access for the poor .

A number of theoretical approaches have been advanced to argue for the case of privatization of public services and enterprises. One of them, the public choice theory was the first to comprehensively examine the privatization of public enterprises. The theory

argues that when bureaucrats and politicians dominate public enterprises, the result will be overproduction and inefficiency. This is because politicians may tend to gain rents and political power from managing public services at the expense of efficiency. The solution for this is privatization that will create competition, cost reduction and improvement in technical efficiency, leading to improved services (Bel and Fageda 2007).

Alternatively, decreases in bidding competition may override the benefits of privatization, while the threat of privatization could also stimulate leaders of public enterprises to be innovative and search for alternate means of improving performance. In this case, privatization leads to lower costs of production (Bel and Costas 2006). However for privatization to lead to these reduced costs, the transaction expenses (monitoring costs) involved in the process should be low. Moreover, Hart et al. argue that these costs may reduce at the expense of quality particularly where managers are interested in costs reduction without concern for quality of services provided (Hart et al. 1997 as cited in Bel and Fageda 2007). In the same spirit, Cook and Uchida (2003) reason that for privatization to make a positive impact on growth and development, it should be accompanied by serious competition and regulation.

Using an example of privatization of banks in developing countries, Clarke et al. (2005) argue that bank privatization leads to enhanced efficiency in the sector. But this efficiency is greater when the government totally divests its control of banks, when the banks are given to 'strategic investors' with full involvement of foreign banks but above all, when the government allows competition to drive the process. This is believed to lead to improved financial performance of the economy.

In agreement with the above, Reeves and Barrow (2000), claim that privatization provides quite positive economic outcomes if the costs of running an enterprise or service before and after privatization are compared. Using an example of privatization of waste management in Ireland, they argue that the local authorities were able to save between 34 and 45 percent of the costs after tendering the refuse collection.

The case for privatization is argued basing on two hypotheses, that is the fiscal hypothesis and efficiency hypothesis. The fiscal hypothesis argues that privatization helps to save governments from pressures to finance public enterprises amidst scarce resources faced by countries particularly in the 1990s while the efficiency hypothesis argues that enterprises and public utilities are efficiently managed under private ownership because it is 'obvious' that the government is not a good manager compared to private managers. This argument is premised on the assumption that private service providers are proactive, performance oriented and focus on the needs of the customers (Franceys 2001, Braadbart 2001). However, using water privatization as a case study, Araral disputes the validity of these hypotheses. He contends that most private companies do not necessarily improve funding pressures or bring in new funding sources, but instead rely on the same old funding bases that the government banked on hitherto to privatization (Araral 2009).

Efficiency hypothesis has also been found to be ambiguous in many cases, especially when used as a universal assumption to apply to all enterprises instead of examining enterprises on case by case basis (Estache et al., 2005, Hall and Lobina 2006, Motta and

Moreira 2004, Parker and Kirkpatrick 2005). To make privatization perform better especially in developing countries, it has been suggested that it has to be accompanied by policies ‘that promote competition and effective state regulation, and that privatization works best in developing countries when it is integrated into a broader process of structural reform’ (Parker and Kirkpatrick 2005:513).

One major down side that resulted from privatizing public enterprises is the use of the tendering processes by central and local governments while selecting service providers or contractors. Because the tendering process has to be competitive, commercial considerations are given precedence over non-commercial interests leading to prioritization of profit motive at the expense of non-commercial benefits that the residents may be getting (Stewart and Walsh 1992). For example in Uganda while contracting services like markets, taxi parks, and other services, preference was given to a bidder who promised to remit large revenues to the city authorities while paying less attention to other non-financial factors that may accrue to the users of the privatized facilities. These nonfinancial factors may include employment opportunities to the locals, improved security, sanitation and empowerment of citizens.

For the case of Uganda the process of transferring the public enterprises to private entities left serious criticism. For example it is reported that the privatization process was tainted with high levels of corruption, cronyism where most of the enterprises went to prominent politicians, their relatives or to those who pay bribes to the politicians in exchange of the enterprises at unreasonably low prices. In countries like Uganda and other African countries with weak governance systems, most of the bureaucrats and politicians suspected to be involved in those scandals go unpunished (Tangri and Mwenda 2001).

2.3 Understanding Market Vending, its Dynamics and Associated Challenges

Market vending constitutes the informal business undertakings that employ over 90 percent of the population in African cities, nonetheless the sector is faced with various constraints such as low productivity, limited access to capital by the vendors, inadequate support from urban authorities and lastly poor working facilities (World Bank 2013). Due to the changing characteristics in the social and economic labour market, a bigger number of women in developing countries are gradually getting involved in market vending this is justified by their increasing role as the main bread winners in the households, coupled with their low literacy levels that limits their employment in the formal sector (Lyenda 2005). Besides undertaking low income businesses, most vendors lack entrepreneurship skills to manage these ventures.

‘The fundamental policy implication here is that not all persons should allocate their talent towards becoming entrepreneurs or market vendors so to speak, but those with high entrepreneurship ability should be assisted to become better entrepreneurs, one can add that such high entrepreneurial ability should be channeled from the informal to the formal sector’ (Naude 2011:321).

Market vending and similar informal businesses have been believed to contribute significantly to the local economic development of most African economies. For instance in

Ghana it is estimated that such business entities contribute between 52 to 57 percent of the total GDP and provide close to 61 percent of employment to the Ghanaians. Despite their contributions to the economy, their growth is constrained by a number of factors which include; limited access to credit, limited business management skills and weak institutional capacity to re-enforce effective service delivery (Abor and Quartey 2010). In line with the challenges faced by market vendors, a study about sanitation and waste disposal in markets from 3 major Uganda cities of Kampala, Jinja and Masaka revealed an appalling sanitation situation which was attributed to inadequate institutions and policies to re-enforce proper waste management strategies (Muyanja et al. 2011: 1, Matagi 2001).

From the above discussion, it can be observed that the objectives of privatization across the world are increasing efficiency, performance and reducing government expenditure on public enterprises. Much as some benefits may be claimed, issues of contract management and institutional frameworks still remain a matter of concern in developing countries and Uganda in particular. In addition the concept of privatization and its impact on market performance has not been adequately handled by researchers leading to scanty information on the subject. As such this research seeks to address this knowledge gap by exploring the experiences of market vendors and the situation of St. Balikuddembe after privatization.

Chapter 3: Research Methodology

3.1 Introduction

This chapter discusses the systematic approaches that were applied during the study; indeed the research relied on a single case study of St. Balikuddembe market. Understanding a case type is very important as an entry point for any social science research to be able to comprehend a particular field of study (Gerring 2007). Additionally, the chapter discusses in detail the specific tools, methods and techniques applied during the data collection process, on the same note; it systematically explored the literature used in support of the primary data. Lastly; this section discusses the challenges encountered during the study process and the ethical considerations that were applied to mitigate the same.

3.2 Judging the Validity of the Case Study

As a starting point, it is crucial to be aware about the motivation factors for case study selection; this is in line with the understanding that case selection can be based on different inspirational factors. Whereas some case studies are meant to test hypothesis of certain problems to be addressed, others aim at tackling the causal effect relationships thus understanding the subject matter in depth (Yin 2009). Similarly, some research can combine the above mentioned case selection aspects depending with the research problem to be addressed. In this case, I would say this study employed both hypothesis testing and causalities analysis aspects ultimately arriving at the effects of privatization policy on the performance St. Balikuddembe market. Bearing in mind the aim of understanding the impact of privatization policy on the lives of ordinary market vendors in St. Balikuddembe market, the researcher came up with an appropriate methodological approach in order to capture comprehensive data related to the subject matter (Impact of privatization). It is worth to note that this study applied a single case in the sense that it focused on St. Balikuddembe market as a sample representative of other privatized markets in Kampala city. The St. Balikuddembe market case selection was informed by several factors, stating a few; this market was the most affected by the privatization policy, it is also located in the city attracting different population clusters that entail foreign investors and other relevant stakeholders. Additionally, the market is the biggest in Kampala with the highest revenue potential base thus creating a high demand for private bidders (Ernst and Young 2011).

Considering the heterogeneity factors of respondents the researcher targeted different interviewees but selected from a single case, this specific case selection was informed by the fact that the time frame and budget allocated for this study could not allow the researcher to conduct a multi-case study that entails comparing more than one research site. Importantly to note, a single case selection has advantages in the sense that it provides focused approaches thus understanding the subject matter in depth (Yin 2009).

Apart from the above aspects of case study selection, the study similarly considered different techniques in data collection process, notably the process commenced by

identifying and categorizing respondents to be interviewed, the respondents' identification and categorization considered their heterogeneity in order to get diverse opinions concerning the subject matter. While collecting data at this specific site, the researcher relied both on primary and secondary approaches, these methods were used to generate views, perceptions and opinions concerning the study field, importantly the exercise involved an in-depth examination of the literature regarding the policies and frameworks under which the markets in Uganda operate.

In order to get in-depth insights on the study interest, the researcher focused on key informants who provided technical information concerning the study objective, additionally the researcher employed Focus Group Discussions (FGDs) with an overall aim of getting diverse information without bias and exaggerations. All the above methods and techniques were anchored on meticulous observations during the entire process in order to understand the real status of the market infrastructure, in a nutshell the researcher combined observation with other techniques in order to have a practical feel of the ideal market infrastructure status.

3.3 Target Population versus the Principle of Construct Validity

Yin (2009) points out the importance of adhering to the principle of construct validity while dealing with case study research; this requires a researcher to focus on various data sources thus achieving diverse responses. In line with the above, the study on the impact of privatization policy in St. Balikuddembe market applied the principle of construct validity in the sense that it relied on several data sources which included but were not limited to; 10 semi structured interviews with key informants from different market stakeholders. Precisely, the key informant respondents were captured as follows; 4 key informants from Kampala Capital City Authority (KCCA), 2 key informants from Kampala District Vendors' Association, 3 chairpersons from the market subdivisions, 2 officers from St. Balikuddembe revenue collection department and 1 prominent business man within the market, the afore-mentioned combination of data sources aided the researcher in getting diverse views about the subject matter.

Furthermore, the researcher conducted 2 Focus Group Discussions both with market vendors and each comprising of 10 respondents that factored in gender representation and areas of focus in terms of market commodities. It is worthy to note that during the data collection process, the researcher was aided by the market chairperson who was well versed with the locality thus taking me through to meet the vendors. Also, the researcher interviewed 14 customers, whose selection was based on the market subdivisions considering that the trading center is large accommodating various clients. Also, 4 representatives from Ernst and Young (private company contracted by the current entity to conduct a feasibility study on St. Balikuddembe market status) were interviewed. The diagram below summarizes the study target population.

3.3.1 The research diary

NO	DATE	RESPONDENT	SECTOR/ORG	GENDER
1	7 th to 11 th July 2014	4 Key informants	KCCA officials	2 Male and 2 Females
2	15 th July 2014	1 FGD(10 participants)	St. Balikuddembe market	Mix
3	16 th July 2014	1 FGD(10 participants)	St. Balikuddembe market	Mix
3	17 th to 19 th July 2014	3 Key informants	St. Balikuddembe market sub-division chairpersons	1 Male and 2 Females
4	21 st July 2014	2 Key informants	St. Balikuddembe market Revenue collection department	2 Male
5	24 th July 2014	1 key informant	Business man at St. Balikuddembe market	1 Male
6	26 th July 2014	14 customers	St. Balikuddembe market sub-divisions	10 Male and 4 Females
7	4 th to 8 th August 2014	4 Private sector representatives	Ernst and Young	3 Male and 1 Female
8	9 th August 2014	2 key informants	Kampala District Vendors Association	1 male and 1 female
TOTAL RESPONDENTS			50	

Source: Author/Researcher

3.4 Data Collection Methods

In preparation for data collection Yin argues for case study evidence that requires a researcher to have prior preparations before the process embarks. This preparation would entail developing realistic research questions to address the problem at hand. Precisely, the data collection process started by development of the research diary, and the key informants' guide which acted as a basis for the entire process (Yin 2009:67). In particular, this research relied on observation, review of literature, key Informant Interviews and Focus Group Discussions that were composed of various respondents' categories as indicated in the research diary.

3.4.1 Focus Group Discussions (FGDs).

To begin with, Focus Group Discussions (FGDs) were a useful tool as far as data gathering was concerned; these FGDs were held with market vendors who had different characteristics and features in terms of market activities. The participants were purposively and systematically selected to serve the researcher's study objective, as such two Focus Group Discussions (male and female composed) each constituting 10

participants were held at St. Balikuddembe market. The Interviews were conducted in an unstructured manner such that they allowed participants to air out their perceptions and points of view regarding the ‘effects of the privatization policy on the performance of St. Balikuddembe market’.

Basically Focus Group Discussions provided the researcher with information concerning vendors’ registration and licensing procedure in the market. Additionally, FGDs informed the researcher about the level of service delivery by the private entities. It is important to note that FGDs elaborated on the status of infrastructural facilities that had existed before and during privatization of the market. With regard to infrastructure, vendors mentioned the status of storage facilities in St. Balikuddembe as well as nature of lockups, stalls and open spaces under which they operated their businesses.

3.4.2 Key Informant Interviews

Key informant interview (s) proponents view it as an appropriate data collection method by arguing that it provides researchers with specialized information about the study field that goes beyond the private experiences, beliefs and knowledge base of the individual to relevant technical matters of the study focus (O’Leary 2014:191). As such, working with key informants entails selecting individuals who are competent, focused and well versed with the study field. Based on this understanding, the researcher conducted interviews with various market actors which included respondents from Kampala Capital City Authority, chair persons representing the sub-divisions in St. Balikuddembe market, officers from the District Vendors’ Association, representatives from the market revenue collection department and finally one prominent business man in the market. Importantly, the researcher employed three approaches while conducting key informant interviews, these included; face to face, telephone interviews and email communications. The use of these different approaches depended on the respondent’s availability and convenience. It is worth noting that the interview process commenced by preparing the interview guide, booking appointments with the informants, and where necessary emailing the guide for the respondent’s perusal. During face to face interviews, the researcher engaged respondents with both open ended and probing questions in order to understand the subject matter in-depth, where necessary and depending with the respondent’s consent the researcher did a dial recording. Importantly to note is the fact that some respondents did not feel comfortable to be recorded as such the researcher opted to go as per their wishes something that is guided by the basic tenets of research ethics.

It is vital to mention how important these key informants were as far as this study is concerned, notably KCCA officials were in position to elaborate on the modalities used in the entire contracting process of St. Balikuddembe market, additionally they provided information regarding the market’s revenue collection procedures and utilization. On the same note, information concerning management and planning matters of the market were explored from the current contractor (SSLOA), both categories of key informants (KCCA officials and the current contractor) explained the Institutional frameworks governing the market. The sub-division chairpersons and the prominent business man in the market were approached to avail information concerning waste management strategies in the trading

center. The purpose of approaching all the key informants was to get diversity of opinions about the subject matter without biasness or rather exaggerations.

Despite the process of collecting data using key informants is also vital to develop an appropriate analysis to make sense out of it (O'Leary 2014:191). It is on this ground that the researcher was specific and clear on key issues concerning privatization of St. Balikuddembe market. In a nutshell this specific method was useful in collecting in- depth data concerning the study field.

3.4.3 Secondary data review

It is important to understand the pros and cons of using secondary data in order to base research arguments from an informed position, specifically secondary data is both cost and time effective such that it does not require physical presence like other methods such as interviews or even surveys. Additionally secondary data acts as a compliment to primary data through comparison and gaps identification (O'Leary 2014:243).Based on this understanding this study relied on the existing literature on the privatization of market in Kampala city, the secondary data review also acted as basis for the researcher's conceptual arguments. In particular the researcher relied on (Uganda Law Reform Commission and Ministry of Local Government (2013) in order to get the institutional frameworks governing St. Balikuddembe and the entire market operations in Uganda. Also, the study anchored on Ernst and Young (2011), Lindell and Appelblad (2009), (Muyanja et al. 2011: 1, Matagi 2001) to mention but a few.

Secondary data approaches have been critiqued by arguing that they do not provide a platform for probing in case of further clarifications (O'Leary 2014:243). In line with this, and from personal experience I believe it is important to use the most current secondary data, this is due to fact that research fields are dynamic in the sense that concepts may change every now and then thus a need for current literature review.

Yin (2009) argues in support of the principle of reliability that calls for a combination of primary data with relevant literature review, it is on this basis the researcher employed relevant literature to support the primary data collected at St. Balikuddembe market (Yin 2009:40-43). The reliability principle was vital to this study in the sense that it enabled the researcher to develop an analytical framework in relation to the research topic and objectives; in brief the reliability principle created an entry point of the researcher's study focus. Notwithstanding the above, this research also considered the internal validity principle that entails understanding the case effect relationship of a problem at hand to be addressed (Yin 2009:40-43).Putting this into consideration, the researcher cross tabulated the causes and effects of market privatization in Uganda with a special focus of St. Balikuddembe market. In particular the researcher intended to understand what might have caused the hypothesized privatization problem and what the effects were in the long run as far as the livelihoods of the ordinary market vendors were concerned. The overall aim of adhering to this principle was to develop an analytical argument thus drawing an informative conclusion for future similar initiatives.

3.4.4 Observation

It is imperative to note all the above techniques were anchored on observation with an ultimate goal of understanding the current status of St. Balikuddembe market infrastructure during the privatization era.

3.5 Challenges Encountered During the Study.

The fact that most of the respondents were market vendors who were always busy throughout the day, getting ample time to interview them was extensively challenging. However efforts were made to get time during early morning and evening hours which were associated with fewer customers for the vendors. Additionally, some respondents expected hand outs or payments in exchange for an interview; however a clear explanation of the purpose of the study with an introduction from market leadership was made to resolve this challenge.

3.6 Ethical Issues

During the data collection exercise, the purpose of the study was carefully explained to the respondents, market leaders and the urban authority so as to mitigate suspicion and discomfort arising among the participants. Respondents were informed that their responses were to be documented in a study and thus consent would be sought as to whether their names could be included in the report. For those who did not feel comfortable appearing in the report by their names, pseudo names would instead be used. As such respondents were assured of protection and no harm at all with results from their participation in the study. It is important to note that all respondents were assured of strict confidentiality.

Chapter 4: Analysis of Findings

4.1 Analytical Frame Work

An analytical framework is conventionally perceived as an architectural foundation of the data findings and analysis, the framework is believed to guide researchers in the analysis techniques selections and adherence to required steps thus achieving reliable findings. Similarly, the framework is meant to integrate and relate the research problems with the theories, variables and indicators thus coming up with a valid conclusion (O'Leary 2014).

4.2 Data Analysis Steps and Processes

The data analysis process began by exploring the relevant literature on privatization while focusing more on the specific concepts in order to come up with an informed position of the subject matter. Notably the key concepts for analyzing the data included; contracting and regulation, Institutional capacity and effective service delivery, understanding these concepts acts as a backup of the analysis in the sense that the concepts go hand in hand with the intended study variables. Importantly, the variables for this study include; the

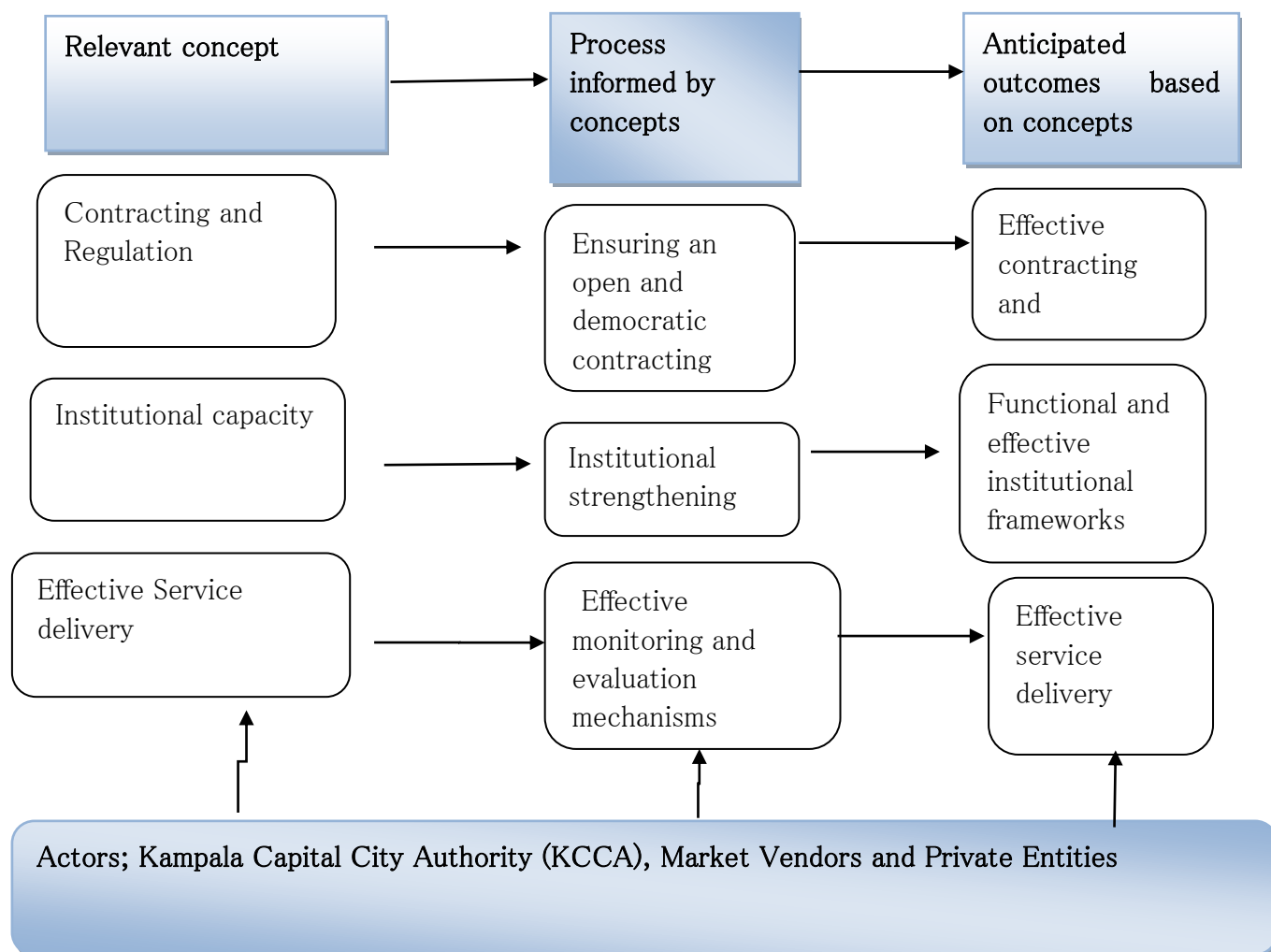
contracting process, institutional frameworks and the overall service delivery in the market.

The framework further informs the study about the actors that were meant to be involved in the privatization process of St. Balikuddembe, these actors included the Kampala City Council (which is now Kampala Capital City Authority), market vendors and the private entities. In line with this the analysis will inform the study whether all the actors participated actively in the process.

In relation to the above, the process was coordinated by KCCA as the contracting agency; in this regard the framework aims at analyzing the validity of the contracting process as one of the study variables. Additionally the framework explores the institutions and policies governing the market thus informing the study whether effective policies were put in place to guide the privatization process; this objective is motivated by the fact that effective privatization calls for institutional frameworks detailing the actual rules to guide the contracting process.

Specifically the institutional frameworks would provide clear tendering requirements and standards thus avoiding loopholes in the process. Similarly the framework guides the analysis in exploring the overall service delivery that include; the infrastructure, waste managements, registration and licensing of vendors within the market. Remarkably the exploration of service delivery would require monitoring and evaluating whether the contracted private agencies performed their duties as per the set standards. In synopsis the analytical framework guides the analysis in assessing whether the overall intended privatization objectives were met. The diagram below illustrates the main study concepts, relevant strategies to achieve the objectives as well the anticipated outcomes.

4.2.1 Framework for analyzing the effects of Privatization Policy in St. Balikuddembe Market in Uganda



Source: Author/Researcher

4.3. Contracting and Regulation Concepts in Relation to Privatization

Contracting refers to an ‘agreement by particular parties who accept a set of rules to govern their relationship, whether it is for the purchase of services or for a cooperative working agreement’ (Cooper 1996: 125 as cited in Brown et al. 2006: 325). Contracting and privatization go hand in hand in the sense that the latter entails the state contracting another party to undertake service delivery on its behalf. In the same view proponents of contracting theory argue that the process could cut expenditures and improve efficiency thus beneficiaries’ satisfaction (Brown and Potosiki 2003: 153). Furthermore, advocates of contracting theory consider it as an efficient approach of promoting effective competition consequently eliminating the monopolized tendencies of service delivery by the state (ibid).

Due to the monopolistic operations by the states, the privatization policy was at the heart of the global development agenda mostly championed by the Bretton woods institutions (Brown et al. 2006). The same institutions (IMF and World Bank) argue that if states could buy the idea of contracting the private entities, the process would lead to cost cutting as well as well improving service delivery. Contrary, the critiques of contracting theory argue that the process undermines key public interests through unfair tendering processes, the unfair tendering processes could majorly be attributed to the weak institutional frameworks meant to monitor contracting (Brown et al. 2006).

4.3.1 Contracting steps and procedures

According to Brown and Potosiki (2003: 153), contracting is a three phase process that entails; ‘Feasibility assessment capacity, Implementation and Evaluation capacity’. To begin with ‘feasibility assessment capacity’ requires determining whether a particular sector to be privatized is appropriate for the process, this is in understanding that not all sectors can be privatized, the sectors not worthy privatization may include state security and other major areas in public sector. Additionally, the feasibility assessment involves evaluating and selecting the applicants in line with the set bidding standards. The second phase requires implementation capacity that calls for technical skills by the contracting agency in order to hire a competent and credible entity. Thirdly, the contracting process demands ‘evaluation capacity’ to keep track of the implementation progress, similarly, the practice requires financial and technical capacity to carry out an effective tendering process (Rosenbloom and Piotrowski 2005; Wise 1990 as cited in Brown et al. 2006), in addition effective contracting practice calls for citizen inclusion and participation as well as monitoring techniques to avoid irregularities in the implementation process (Hefetz and Warner 2004). Despite the argument by the authors, the researcher believes that anti-corruption measures are paramount during the contracting progression in order to control unethical behaviors thus conducting an open and democratic process.

4.3.2 St. Balikuddembe Market Contracting and Regulation Process

In relation to the research objective of examining the modalities used in the privatization of St. Balikuddembe, the researcher was interested in understanding the entire contracting process of the trading center. Accordingly, the Privatization of the market witnessed

various transition predicaments which need to be understood in detail in order to come up with an informed basis in terms of the effects.

Lindell and Appelblad (2009) point out that initially the management of St. Balikuddembe market was under Buganda kingdom traditional leadership until the National Resistance Army (NRA) government assumed power transferring the administration from traditional structures to Kampala City Council. It is worthy to note that the management of the market has undergone different administration regimes in a way that previously it was informally run by the vendors' associations something that triggered KCC to transfer the mandate to private entities assuming that the vendors' associations lacked management competence. Importantly to say; St. Balikuddembe privatization process was meant to undergo an inclusive tendering procedure at the same time giving priority to the vendors' associations that were well versed with the needs and interests of the market traders. However, this did not happen due to the fact that the tendering exercise required complex standards like VATs compliance something that the vendors' associations did not have at the moment, consequently awarding the contracts to the private entities (Lindell and Appelblad 2009).

According to the interviews conducted with KCCA key informants, the researcher discovered that the market was previously managed by Kampala City Council (KCC) before the 1990s, however, the management shifted to Owino Traders and Transporters (OTT) in the mid-1990s as a result of privatization. This private entity (OTT) had been formed by the market leaders and was expected to collect and submit revenue to the city council. In the late 1990s KCC decided to tender the market administration to Nakivubo Vendors Association (NVA) another proprietor which seemed more competent as compared to the previous one. In the early 2000s NVA Company was replaced by Equator Touring (ET) through another tendering process. It is worth noting that Equator Touring was different from the previous proprietors in the sense that it had outside membership of which vendors themselves were not involved. Since 2006, St. Balikuddembe Market Stalls, Space and Lockup Shops Owners Association Limited (SSLOA) was awarded the contract to manage the market until now.

Referring to the above key informant responses on St. Balikuddembe tendering process, one could wonder why the management was not consistent, similarly findings from both representatives of the private companies and FGDs indicate that KCC did not carry out an effective tendering process in the sense that the procedure experienced corruption and malpractices leading to contracting inconsistencies. In brief the corruption and malpractices included lack of accountability in revenue collection, poor working relationships, lack of monitoring and evaluation structures and lastly monopolized strategies which excluded vendors' participation in the market operations.

Even though the proponents of the contracting theory argue that the contracting process should factor in sufficient technical capacity as well ensuring effective monitoring and evaluation strategies by the contracting agency (Hefetz and Warner 2004), the researcher feels that KCC sidelined the principles of monitoring and evaluating the private contractors' performance leading to hitches such as; monopolized strategies which excluded vendors' participation in the market operations, lack of accountability in

revenue collection as well as poor working relationships between vendors and the private entities. Similarly, Romzek and Johnston (2005) argue in favor of a need for the contracting agency to have prior planning and consideration regarding areas of privatization as well as contracting strategies to be employed, even then, the researcher feels that KCC did not consider prior planning to ensure and promote relational contracting that is anchored on mutual trust between the two parties.

Relational contracting calls for dependency and understanding of each other regardless of different roles and mandates assigned to each (Romzek and Johnston 2005). The researcher strongly believes that adherence to both prior planning and relational contracting concepts could have led to transparent and democratic procedures in St. Balikuddembe market, additionally it is imperative for governments to retain the regulation mandates even after the contracting process, this would minimize functioning irregularities as indicated by Parker and Kirkpatrick (2005). Basing my argument on both the key informant findings and the contracting theories, I believe that there is a great need for the current contracting agency (KCCA) to put in place contracting guidelines as well as structures and regulations to ensure that the same rules are adhered to by the private entities.

4.4 Institutional Capacity Concept in Relation to Privatization

Institutions are conventionally referred to as rules of the game that govern organizational operations (Pahl -Wostl 2008).

According to North (1990:3), institutions are ‘the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction’. Similarly, Scott (1995:33) defines institutions as ‘cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior’. Consequently, an ‘institutional framework’ is defined by Davis and North 1971:6 as ‘the set of fundamental political, social, and legal ground rules that establishes the basis for production, exchange, and distribution’.(Peng 2002:252)

Furthermore institutions can be classified into formal and informal depending with the nature of activities, legal operational structures, communication and the enforcement they operate within. Conventionally formal institutions are perceived to entail official bureaucracies and regulations that are mostly characterized by hierarchies of administration, while informal institutions are perceived to run under socially shared rules such as cultural norms that in most cases are not documented. In relation to both formal and informal institutions it is imperative to understand the measurements of institutional capacity effectiveness. In most cases the degree of effectiveness is measured using the popular Corruption Perception Index (CPI) produced by Transparency International (TI), similarly the goals of informal and formal institutions may in some cases be compatible or conflicting depending with the operational strategies in place (Pahl -Wostl 2008). Considering this, it is imperative to conduct institutional framework analysis with an overall aim of understanding the governing rules, legislations as well as political and economic contexts within which private entities operate (Beghetto 2008).

Bearing in mind that privatization process requires effective institutional frameworks and regulations, one can infer that deficiency of these regulatory laws in the privatized institutions could lead to ineffective service delivery (Peng 2002:252). In the same vein, Parker and Kirkpatrick (2005) reinforce that the ability to formulate and implement effective institutional frameworks may be hindered by powerful stakeholders who could manipulate them for their own self-centered interests. Based on this (Beghetto 2008) argues that for privatization to succeed it should operate within the broader structural reforms by ensuring efficient institutions that promote effective regulatory structures. Besides, it is vital to conduct a stakeholders' analysis in order to identify the power, interest and authority among all the actors, in my view this could lead to an inclusive contracting process thus effective implementation and outcomes.

4.4.1. Institutional Frameworks Governing St. Balikuddembe Market

Relating to the research objective of exploring the policies and institutional frameworks governing St. Balikuddembe market, the researcher was interested in discovering the nature and level of institutional capacity under which the market operates. This is in line with studies indicating that institutional capacity is crucial for any successful privatization process and that the validity of regulation and institutional capability is paramount for effective privatization intervention (Pahl -Wostl 2009).

According to Pahl -Wostl's classification of institutions (formal and informal), the former referring to laid down procedures and bureaucracies responsible for organizational operations, and the later entailing socially shared rules that are rather enforced outside the legal context (Pahl -Wostl 2009), it can be argued that St. Balikuddembe market has both formal and informal structures which were perceived by both vendors and key informants as 'crucial' in the market operations. Based on secondary data review and interviews conducted with key informants from the market subdivisions, it was discovered that few institutional frameworks existed not only in St. Balikuddembe but across the country at large. Notably these institutions included the 1942 Markets Act, the Markets rules, S.I 94-1 and lastly the 2008 presidential directive which was not translated into law due to varying political opinions among the Uganda law makers (The Uganda Law Reform Commission and Ministry of Local Government 2013: 15). Additionally, the above stated bylaws were not current and at the same time did not reveal the changing dynamics of privatization of St. Balikuddembe.

We have seen that the entire St. Balikuddembe market is only governed by the Markets Act formulated in 1942 and the Markets rules S.194-1 which seem outdated as both do not reflect the current contracting procedures the market. The institutional theorists relate insufficiency of regulatory rules as a loophole that could contribute to malpractices such as corruption in the tendering process, according to Peng (2002), successful contracting process is only possible with current and effective institutional frameworks, as such the researcher feels that the lack of updated policies and institutions in St. Balikuddembe could have significantly contributed to the unfair tendering processes discussed earlier. The researcher thus concurs with Baghetto (2008) by suggesting the need to restructure institutional and regulatory frameworks necessary to provide a smooth and successful privatization process in the market. In a nutshell and considering the institutional deficiencies in St. Balikuddembe, the government of Uganda through Kampala

Capital City Authority (KCCA) need to validate legislations and guidelines that could guide similar future contracting initiatives.

4.5 Effective Service Delivery in Relation To Privatization

Effective service delivery is believed to be the ultimate goal for any organization, thus as governments embark on privatization process, it is vital to ensure that proper institutions are put in place to re-enforce quality services. It has further been argued that for privatization to achieve its objective (quality service delivery) it is crucial to first assess a particular sector to be contracted, secondly contracting managers need to weigh the market forces in relation to the anticipated services, this could inform the process on the probability of profit levels and the overall existence in the market in the long run. Thirdly, contract administrators should manage the whole implementation process while ensuring that the set standards are met, this could be done through regular monitoring and evaluation of the entire process. Understanding these steps is likely to correct contracting mistakes as they arise before they accumulate (Brown et al. 2005). Notwithstanding this, a survey conducted in Taiwan, shows that ‘the relationships between the capacities and the performance indicators are not always straight forward’ therefore it is vital to factor in overall institutional reform in order to conduct an effective contract management thus achieving effective service delivery (Yang et al. 2009:681).

In relation to the above, it is likewise imperative to be well versed with appropriate strategies for ensuring quality services among the contracted agencies, this process entails contract managers to scan and understand the internal and external environment, specifically scanning of both internal and external environment includes and is not limited to; understanding of stakeholders’ values, thus cutting costs and improving the overall services (Brown et al. 2005).

Additionally, (Romzek and Johnston 2002 as cited in Yang et al. 2009: 682) specify seven elements that could certainly influence quality service delivery, these include; ‘competition among providers, resource sufficiency, performance measurement planning, contract managers capacity building, evaluation of contractor staffing capacity, evaluation of contractor financial management capacity, and theoretical rationale for reform’. Nonetheless, the same authors clearly point out that effective service delivery could however be hindered by three factors which entail; ‘identifying political strength of client advocates, complexity of subcontractor relationships and risk shifting to the contractor’. Also, it is worth noting that contract management goes beyond developing specific roles and responsibilities to observing and keeping track of performance but also conducting a stakeholders analysis to understand the goals and interests of the competing actors within the contracted sector, by assessing the role of actors, the contracting managers will be in a position to set performance standards and deliverables that act as guidelines and benchmarks for implementation (Brown et al. 2005). Thus, ensuring an effective contracting performance calls for contracting managers to have a clear understanding of the related concepts like ‘contracting and franchising, performance versus inputs and lastly management techniques for delivering the services’ (Lavery, 1999; O’Looney, 1998 as cited in Brown et al. 2005:4).

Notably, effective service delivery has several merits in contracting performance, for instance it gives legitimacy and credibility to the contracted agency by the clients it serves, similarly it enables the contracted institutions to assess the achievements of the set goals thus further improvements, lastly and considering that some privatized entities are disciplined by the market forces it is always vital to offer the best services to attract high profit margins (Brown et al. 2005), even so, some scholars reason out that few contracted entities have managed to achieve profits as well as quality services at the same time, this is because many enterprises focus on profit maximization without considering effective service delivery (Yang et al. 2009). Considering the two sides of the coin I believe that it is crucial to consider both profits and the quality of the services delivered in order to achieve the contracting objectives.

Achieving effective service delivery also requires contract managers to put in place long term frameworks that guide the entire contracting process, notably, the development of these frameworks may necessitate procedures such as; putting in place institutional values, literally meaning that the stakeholder's values and preferences need to be considered by the public managers in order to conduct an effective monitoring and evaluation process.

In the same view, the public managers are supposed to explore and analyze the contracting governing legislations; similarly, it is vital for the contracting managers to identify the necessary inputs for implementation that may involve both fiscal resources and technical capacities. Last but not the least, the contracting managers need to understand the market forces in which the contracted agency operates in order to assess the existing market standard thus achieving a high level of profitability margin (Brown et al. 2005).

Efficiency and efficacy find themselves at the chore of effective service delivery strategies, notably the two concepts call for effective monitoring and evaluation mechanisms with an aim of assessing the implementation progress, while comparing it with the prior set achievement targets. Since monitoring and evaluation is a complex exercise believed to have a huge cost implication to the contractor, it is thus significant to have it factored in the implementation fiscal budget for proper planning. Importantly, effective monitoring structures operate within a legal context such that there is need for them to be included in the original bidding documents. Precisely, monitoring in the contracting context requires ensuring that citizens' grievances are addressed considering that they are the primary beneficiaries of the contracted goods and services (Brown et al. 2005). Monitoring in the contract context may entail; surveys, visiting and auditing of performance records as well as field auditing. Notably, these monitoring approaches are crucial though each may depend on the nature of services to be contracted. Whereas in low transaction cost services performance measures are easy to design and implement, moderately difficult to measure services may require a more extensive monitoring system (Brown et al. 2005).

Additionally it is important to note that sometimes measurement challenges and the cost implications regarding performance and design implementation may exceed the benefits thus need for cautions and competent monitoring, the same entail ensuring that the monitoring officials have understanding of the subject matter in a deeper perspective.

The monitoring capacity may require the contracting personnel to contextualize the service sector before the initiation of the monitoring exercise thus encompassing all the dynamics within it. Last but not the least, it is paramount for all the involved parties in the contracting process to work jointly in order to achieve the common objective, by so doing they will be in a position to develop joint monitoring tools thus avoiding fragmentation in service delivery (Brown et al. 2005).

4.6 Overall Service Delivery in St. Balikuddembe Market

4.6.1 Exploring Vendor's Registration, Licensing and Revenue Collection

Relating to the research objective of assessing the level of service delivery in St. Balikuddembe market, the researcher explored the status of vendors' registration, licensing and revenue collection. The study concretely focused on registration process of vendors with an aim of understanding the market's revenue collection procedures and utilization before and during privatization. Bearing in mind that revenue collection requires appropriate record keeping, the researcher was also motivated to understand the information management systems under which the market operated. Similarly, the researcher explored the credibility of license issuing so as to understand whether the current market vendors were operating under legal formal structures recognized by KCCA as the contracting agency. All this combined would inform the study on the validity and level of service delivery by the private entities.

Following Focus Group Discussions, the researcher learned that vendors in St. Balikuddembe market pay taxes to the private entities to enhance market operations, these taxes include; municipal tax, security tax and rent for space. Despite the tax remissions, only a few of the vendors in the market had acquired trading licenses, this was contradicting information that made the researcher probe why vendors did not have licenses yet they were submitting the required monthly dues. In response to licensing irregularities the KCCA officials revealed that the failure by SSLOA (private entity) to present of accurate statistics on the exact number of market vendors could have contributed to the contractors' failure to issue trading licenses. Similarly, the key informants interviews revealed that the lack of statistical data regarding the current number of market vendors has been perceived by the contracting agency as a barrier to revenue collection and utilization.

As earlier indicated, the overall aim of contracting St. Balikuddembe was to increase effectiveness and efficiency in revenue collection; however I find it unusual to see the privatization policy operating contrary to its intended objective. Relating to the above findings, studies by Brown et al. (2005) suggest the need for contracting agencies to have prior planning on the privatization modalities, these modalities entail intensive assessment of competent contractors before the process embarks. Following this study, I tend to believe that KCCA (the contracting agency) did not follow the contracting modalities to enable it identify the right contractors, besides it neglected its role of developing effective revenue collection and utilization measures. Brown et al. (2005) further argues for the need to embrace monitoring and evaluation mechanisms in order to attain quality services;

however this principal has been ignored by KCCA making it fail to measure the implementation progress of its contractors with the prior set objectives of improving the market revenue.

In agreement with Brown et al. (2005) I want to believe that the privatization of St. Balikuddembe market would not have been challenging if KCCA had put in place regulative institutional frameworks to re-enforce vendors' registration, licensing and effective revenue collection. Similarly Helmsing (2002) argues that contracting public services to private entities could enhance positive economic development at the same time trickling down to benefit the ordinary entrepreneurs, but this could be possible only if functioning systems and structures were put in place.

4.6.2 Assessing the level of Infrastructural facilities in St. Balikuddembe Market

Additionally, the researcher explored the status of storage and the general infrastructure (lock ups, stalls and open spaces) within St. Balikuddembe market. It is worth noting that the urge to explore the infrastructural facilities was motivated by the desire to measure the level of service delivery before and after privatization thus coming up with an informed position of the process. In order to make a comparison of infrastructure before and after the privatization era, the researcher probed to understand the previous status of the same. The findings revealed that vendors in St. Balikuddembe market operate under poor infrastructural facilities, the state of structures/buildings are not only makeshifts but also roofless, thus a number of vendors cited that during rainy seasons business gets to halt in fear of their merchandise getting spoilt, in addition, customers interviewed pointed out that they can hardly access the market during rainy days due to its filthy condition.

Through a transect walk observation and further interviews with vendors, the researcher discovered that the stalls, lockup shops and open spaces under which vendors operate are small, congested with no proper order. The congestion in St. Balikuddembe was attributed to the ever increasing population of vendors; as such some merchants opt to operate business at the market roadside occupying the would-be parking area. It is imperative to note that this market has inadequate storage facilities, thence traders have to transport their goods on a daily basis, which to them seemed inconveniencing in terms of transport. Moreover some of the goods in the market such as meat, fish, fruits and vegetables are perishable needing preservation; however the current contractors have not put in place cold storage facilities to preserve these perishables. Comparing the two eras (before and after contracting), most of the interviewed customers and vendors cited that services were better before privatization initiative due to the fact that spot checking on the service delivery by the Kampala City Council was regular as compared to the current management regime.

Romzek and Johnston 2002 (as cited in Yang et al. 2009: 682) argue that maintaining quality services requires both 'performance measurement planning' as well as 'evaluating the contractors' management capacity', hence the instability of infrastructures after privatization is thought to have been caused by the City Authority neglecting its oversight role of monitoring and evaluating the market operations. Further, Brown et al. (2005) puts it clear that effective service delivery necessitates guaranteeing that citizens' grievances are addressed given that they are the primary beneficiaries of the contracted services. In

support of Brown's argument, I want to suggest that there is need for the current contracting agency (KCCA) to formulate regulative institutions aimed at re-enforcing the current private managers to come up with innovative strategies aimed at improving vendors' storage facilities as well as refining the status of stalls, lockups and the open space where these traders operate. I strongly believe that proper infrastructural facilities would not only improve the working conditions for the vendors but also attract numerous customers to the market hence promoting effective entrepreneurship.

4.6.3 Waste management and Drainage Systems in St. Balikuddembe market

It is worth noting that effective service delivery is determined by broad components of things that may range from governing rules to the overall infrastructure facilities, it is on this ground this study focused on waste management as a service delivery component. In the same view the waste management exploration aims at informing the study on the current status of hygiene in the market. Basically this information was collected from both focus group discussion and key informants, similarly the data collection process revealed that Prior 1999 garbage collection in St. Balikuddembe was mandated to the city authority contrary to now run by the private proprietors there after the services transferred to the current contractors (SSLOA) who are in charge of collecting, transporting and disposal of solid waste. In same view through interviews with vendors and customers, the researcher learnt that the sanitation of St. Balikuddembe market had deteriorated since the privatization era, for instance; there was dumping all over, drainage was very poor and public toilet facilities were in a mess and the overall general congestion making the place hazardous for selling human consumption commodities. Despite the failure by SSLOA to conduct their services of cleaning the market, the respondents linked the current unhygienic situation with the massive generation of solid material which comprises of both bio-degradable and non-bio-degradable materials from the various market commodities. Logistically the interviews with some market chairmen revealed that garbage was meant to be collected from St. Balikuddembe on a weekly basis something that did not happen.

While trying to justify this condition one of chairman respondent stated that the management was not efficient enough in terms of general market maintenance since privatization effect due to fragmentation and blame games among the relevant actors. In support of the claim, the following direct quote represents the chairman sentiments;

'The current market situation is pathetic after privatization of this market as compared to before, I have been working in this market for the last ten years but I have never seen it in such a mess, dumping is all over, everything is in fragmentation, no coordination at all, we have complained to KCCA as the mandated regulative body but no actions taken so far. I want to believe that for the objectives to be achieved and improve the well fair of vendors we need to go back to the drawing board and come up with new implementation strategies with involvement of actors'

In relation to the above expressions the researcher also reached one focus group discussion to affirm them, notably this move was not motivated by doubts but due to the

fact that FGDs provide opportunities for respondents to air out their opinions freely thus providing diverse information. Similarly the focus group discussions participants expressed disappointments concerning the overall sanitation situation in the market, furthermore they pointed out that the waste management situation has affected the overall sales turn over within the market over the past years. In line with this the respondents pointed out that the sales margin has been affected in the sense that many customers did not feel comfortable shopping in dirty environment thus opting to move to other markets that they perceived better as far as the hygienic status was concerned. Based on these responses I do feel poor waste management is a barrier to the overall service delivery in the sense that it leaves the market in a filthy condition thus impacting negatively to the lives of vendors. Notably studies in support effective service delivery argue that prior planning on the privatization modalities are essential to avoid implementation hitches such as poor waste management as reflected in these study findings (Brown et al. 2005). In my point of view I believe if prior planning was conducted effective measures could have been put in place thus tracking and ensuring timely garbage collection process. Additionally it is worth noting that effective waste management in relation to overall service delivery has cost implications such that prior planning could have put in place effective fundraising strategy to ensure effective waste management in St. Balikuddembe market.

Furthermore studies indicates effective monitoring and evaluation as another approach of promoting effective service delivery (Brown et al. 2005), this ideology (monitoring and evaluation) is relevant in this study context in the sense the St. Balikuddembe lacks sufficient monitoring and evaluation mechanism by the KCCA as the mandated regulative body. Basing my arguments on both literatures and primary data responses I find the failure by the current contractor (SSLOA) to provide clean working environment as detrimental to the overall wellbeing of the market vendors. In the same view the situation not only affects market vendors but also has a negative multiplier effects on the vendors defendants through reduction of sales turnover, the researcher feels that St. Balikuddembe market would be a potential livelihood base for both the market vendors and Kampala residents as long as the appropriate operational strategies are put in place.

4.7 Relationships between Contracting, Institutional Framework and the Overall Service Delivery in St. Balikuddembe Market

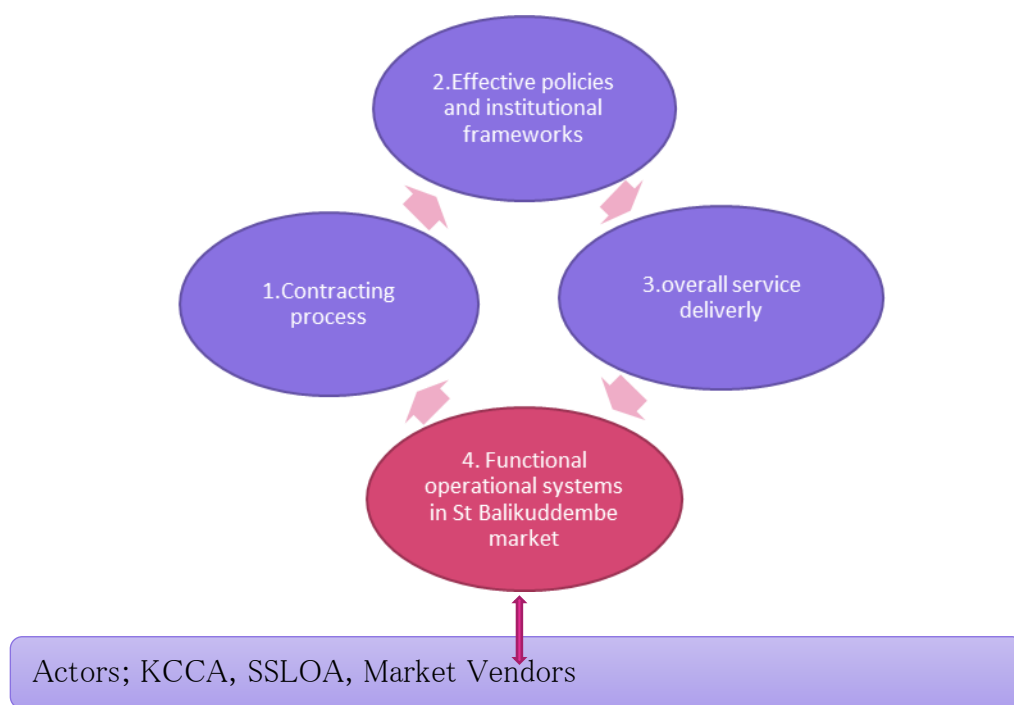
In relation to the above analysis of findings, the three variables are interrelated thus complimenting each other, in line with this contracting refers to the overall privatization process, this may entail contracting decision making and justification for it by the duty bearers, tendering process, implementation, monitoring and evaluation of the privatized services. On the other hand effective policies and institutional frameworks are perceived to be general rules governing the market operation, these may include polices and government legislations. Lastly the overall services delivery is the actual service provision that aims at achieving functional systems in St. Balikuddembe Market.

Additionally effective service delivery calls for updated policies and institutional frameworks that regulates the whole process, in this study context the primary data findings and literature indicates that the polices governing the market were not current something that can make one conclude that the end results were not that effective.

Similarly the contracting process determines the intended objectives in the sense that effective contracting procedures should be both process and result oriented. Based on this understanding I strongly believe that the contracting of St. Balikuddembe Market was more result oriented rather than the process, this in the sense that did not involve all the relevant actors as well as well as corrupt malpractices that could have pegged with weak and limited institutional frameworks. In synopsis this relationship shows that there is a need to consider the three elements as interconnected thus should factored in the implementation of St. Balikuddembe Market to achieve functional systems.

Importantly it is vital to note that the above privatization aspects calls for commitment by the relevant actors, in this study context the actors include KCCA as the regulative body, SSLOA as the current private entity and lastly the market vendors as the beneficiaries(traders), the same actors ideology is illustrated in the diagram below

The diagram below summarizes the relationship between the three concepts that the researcher views as the main components of this study objectives and analysis.



Source: Author/Researcher

Chapter 5: Concluding Remarks and Recommendations

Introduction

This chapter wraps the salient features that have emerged throughout this study; in particular the chapter summarizes the preliminary issues based on research questions and objectives that aim at assessing the effects of privatization policy on market performance in St. Balikuddembe. In the same view, contracting, institutions and the overall service delivery have appeared as the main issues in this study thus drawing a conclusion based on how the three factors impacted on the privatization process. Notably, the chapter recaps each research question and objectives based on the relevant theme consequently making recommendations for future privatization initiatives; similarly the conclusion is also informed by the primary data analysis and the literature review.

To begin with, the analysis reveals that the contracting of St. Balikuddembe market was faced by some hitches during the privatization process, notably the challenges included unfair tendering processes due to patronages and affiliation that led to re-privatization. In relation to contracting literature, the privatization process of the market should have had prior planning through ensuring effective policy formulation thus guiding the whole process in a fair and transparent approach.(Peng 2002:252).

Further Beghetto (2008) emphasizes on contracting process by stating that for privatization to succeed it should work within the broader structural reforms that require political support. Basing my argument on this school of thought I find it important to have mobilized political support among the power bearers prior implementation of privatization (Beghetto 2008), in a nut shell the insufficient institutional frameworks are viewed to have contributed to the unfair contracting of St. Balikuddembe Market something that is contrary to the privatization objectives. In this regard I believe there is a need for the Uganda government through KCCA to endorse legislations and guidelines that could guide similar future contracting initiatives.

In relation to the overall service delivery the analysis was broken down into several components with an overall aim of specific understanding of the Market services, in this regard the analysis discussed and made conclusion based on various components that included waste management, infrastructure, registration of vendors, licensing and revenue collection. In line with this the analysis concludes that the status of waste management had been deteriorating as compared to the situation before privatization, this was in response with vendors and one of the market chairperson who seemed frustrated by the current status in relation to waste management.

Additionally, the analysis indicates that the registration and licensing of vendors was faced by some challenges that involved licensing irregularities; this is in line with responses from KCCA officials indicating that failure by SSLOA (private entity) to present accurate statistics on the exact number of market vendors could have led to licensing loopholes. In this regard I find it imperative for KCCA as regulative body to have clear and updated recording keeping system that could consequently promote registration of vendor's thus effective licensing.

In support of effective waste management in privatization context Brown et al 2005, proposes three promotion approaches that entail prior planning, monitoring evaluation and appropriate resources mobilization strategies. Notably these approaches are interrelated thus

a need to apply them as complements to each other (Brown et al. 2005), basing my arguments on this notion I believe if privatization of St. Balikuddembe market had a prior planning, it could have helped the implementer with appropriate input strategies for waste management, similarly monitoring would have ensured effective regulations thus promoting hygienic standards. Lastly, it is worth noting that waste management has cost implications thus a need for fundraising strategies to maintain the market operations. In the same view, I suggest for thorough review of the overall service delivery that would entail clear monitoring guidelines as well as revenue collection and utilization.

Based on both the analysis and the literature I strongly believe it is paramount for the KCCA to go back on the drawing board and consider all the necessary logistical arrangement that could have contributed to these failures. Factoring in the logistical issues of regular spot checking could have improved the general infrastructure facilities like stalls and lock ups that have been deteriorating since privatization leaving the market in a total mess. This conclusion is informed by key informant interviews citing that the market infrastructure has been in a mess for the last ten years as a result of privatization.

Additionally with effective policies and frameworks there is high probability of effective service delivery, basing my arguments on both the literature and analysis one could infer that institutional frameworks are the most important guidelines that could have aided the successful privatization of St. Balikuddembe market. In a nut shell, this study concludes that the privatization of St. Balikuddembe market was a good strategy to reduce cost thus improving effectiveness even though it was faced by tendering and implementing challenges. In line with this it is important for KCCA to institutionalize the overall St. Ballikudemebe market operations through setting clear institutions and policies that would guide the whole process. Lastly, the institutionalization process would set clear mandates and functions thus creating an enabling environment for the relevant actors to perform their duties effectively.

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Appendix I

INTERVIEW GUIDE FOR DIFFERENT CATEGORIES OF RESPONDENTS

CATEGORY 1: MARKET VENDORS AND CUSTOMERS.

1. Name of the respondent Bio data
2. Sex of respondent Bio data
3. Age bracket Bio data
4. What is your opinion about the merits of the privatization of this market
5. What do you think are demerits of the privatization of this market?
6. Which company/entity runs this market?
7. How have your sales changed as a result since privatization
8. If the sales have gone down(as in 4 above) What do you think are the reasons responsible for the fall not clear
9. If the sales have gone up, what do you think are the reasons that contributed to this?
10. If they have been fluctuating, give reasons for that trend
11. Comment on how the following have changed (or not changed since privatization.-
 - a) A shelter/ housing units in the market
 - b) Sanitation
 - c) Garbage collection
 - d) Security of property/theft
 - e) Wrangles and conflict resolution
 - f) Bureaucracy and access to leaders
 - g) Fire out breaks in the market and response speed
 - h) Cooperation among traders' / traders association
 - i) Congestion and space availability
 - j) Corruption and relations with the market managers and city authorities-not addressed
 - k) Traders welfare
12. How have your revenues/earnings changed in the last five years?
13. Compare the sales performance before privatization and after privatization of this market?
14. Which products do you specialize in?
15. Which class/group of people constitutes the dominant clientele for your business?
 - 14 What expectations do you have about the future in relation to the performance of sales/ revenues for your business? How many people are directly employed by your business? Not responded

- 15 How many family members are employed by /directly participate in your business?
- 16 How many people are indirectly employed in your business?
- 17 How much profit (on average) do you earn per month from your business? How have your profits been performing in the last five years?
- 18 How do you spend the earnings from your business?
- 19 What is your opinion about the current economic climate in Uganda?
- 20 What do you think should be done in order to improve the management of markets in the city? Not addressed

CATEGORY II: PRIVATE PROPRIETORS

1. How do you rate the performance of this market in the last five years
2. How many vendors do operate in this market
3. Comment about the changing trends in market performance for the last five years?
4. How do you find the task of managing the traders in this market
5. How has been your relationship with the market vendors
6. Whom do you think (between traders themselves, government or private proprietor is best suited to manage this market?
7. Give reasons to support your choice in question 6
8. On average how much revenue do you collect from this market annually?
9. Comment on the performance of revenues collection for the last five years?
10. Of the collected revenue, how much do you remit to the city council?
11. How much do you spend on running market operations?
12. How much do you retain as profit after all expenses have been paid?
13. Comment on the following aspects in relation to market management
 - I. Corruption
 - II. Safety of property
 - III. Efficiency
14. What do you think should be done in order to improve the management of this market?
15. Do you expect this market to be growing in the future? Give reasons for the above opinion
16. Do you think the current economic climate has been favorable or unfavorable to market vendors and other small enterprises? Give reasons to support your opinion?

CATEGORY III: KCCA

1. How many vendors (on average) do you have in this city division annually? How many vendors do you expect to have in this division in the next five years? Give the reasons for this (expected) trend
2. Which class of people constitutes the dominant category of market vendors
3. Who are the dominant customers/clients for the vendors
4. Why were the markets in this city privatized?
5. Who advocated for the privatization of this market?
6. Which reasons did they give?

7. Do you think the objectives that were given for privatization are being achieved?
8. What procedures do you use to select the tenderer of the markets?
9. Compare the situation of the following aspects in markets before and after privatization
 - I. Wrangles and conflict resolution
 - II. Bureaucracy and access to leaders
 - III. Traders welfare
10. What do you think should be done in order to improve the management of city markets in Kampala?

