Graduate School of Development Studies

CHALLENGES IN IMPLEMENTING PRO-POOR DECENTRALISED SERVICE DELIVERY IN UGANDA:

A Case Study of LGDPII in Sironko District Local Government

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DEDICATION

I dedicate this Paper to my dear parents Mr. and Mrs. Wazikonya. I am who l am because of their sacrifice and love.

My Dear husband Richard Nzogi whose Love, support has kept me going. Richard your support is immeasurable.

And to my sweet lovely sons Blessed and Benjamin, who endured fifteen months without motherly love, l greatly missed your fun, lovely faces and smiles.

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LIST OF ACRONYMS

BFPs	Budget Framework Papers
BoQ	Bills of Quantity
CAO	Chief Administrative Officer
CBG	Capacity Building Grant
CBOs	Community Based Organisations
CCF	Christian Children Fund
CSOs	Community Service Organisations
DANIDA	Danish International Development Agency
DEC-	District Executive Committee
DF	Development Fund
FBOs	Faith Based Organisations
FY	Financial Year
GT	Graduated Tax
HIPC	Highly Indebted Poor Countries
HLG	Higher Local Governments
IMF	International Monetary Fund
IPF	Indicative Planning Figures
KM	Kilometres
LC	Local Council
LDG	Local Development Grant
LG	Local Government
LGA	Local Government Act
LGDP	Local Government Development Program
LGFC	Local Government Finance Commission
LLG	Lower Local Government
LGMSDP	Local Government Management And Services Delivery Project.
MC	Minimum Conditions
MDG	Millennium Development Goal
MoFPED	Ministry of Finance Planning and Economic Development.
MoLG	Ministry of Local Government
MTEF	Medium Term Expenditure Framework
NAADs	National Agriculture Advisory Services
NEMA	National Environmental Management Authority
NGOs	Non Governmental Organisation
NPAs	National Priority Areas
NRM	National Resistance Movement

O&M	Operation and Maintenance
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PMA	Plan for Modernisation of Agriculture
PRSPs	Poverty Reduction Strategy Papers
SNV	Netherlands Development Organisation
SWAPs	Sector Wide Approaches
TASO	The Aids Support Organisation
TPC	Technical Planning Committee
UPE	Universal Primary Education
USE	Universal Secondary Education

ABSTRACT

This study is about how the declining local government revenues affect the implementation of pro-poor policies in local governments in Uganda. Since the inception of Decentralisation Policy by the Government of Uganda in 1992, powers and responsibility to plan, budget, raise own revenue and implement programmes have been devolved from the centre to local governments. Decentralisation has been claimed to be the most effective way to take service closer to the people. The Government through the donor community also designed PRSPs/PEAP as a planning framework for local government to ensure pro-poor service provision through key national priority areas. This paper examines the relationship between fiscal decentralisation and service delivery. The focus is on the challenges local government encounter in the implementation of pro-poor policies like the LGDPII, taking the case of Sironko District. Local governments are constrained by the poor fiscal policy in place coupled with low taxable base, reliance on donor funds with their imposed conditionality, weak monitoring and supervision mechanisms, allegations of corruption and mismanagement of funds, poor staff capacity and politics of service delivery. However, these challenges are deeply entrenched in the programme design, the patronage and technocratic nature of the policy and the weak institutional frame work especially at the district level in implementing pro-poor service delivery.

For effective pro-poor service delivery, there is need for strong monitoring, supervision, and fund management mechanism, an effective and achievable fiscal decentralisation and the full involvement of the community in the decision making process.

Relevance to Development Studies

This study is relevant to development studies in regard to poverty reduction strategies under the decentralisation system of Governance. Effective service delivery in order to attain poverty reduction in developing countries calls for effective mechanisms for effective implementation of policies. Attention has to be on the design of the policy, and the strategies and guidelines have to be applicable in the local context in which the policy is going to be implemented. The local communities should be at the centre of such policies and output should be more emphasised rather than on the procedures. There should be effective financial control and management mechanisms in place to ensure proper allocation and that public fund are properly and effective used to benefit the intended beneficiaries.

KEY WORDS: Decentralisation, pro-poor policies, service delivery, PEAP, Sironko, LGDPII.

CHAPTER ONE: INTRODUCTION

1.1 Background to the research

Many developing countries the world over and specifically in Africa have embarked on massive poverty reduction strategies such as the decentralisation policy as a tool to improve public service delivery and to strengthen citizen participation in the decision making processes. As Steiner (2008: 32) put it, it has come to be widely accepted that decentralisation can be conducive to poverty reduction mainly because local governments are assumed to have better information and higher incentives than the central government to design and implement policies that respond to local needs and preferences.

Uganda's decentralization policy that was launched in 1992 is exceptional among many African countries in terms of scale and scope in transferring responsibilities from the centre to local level of governments. As Francis and James (2003:325) noted, Uganda has been praised as having "one of the most far- reaching local government reform programs in the developing world", and others have called it a radical policy (Mitchinson, 2003:241**).** The proponents of decentralisation argue that decentralised governments are more responsive to the needs of the poor than central governments and thus are more likely to conceive and implement pro-poor policies (Crook, 2003:77).

Since its coming to power in 1986, the National Resistance Movement (NRM) has been at least officially committed and really in support of the policy through local councils. The NRM government has however, been accused of using the decentralisation policy to advance its own political and patronage agendas. The policy seems to be very slow in attaining its objectives especially in rural district like Sironko in improving the incomes of the poor. If the policy was intended to make local governments responsive to poor peoples needs, then what went wrong? This research sought to establish how the LG system of governance in Uganda is working towards delivery of pro-poor services by analysing service delivery of the second Local Government Development Programme (LGDPII).

Specifically, I sought to find out the challenges local governments are facing in the implementation of decentralised pro-poor service deliver under the LGDPII. Attention was on the financial capability of local governments after the scrapping of Graduated Tax (GT) in 2005 (which up till then was their main source of revenue), the decision making process, and planning and budgeting processes. In addition this research sought to study the policy environment for poverty reduction and tried to establish how fiscal decentralisation and donor efforts and influence are likely to be effective in implementing pro-poor policies.

In 1996, the World Bank and IMF launched the Highly Indebted Poor Countries (HIPC) initiative, which aimed to reduce the amount of debt that the poorest countries had to pay. In addition, in 1999 the same institutions introduced its Poverty Reduction Strategy Papers-better known as PRSPs whose aim was to focus development efforts to poverty alleviation, (Panos: 2002:1; World Bank report, 2001) and as a means to enhance pro-poor service delivery. Uganda was one of the first countries in Africa to benefit from debt relief under the HIPC initiative.

As a condition for debt relief, the government of Uganda developed a comprehensive strategy to tackle poverty reduction. The strategy was the Poverty Eradication Action Plan (PEAP) Uganda's version of PRSP, which was designed and has been under implementation since 1997 and revised in 2000 and 2004. The PEAP is Uganda's National planning framework that guides public action to promote economic growth and eradicate absolute poverty. In 1998, government introduced the Poverty Action Fund (PAF) to reorient government expenditure towards PEAP as well as to account for HIPC resources (Africa Region: 2008:2). PAF was meant to ensure that funds are allocated to PEAP priority areas like Roads, education, health, water and sanitation on the basis of local needs. It is a tool that targets public expenditure towards the poor and aids in identifying special pro-poor programs within the budget (MoFPED, 2005:148). PAF is financed by HIPC debt relief and government plus other donors. PAF funds are targeted on PEAP sectors. (UNCDF, 2001:5)

LGDPII is a programme designed through the PEAP guidelines as a PAF strategy to reduce poverty. Thus this study attempted to look at the challenges the District faces in trying to adhere to national and donor conditions in the implementation of the LGDPII in an effort to respond to needs of the communities in Sironko District. The emphasis was also placed on the decision-making, the budget and planning processes, and the potential of the district to finance its own activities.

The research was mostly qualitative, using both primary and secondary data as main sources of information. I reviewed literature on decentralisation and primary data sources like the District budgets, District Three-year Development Plans, donor reports and documents on line, and manuals from the Ministry of Local Government (MoLG) and the Ministry of Finance, Planning and Economic Development (MoFPED).

1.2 Problem Statement

Following the 1992 decentralisation policy**,** Uganda's new Constitution, adopted in 1995, devolved responsibilities and powers to plan, mobilize revenue, and make bye-laws and ordinances to the local governments. The Local Government Act of 1997 deepened the decentralisation reforms further by giving authority to local councils at the sub-county level to raise revenues and initiate development projects. The decentralisation of responsibilities was accompanied by fiscal decentralisation. District resources come from locally generated revenues and central funding. The latter is traditionally of three kinds, namely, Unconditional Grants (UCG), Conditional Grants (CG), and Equalisation Grants (EG) (Francis and James 2003:329). The 1997 Local Government Act defines a statutory formula for the distribution of locally generated revenue between levels. As such, 35% is retained at the district level while the remainder is divided between the other four LG levels, but with the Sub-county receiving two thirds of it (ibid: 331).

Largely local government service delivery has remained poor, often due to the fact that resources are meagre and that transfers from the central government are either low, delayed, and/or tied, thus leaving little or no room for local or lower level discretion in decision making or determining expenditure. This, coupled with the scrapping of Graduated Tax effective 2006, evidently constrains local governments in funding local projects that respond to pro-poor needs. Even the LGDPI which was initiated in fiscal year 2000-2001 and avails local governments with funds for service delivery, only funds them on the basis of agreed performance criteria and a required counterpart contribution of 10 %, which largely came from GT (ibid: 330).

Although, having scrapped GT, government initially committed itself to compensating local governments the equivalent of what was previously being raised as Graduated Tax, but the amount of reimbursed the districts are receiving is not the equivalent of what the districts used to collect, it is much less and there fore insufficient. What is received is on average 60% of the promised figure. As such, statistics collected by the Local Government Finance Commission (LGFC) for 2003 indicate that over all districts' local revenues, on aggregate declined from 105 billion in 1997/08 to 74 billion in 2001/02. The LGFC goes ahead to post the share of each local government revenue source in total financing to local governments revenues as follows

Table 1

Percentage contribution of different sources of revenue in local governments

Source	Contribution 1997/98	Contribution 2001/02
Graduated tax	75%	51%
Property Tax	2%	11%
User Fees	6%	10%
Other (trade licences, tender fees)	17%	28%

Source: As Compiled by LGFC 2003 (More recent data was missing)

Noticeable in the figures above is a trend of decline in locally generated local government revenues and property tax, user fees tender fees and licences contributing a small share to total revenue collections in local governments. Graduated tax was introduced during the colonial days as a replacement of hut tax and was payable by all adults able bodied male above 18 years and formally employed female above 18 years but less than 65 years. GT was paid on the basis of income earned or assessment of personal wealth for rural areas and the unemployed. When decentralisation was introduced in 1992, GT was since then collected by LGs and it accounted for over 75% of local revenue of district, until it was scrapped in 2005 during the presidential election and effected in 2006. As a remedy government proposed a Local Service Tax and Hotel Tax as alternative sources of revenue for the local governments. These new taxes are seen as taxes on wealth and not on the individuals. However, there is already resistance against these proposed taxes by the masses given that civil servants are already Paying Pay As You Earn (PAYE), another kind of income or wealth tax. For, asking them to pay this new Local Service tax would translate into outright double taxation. The Hotel tax is equally being opposed because it would only benefit towns with hotels, thus disadvantaging the predominantly rural districts. without hotels.

The above scenario raises questions as to whether local governments still have the ability to deliver services that respond to pro-poor needs. It is thus in the foregoing analysis that it becomes imperative to establish how local governments are coping in the wake of the Uganda government abolishing GT without a proper replacement in place coupled with the fact that LGDPII will be phased out effective 2007/8 financial year.

1.3 Purpose of the Study

This research was aimed at examining the link between decentralisation and pro-poor service delivery. Specifically the study sought to establish the challenges the Local governments in Uganda encounter in implementing pro-poor decentralised delivery under LGDPII. In doing this, emphasis was put on the revenue tax base, decision making, budgeting, and planning processes and on assessing the potential of Sironko District Local government to finance its own pro-poor service delivery activities.

In addition, this research attempted to study the policy environment for poverty reduction to establish how fiscal decentralisation and donor efforts influence and affect the attainment of pro-poor policies. Under this, emphasis was put on establishing the challenges the district is facing in trying to adhere to national and donor conditions in the implementation of the LGDPII.

1.4 Objectives of the Study

The main objective was to establish the challenges encountered by the District in the implementation of decentralised pro-poor policies. This meant looking at:

(1) The relationship between declining revenue mobilisation, and pro-poor policies and decision-making in a decentralised system in Uganda.

(2) The influence of the resultant fiscal gap on pro-poor polices and service delivery under LGDPII in education and Road sectors.

(3) Possible ways of improving local revenue mobilization and pro-poor policies service delivery in decentralised systems amidst the fiscal gap.

1.5 Research Questions

The main question was: What are the challenges the district encounters in implementing decentralised pro-poor polices?

The sub-questions were:

(1) How has the declining local revenue mobilization influenced/impacted on financial autonomy of the district in the implementation of LGDPII?

(2) What is the role of Central government and donors in enforcing pro-poor targeting?

1.6 Relevance and Justification

Even though a lot has been researched and written about decentralisation in Uganda, there is still a gap on assessing the fiscal gap of decentralised service delivery after a decade of implementing PEAP under the decentralised policy. This is more so owing to the fact that districts in Uganda are financially stressed given that most of them were created recently and are struggling to have services delivered to the populace amidst low tax base. It is therefore important to establish why some districts like Sironko are not finding it easy to continue implementing pro-poor policies, worse so in the sub-counties which are not meeting the minimum conditions and performance measure set by central government and donors in the implementation of projects that are designed to benefit the poor.

This study is also timely because LGDPII has come to an end hence it forms a basis for programme terminal evaluation and its findings should provide a useful input to the successor programme which has been called Local Government Management and Services Delivery Project (LGMSDP).The research findings are expected to guide local governments in refocusing the decentralisation system with the view of addressing the current flaws and implementing alternative measures to the benefit of the poor and improved service delivery.

1.7 Scope and Limitation of the study

In terms of scope, the focus of this research was centred on decentralisation and service delivery. One wonders if decentralisation is a panacea or a tragedy in delivering services to the poor given that one of the objectives of decentralization is to bring services closer to the people. This research mainly was looking at the period before and after the scrapping of Graduated Tax in Uganda, given that this was a main source of local revenue to most local governments and was claimed to be a main contributor to service delivery. Given the limited resources like time and finances, the study did not cover the entire district. Emphasis was at the district and a few lower local governments such as Sironko Town Council, Bukhalu, Bulaago, Buginyanya, Buhugu, Bunambutye and Buyobo Sub-counties.

I chose Sironko District because it would be easier for me to have access to documents and also to set appointments with District officials who could provide the necessary information. This was because of improved record keeping and availability of staff at the district as compared to Sub-county staff who would either be absent or do not have proper records in place. It was also assumed that the District has a low taxable base which affects service delivery and as such service delivery entirely depends on transfers from the centre and donor funds.

The decision to sample out Sironko Town Council was because for the past three years it has been a model town council and even won the national award for the best performing town council in the entire country under the LGDPII performance and minimum conditions assessment results for the year 2005/6. It was therefore chosen so as to give clues on how it has managed to perform and deliver compared to other lower local councils and such lessons could be replicated by others for the benefit of the district and the poor.

Then, some of the Sub-counties sampled out, that is Bulago, Buyinyanya, Buyobo, Bukhalu with the exception of FY 2006/7, have not been meeting the minimum conditions and performance measures and it is important to know why they were not performing to their expectations. In fact, the Sub-counties of Buginyanya, Bukhalu, and Bulaago entirely depend on central government transfer to run council projects. These sub-counties at the moment have no markets, which is one of the main sources of revenue in the district and given that other levies like parish fees can not be collected after political pronouncement like no charges should be made on agriculture produce. Also at times such small tenders for markets, licences, parks are taken up by politicians in the sub-county who do not pay for the service.

Therefore, this research has incorporated views on service delivery both from the district and lower local councils.

Limitations:

1. Time and resources were not enough for the research to cover the entire district though the findings are representative of service delivery in the district and other rural district in Uganda. In addition budget and actual expenditure data and poverty figures were difficult to obtain. I was also not able to establish the extent to which development partners like NGOs complement the district in service provision.

2. There was also limited data especially about the quality and quantity of service delivery in the district. Therefore, l focused on education and roads sectors. There was also very few surveys and research on the same in the district which limited my findings.

1.8 Research methodology and Data Sources

This research was mainly qualitative, based on both primary and secondary data sources. It focused on the decentralisation policy and service delivery in Uganda and how the poor have benefited from this policy in terms of decision making and improved incomes and access to services. The following research methods and techniques were employed to get the necessary information.

Purposive sampling was the main tool used to select my respondents and case studies. The individuals that were interviewed were those that are implementing the LGDPII and are handling funds transferred from the centre. These included the Planning Unit officials, revenue officials, finance department, Deputy Chief Administrative Office, Assistant Chief Administrative Officers, Town Clerk, Sub-county Chiefs, Senior Accounts Assistants, the District Executive Committee (DEC), district opinion leaders and service users. These are the main actors in the planning and resource allocation process and have knowledge about the functioning of the councils. The district executive committee members were chosen because these are the decision makers at the district and they influence the process of budgeting and resource allocation.

Sub-counties were chosen on the basis of their past performance under the LGDPII. This was for comparison purposes which also give insights in what can be borrowed from one sub county to another especially those sub counties that are meeting the minimum conditions and performance measures.

The interview guide was used on individuals within the decentralisation process and the implementation of the LGDPII to obtain primary data. Respondents interviewed were both technical and political leaders at the district and sub-county levels. The researcher asked key questions of interest to the respondents and responses were recorded. The completed responses in note form and audio were grouped and coded on computer using the Epi-Data statistical package.

Two focus groups in two lower local governments were conducted with service users. These were composed of direct service users and opinion leaders.

Desk study was conducted to collect relevant secondary data with a focus on decentralisation and service delivery in Uganda. These included decentralisation and PEAP policy documents, district development plans, LGDPII manuals, National assessment results, three year rolling development district plans, district Budget service delivery documents and reports, the Constitution, the Local Government Act, World Bank documents/ reports and other relevant sources.

1.9 Structure of paper

This paper is divided into four chapters. This first chapter has given the introduction and general background to the study. It entails the background to the decentralisation policy in Uganda and the PEAP as Uganda's poverty strategy paper (PRSP). It describes the problem, states the aim, objectives and research questions, justification and relevance, methodology used in terms of techniques and methods of data collection. It also presents the scope and limitations of the study.

Chapter two provides the conceptual and theoretical frameworks. It gives the details on the main concepts as used in the research amongst which are the decentralisation policy, forms and dimensions of decentralisation and decentralised service delivery in Uganda. It describes the decision making and resource allocation process, fiscal decentralisation in local governments and the role of donors and development partners in the provision of services to the poor.

Chapter three presents data analysis and findings on service delivery under the LGDPII in Sironko District Local Government mainly on the roads and education sectors. It will also present the main challenges the district faces in service delivery with emphasis on the influence of fiscal gap on pro-poor targeting, decision making, planning and budget processes.

Chapter four will present the conclusions and recommendations of the research.

CHAPTER TWO: CONCEPTUAL & THEORETICAL FRAMEWORK

2.1 Concept of Decentralisation

A number of proponents like Turner and Hulme (1997), Cheema and Rondinelli (1983), and others have tried to define and give meaning to the concept of decentralisation. However, regardless of a specific author, decentralisation has been defined to mean the transfer of powers and responsibilities from the centre to local government in terms of decision making, planning, and service delivery.

For the purpose of this research, I adopted Cheema and Rondinelli's (1983:18) definition as the base, taking the term decentralisation to mean "the transfer of planning, decision-making, or administrative authority from the central government to its field organisations, local administrative units, semi-autonomous and parastatal organisations, local governments". But also to incorporate the notion of service delivery, I complement the basic definition with Mufulukye's, who on his part, quoting Turner and Hulme (1997:152) put it that "decentralisation within the state involves a transfer of authority to perform services to the public from an individual or an agency in the central government to some other individual or agency which is 'closer' to the public to be served" (Mufulukye 2007:12).

2.2 Forms of decentralisation

According to Cheema and Rondinelli (1983:18) different forms of decentralisation can be distinguished primarily by the extent to which authority to plan, decide, and manage is transferred from the central government to other organisations and the amount of autonomy the "decentralized organisations" achieve in carrying out their tasks. As identified by many proponents of decentralisation, decentralization forms include deconcentration, delegation and devolution. For purposes of this research regard will be made to deconcentration and devolution forms of decentralisation.

2.2.1 *Deconcentration*

Deconcentration involves the redistribution of administrative responsibilities only within the central government, sometimes referred to as the shifting of workload from the central government ministry or agency headquarters to its own field staff located in offices outside of the national capital, without also transferring to them the authority to make decision or to exercise discretion in carrying them out (Cheema and Rondinelli, 1983:18).

It involves some discretionary powers being given to field agents to plan the implementation of programmes and projects, or to adjust central directives to local conditions, within guidelines set by the central ministries or agency (Hyden 19983:18; Rhodes 1992:317). This form of decentralisation therefore gives limited mandate in decision making as the centre still retains powers and controls the implementation process. In this research, an example of deconcentration is that under LGDPII the district has the authority to make plans and budgets but lacks the resources to finance the activities. Funding of LGDPII projects is in the hands of the centre and the implementation of these plans or projects has to be in line with guidelines set by the centre. Accountability is also to the centre and not to the community the project is meant for. This is because the community is given limited voice in the decision making and resource allocation process.

2.2.2 *Devolution*

Devolution seeks to create or strengthen independent levels or units of government through devolution of functions and authority. Through devolution the central government relinquishes certain functions or creates new units of government that are outside its direct control (Cheema and Rondinelli, 1983:22)

Olum (2006:4) while quoting Smith (1985:11) defines devolution as the exercise of political authority by lay, primary elected, institutions within areas defined by community characteristics through the legal conferment or powers upon formally constituted local authorities to discharge specified or residual functions. To add on to that, Barkan and Chege (1989:433) define devolution as […] decentralisation that provides for meaningful participation by the people in the decision making process [...] it requires central officials to transfer a measure of their authority to local institutions that they do not, or only partly, control.

This form of decentralisation is said to be the one the Ugandan Government is implementing. Uganda's decentralisation policy is founded on devolution of powers, functions and responsibilities to local governments. The LGs have powers to make, approve and implement their own plans and budgets, to raise revenue and allocate resources to their local priories, make ordinances and bye laws, to hire and fire and manage personnel, appoint members to statutory bodies etc.

In regard to this research, devolution will be used in reference to how LGs are implementing the policy in terms of decision making, citizen's involvement and participation in the planning process, discretionary powers to raise and use own resources, financing own budget and deciding the activities to invest in at the local levels to achieve its objective of taking services closer to the people.

As discussed by Nsubuga, (2006:10) exclusive devolution of power is intended to improve service delivery by shifting responsibility for policy implementation to the local beneficiaries themselves; to promote good governance by placing emphasis on transparency and accountability in public sector management, to develop, broaden and deepen political and administrative competence in the management of public affairs; to democratize society by promoting inclusive, representative and to alleviate poverty through collaborative efforts between central and local governments, donors, non-government organisations(NGOs).

2.3 Dimensions of decentralisation

Dimensions of decentralisation have been classified to include: Fiscal, administrative and political decentralisation.

2.3.1 *Fiscal decentralisation*

This is the central and core part of decentralisation. For local governments to implement programmes and decentralisation policy effectively, they require adequate revenues. This can be achieved through Central Government relinquishing the revenue base which local authorities can tap like Value Added Tax, Pay as you earn etc, or central government collects mandated revenues and transfers it to lower levels of government.

Fiscal decentralisation comprises the assignment of responsibilities, including sectoral functions, as well as the assignment of own-source revenues to sub-national governments. (Smoke, 2003:10)

Fiscal decentralisation according to Bardhan and Mookherjees (2006:13) is defined in terms of financial devolution where they ask such questions as: To what extent can the Local governments raise resources either through local taxes, user fees, or borrowing? What is the extent of autonomy accorded to them over such decisions-for example, what proportion of local government budgets are self-financed, and who sets local tax rates or user-fee schedules? When such questions are answered effectively local governments will be able and bound to implement policies in their areas of jurisdiction in terms of service delivery. The fiscal gap is the difference between annual general fund revenues and expenditures. That is the difference between what is available and what is desired to finance a budget.

Uganda's decentralisation policy empowers local governments to access and receive revenues to meet the devolved responsibilities and own planned activities, however LGs have not been equipped to raise or expand own sources of revenue. Local governments finance their activities using funds transferred from the center, directly from donors and also own locally generated revenue. Central government transfers to local governments take the form of conditional, unconditional and equalisation grants. Local governments in Uganda highly depend on these central government transfer and over 80% of these funds are conditional as Poverty Action Funds (PAF), with areas of expenditure determined by the center and emphasis on the National Priority Areas (NPAs).

However, fiscal decentralisation is still a long way to be achieved in Uganda in practical terms and this is and will continue to impact on service delivery under the decentralised system of governance. As asserted by Susan Steiner (2007:181) citing LGFC (2000), local governments in Uganda were not provided with much power to raise revenues locally and instead rely extensively on intergovernmental transfers, including conditional, unconditional and equalisation grants. In addition to the limited local revenue-raising power, collection of local taxes and fees amounts to only about 10 per cent of the total revenue available to local governments on average, which is estimated to be one third to one half below the potential. Some of the reasons advanced for this poor revenue performance include politicisation of local taxes that led to the abolition of Graduate Tax during the presidential elections in 2005 and effected in 2006, harsh mechanisms used in the collection, and high administrative costs. As a result, local governments cannot effectively and efficiently provide services which in turn jeopardises the decentralisation policy to contribute to poverty reduction. As a result, intergovernmental transfers play a critical role in closing this fiscal gap as well as alleviating interregional resource disparities (Smoke, 2003: 10).

2.3.2 *Administrative dimension of decentralisation*

This dimension of decentralisation seeks to redistribute authority, responsibility and financial resources for providing basic services to the different levels in government.

Administrative decentralisation refers to the administrative bodies, systems and mechanism, both local and intergovernmental, which help to manage and support decentralisation (Smoke, 2003:10). It also includes mechanisms that link formal government bodies to other key local actors-traditional local authorities, non-governmental organisations, private sector partners (ibid,2003:10)

Interaction among government levels must be managed to facilitate local service delivery rather than, as is sometimes the case hinder it (Ibid, 2003:10). Local government structures must be in place and supportive and in addition staff must be functional, procedures must be in place and working relationship between administrative and political organs must be good for effective results in service delivery.

In the Ugandan case of administrative decentralisation the central government retained the responsibility for security, national planning, immigration, foreign affairs and national projects. All other activates become the responsibility of the local government councils (Okidi and Guloba: (Undated: 2). The line ministries are responsible for issuing regulations, policies and advice, benchmarking standards, and providing supervisory and inspectorate services to the local governments (ibid: 2). In terms of division of labour, the chairman of the Local Government Council is the political head of the jurisdiction and the Chief Administrative Officer(CAO) is the executive head – the accounting officer (ibid: 2). All plans and budgets and actions of programs are approved by the Council to which immediate accountability is also submitted (ibid: 2).

In Uganda, administrative decentralisation allows local governments to recruit, manage and discipline employees through the district services commission, manage pay roll appoint and approval of statutory bodies like the District Service Commission, the public accounts committee (PAC), to make bye laws and ordinances, implementation of development plans.

2.3.3 *Political dimension of decentralisation*

Political decentralisation aims to give citizens and their elected representatives more power in decision-making process which is usually supported by the legal framework like the constitution and LGA. Political decentralisation allows citizens to elect their own regional and local governments and participate in their governance by determining their own development priorities, making and approving their own plans (UNCDF, 2007:9). However, local elections and other forms of political participation between elections are not in favour of the poor. Representative democracy is a crude instrument for establishing local needs and preferences.

Devas and Grant, (2003:307) Elections are infrequent and are often contested on the basis of personalities and ethnicity rather than on clear programme or manifestos. Between elections, decisions are often made behind closed doors with minimum contact with voters (ibid; 307). Mechanisms for holding elected representatives accountable for the use of resources or for the performance of service delivery are generally weak or non-existent (ibid, 307)

Although fiscal and administrative decentralisation are critical, they cannot bring about the major goals of decentralisation without adequate political reform (Smoke, 2003:11). Sub-national governments may be empowered with clear and appropriate functions and resources and they may also have adequate institutional mechanism and capacity. But in the context discussed above, efficiency is predicted on the ability of sub-national governments to understand and act on the needs and preferences of local people better than the central government. (Ibid: 2003:11)

2.4 Uganda's Decentralisation Policy: Patronage or Technocratic Mode

To easily discern between centralised and local participation in a decentralised system, Francis and James observed a structure they term as a "Dual-Mode system of local governance", the analysis of which they complemented with attention to both processes and resources (Francis and James 2003:325). They identified two contrasting forms of local governance in rural areas in Uganda, which are characterised as being either in the 'technocratic' or 'patronage' mode.

These modes, as they claim, are founded on two potential conflicting ideologies of development (ibid: 325-326). To Francis and James, this Dual-Mode system "should not be seen as simply a hybrid between decentralisation and devolution" (ibid: 334). As such, what makes systems dual is "because they consist of not only an organisational framework but also the political and financial resources, norms of competition and conflict, legitimating discourses, and accountability mechanisms that surround them" (ibid: 334). For, the dual system allows central control to exist alongside a simulation of popular democracy (ibid: 336). Francis and James (2003) also, citing Johnson (2002), argue that central government have a vital role in ensuring the development and implementation of substantive pro-poor policies. The challenge is to define how these can co-exist with local participation and autonomy.

2.4.1 *Technocratic Mode*

Going by what Francis and James (2003:326) say, the "technocratic" mode is one which prioritizes poverty reduction, is driven by national targets, and is closely associated with poverty reduction strategy plans (PRSPs). In this mode, resources are raised by conditional grants from the centre, to finance the delivery of most services at the district level (ibid: 334). This is true of Uganda where, in light of fiscal decentralisation, central government transfers to districts in recent years have drastically doubled in comparison to previous years.

The dominant mechanism of accountability under this mode is upward, framed by centrally determined targets and audit controls. There is limited accountability of administrators to local politicians or the other group to the local population (Ibid: 335).

Under technocratic mode of decentralisation, there is conditional funding from the centre, which is already earmarked for particular programs but with little local participation (ibid: 334). This implies that the central government, through the Ministry of Finance Planning and Economic Development (MoFPED) via which donor funding is channelled, has a dominant role on how funds are used. This also means that conditional grants not only limit the voice of the local population of how funds are used but also that the needs are read from the top and programmes imposed downwards. Accountability, similarly, is rendered to the centre (ibid: 334) meaning that the key stakeholders are donors and central government that provide the funds and their withdrawal impedes on the implementation of policies.

2.4.2 *Patronage Mode*

The "patronage" mode draws on the language of participatory planning but, in the context of lack of resources and capture by local elites, is reduced to a ritualised performance with little meaningful citizen involvement (Francis and James 2003:326). This mode is largely ensnared in the local politic of decentralisation. According to Francis and James (2003:334-335), the political process is fuelled directly by locally generated revenue along with unconditional funding channelled into a structure of petty patronage. This mode is a system of bottom up planning and a reflection of popular democracy. It coexists with a latent function of extending links of clientage and ensuring political loyalty (ibid: 335)

Under this mode, accountability to the centre is limited, with the inspectorate of the Ministry of Local Government having little power to sanction inappropriate behaviour. Politicians do have a degree of control over administrators. However, this again tends to be manipulated in order to further their individual, rather than the public interest. Hence, behind the manifest function of promoting democracy is the latent function of perpetuating a network of patronage for political mobilisation (ibid: 336-337). In the end, whereas this mode is meant to empower people, this rarely does happen especially when it involves real local decision making. (Sepaphine 2005:9)

With regard to the LGDPII, l will argue that these two modes are all at play but the technocratic mode is dominant over the patronage mode. Given that local governments are financially constrained and heavily depend on central government transfers, the need to respond to local needs and pay attention to down ward accountability receives little attention. Local governments in Uganda pay attention to priorities determined by the centre; in addition upward accountability is the focus in order to attract more funds. Patronage manifests it's self under the LGDPII in form of bottom up planning but the plans and budgets are not a reflections of the planning process and accountability is made to the politicians and the centre at the disregard of the population.

2.5 Decentralisation Reform and Local Governance in Uganda

2.5.1 *Structure of Local governments*

The local government structure in Uganda is a multi tier system with the district, city council, and municipalities as units under which are lower local government structures and administrative units (Steffensen 2006:98). Through the Local Government Act 1997 and the Constitution of the Republic of Uganda, local governments have powers to approve plans and budgets that incorporate plans of lower local councils (ibid 2006:98). Apart from county councils, both local governments and administrative units have autonomy in planning and initiating self-help projects.

The local government system in Uganda is a five-tier structure, which consists of local councils (LCs) from village level to the district level. In their order, from the lowest level to the highest, they include the village council (LCI), parish council (LCII), Sub-county council (LCIII), county council (LCIV), and the district council (LCV). The foregoing are mainly rural-based structures, while in the urban areas we have the village council (LCI), ward also synonymous with the parish (LCII), municipal or city division (LCIII), municipality council (LCIV), and city council (LCV). The district and city are the highest local government levels whereas Sub-counties and municipality divisions are the lower local governments. The other entities like parishes and villages are mere administrative units. The higher and lower local governments (LLGs), unlike administrative units, are corporate bodies and can therefore sue or be sued.

Despite the difference between local governments and administrative units, both entities have political and administrative structures. The political organ at all levels is referred to as a Council, whose members are elected through regular elections. The councillors represent the electorate in their areas of jurisdiction or a given interest group, such as the women, youth, people with disabilities, and soon the elderly. On the other hand is the Administrative organ, headed by an administrative officer and a technical planning committee, whose main responsibility is to implement and coordinate the different planned programme activities.

2.5.2 *Decision-making, Planning, and Budgeting in Local governments*

The current fashion for decentralisation is built on the assumption that it will result in decisions that reflect local needs and priorities (Devas and Grant, 2003:307). In theory, the decision making process in local governments should promote local participation and should be in a manner that is participatory. The planning process is supposed to be integrative and incorporative in nature.

Ideas are supposed to emerge right from the village level and integrated into parish plans before being incorporated and integrated and finally synthesized into Sub-county plans and documented in a 3-year rolling development plan from which a budget is drafted. These plans are based on local needs and priorities that emerge out of planning meetings, at village, parish, and Sub-county levels. The district, through the technical planning committee, is in turn required to develop and integrate the district development plan incorporating all sub-county plans. A budget conference involving all stakeholders in the areas of jurisdiction is held every year before the actual council approves and passes the development plan, budget, and proceeds with other sector plans for the year.

However, the traditional model of local government, in which representatives are elected to make decisions on behalf of citizens with little or no input from those citizens between elections, is still the one that prevails in many countries (Devas and Grant.2003:308) The choices presented to citizens at periodic elections are crude, bearing little relationship to the detailed policy and budgetary decisions that have to be made during the succeeding years (Ibid: 308). Of course, diligent elected councillors may consult their constituents in a variety of ways, but such consultations may be haphazard and biased. Less diligent councillors may make no attempts to consult anyone, and may in any case be more interested in pursuing personal gains (ibid: 308) The practice on ground is that most local government plans and budgets are not a reflection of the planning and decision making process, the views therein are a reflection of local leaders views and those who may have powers to make decisions. Budgets are almost not a reflection of local priorities collected during the needs assessment or planning process. In order to have meaningful decisions, plans and budgets that can address the needs of the poor, there is need for local government to ensure the needs of the poor are reflected in the plans and budgets and also ensure constant consultation between those elected and the community they represent.

2.5.3 *Donor Assistance in Uganda Decentralisation Reform*

The role of donors in supporting the decentralisation policy in Uganda can not be underplayed. Donors have been behind the design and implementation of the policy since its inception in 1992. In recent years, aid to developing countries is aimed at effectively reducing poverty and improving service delivery.

While the road that leads from decentralisation to poverty alleviation is not linear, many external aid agencies are in one way or another, helping partner countries to travel it [….] Where external pressure was not the main force driving decentralisation, central level political motives, rather than concerns with efficiency in local service delivery, have been predominant (Romeo: 2003:91-92). Particularly in Africa, such motives have included extending the influence of the dominant political party by creating a new layer of local political personnel or countering political threats to the centre from ethnically based opposition forces by breaking their regional base into multiple jurisdictions (ibid:92).

According to Crook (2003:86), the Uganda case of decentralisation has been a device for consolidating central power by enabling the president to manipulate and fragment rival ethnic claims, he adds that it is no accident that the trend for minorities at the district level to demand creation of new-districts has been encouraged by central government. For example the creation and the increase in the number of district now totalling to 80 has been attributed to consolidating and building patronage links by the ruling party under the NRM government. This has however affected service delivery as the resource envelope has remained the same but has to meet the increasing needs and demands of the new district especially the administrative demands.

2.5.4 Pro-poor Service Delivery in Uganda under Decentralisation

The decentralization reform in Uganda was officially launched in October 1992, in a presidential policy statement and is currently enshrined in the Local Council Statute 1993, the Constitution of the Republic of Uganda 1995 and the Local Government Act (LGA) of 1997. Uganda's decentralisation policy came with the several core objectives, that is:

- To transfer real power to local governments and reduce workload on remote and under resourced central officials.
- To improve financial accountability by establishing a clear link between the payment of taxes and the provision of services.
- To bring about political and administrative control over services to the point at which they are delivered, as a means towards improving accountability, quality, and efficiency.
- To free local managers from central constraints and allow them to develop organisation structures tailored to their local circumstances.
- Improve local council capacities to plan, finance, and manage service delivery to their constituents.

However, whereas efforts by government and local governments are being made to have services accessible to all people, these have been unsuccessful. The quality, quantity, accessibility/coverage and benefits of the service in responding to basic needs of the poor remain a conundrum in many local governments. Coverage remains low amidst meagre resources and other factors hampering the implementation process. These include alleged corruption cases, a growing population, diversion of funds, allocation to priorities not in the interest of the common person, for example, on defence rather than on agriculture which employs over 80% of the rural poor, national spending like the Commonwealth Heads of Government Meeting in 2007 (CHOGM) where billions of shillings were spent. It is estimated that over Ush.247 billion was spent on CHOGM preparations like purchase of luxury cars and statehouse renovations. The east African (Nairobi) news paper of 4th September, 2007 reported that Billions meant for maintenance of rural roads in Uganda had been diverted to CHOGM. One wonders how a country that claims to be poor can spend such money on a three-day meeting while the sick lie in hospital without medical care and there are poor rural roads across the country. During this period, the MoFPED withheld funds to local governments and most local governments went in a financial crisis, which in turn affected service delivery.

Transfers were also delayed and there was a drastic budget cut by the ministry to LGs.

In the end, the poor in Uganda continue, and will perhaps remain poor until the real causes of poverty are addressed, especially with regard to addressing the incapacitated-ness of the poor person to meet basic needs. Effective provision of basic services is the potential key answer to poverty reduction. Despite the various efforts by most developing countries to address poverty issues, access to services is highly constrained. The failure in service delivery is the key reason that people fall into poverty especially the fact that they cannot meet their basic needs in health, education, water and transport. It is therefore important that service delivery in developing countries is scaled up to improve access and quality.

2.6 PEAP and LGDP as a Pro-poor Intervention under Decentralization

2.6.1 *Overview of PEAP Policy and Implementation Structure*

The Poverty Eradication Action Plan (PEAP) is Uganda's national planning framework that was drafted in 1997 and reviewed in 2000 and 2004. The PEAP is an example of a Poverty Reduction Strategy Paper (PRSP), a strategy that the World Bank and IMF have asked developing country clients to prepare in response to the local needs of the poor. PEAP provides an over-arching framework to guide public action to eradicate poverty. The policy is said to have been designed through a consultative process involving donors, civil society, central and local governments, parliament and the private sector. PEAP was aimed at contributing towards transforming Uganda into a middle-income country (PEAP, 2004:1).

The PEAP is based on five main 'pillars': (1) economic management; (2) production, competitiveness, and incomes; (3) security, conflict-resolution and disaster management; (4) good governance and (5) human development (PEAP, 2004/5-2007/8, xv).

PEAP as a policy is implemented through Sector-Wide Approaches (SWAPs) developed by relevant sectors, and implemented primarily through the decentralised governance structures. Key sectors include education where Universal Primary Education (UPE) is the most evident policy intervention and health, where primary healthcare and response to the HIV/AIDS pandemic are the most visible interventions (Olum, 2006:26).

Implementation of the policy is also through a number of multi-sectoral programmes, which include the LGDPII and other programmes like the Plan for Modernisation of Agriculture (PMA).

Since its inception, PEAP has registered a number of benefits to the country but at the same time encountered difficulties in its implementation. The real basic needs of the poor are not seen to be at the centre of the programmes and this has hampered the participation of the poor in decentralised service delivery. Programmes geared towards projects under roads, education, and health sectors have long term benefits to the community but the basic needs of the day like food, shelter, clothing, are still lacking.

2.6.2 LDGP*II Component as a Case Study of PEAP*

The government of Uganda receives funding from the World Bank and other bilateral donors and it avails these funds for access by the local governments in form of the Local Development Grant (LDG) and the Capacity Building Grant (CBG) for the LGDPII projects. The funds are disbursed to district on quarterly basis. To access either of these grant funds, local governments have to meet certain obligations. These include submission of accountability reports for the funds received in the previous quarter, submission of a copy of draft final accounts for the previous year, ten percent (10%) co-financing in place for the previous quarter and year (backed up with banking slips and payment vouchers).

Under LGDPII, sharing of LDG funds between the District and its LLGs goes by a proportion of 35% and 65%, respectively. For municipalities 50% of their allocation is retained with 50% channelled to the Divisions. These funds are disbursed on quarterly basis, but on condition that all the prerequisites have been met, such as the submission of accountability and monitoring reports, co-financing. At the beginning of each fiscal year, based on previous performance, each district is given an Indicative Planning Figure (IPF) as its new planning figure.

2.6.3 *LGDP II Minimum Conditions, Performance Measures & Donor Conditionality*

It is common, for one to wonder why many donor-funded projects reach the terminal stage or end of programme with little tangible results on ground, that is, without meeting the objectives of the programme. The LGDP has been implemented in two phases—LGDPI which ran between the period 2000 – 2003, and LGDPII from 2004 - 2007. Performance of the different local governments, with regard to LGDPII, varies across the country, the magnitude of services provided is not readily measurable, and in most cases it is of little or even no direct benefit to the poor. Who is to blame for this? Is it donor conditionality, the implementing personnel in the Local governments? Or the decentralisation policy?

The Minimum Conditions and Performance Measures upon which local governments are judged were derived from the Government of Uganda laws and guidelines including, among others, the Local Government Act (LGA) CAP 243, the Finance and Accounting Regulations, Local Government Procurement Regulations, the National Gender Policy, the National Environment Policy, the HIV/AIDS Policy, as well as guidelines for implementing sector-specific Conditional Grants (MoLG, 2007:8). These performance measures provide an incentive for improving administration of service delivery and resources management.

Minimum conditions are used to determine whether a LG qualifies to receive the local development grant in the coming financial year, on the other hand the performance measures determine whether a LG should be rewarded or penalised in fund allocation in the coming financial year on the basis of its performance. LGDPII provide non-sector specific development and capacity building grants to LGs according to transparent formulae agreed on by all districts (Olaa, 2003:106). The variables - population, land area are used in allocation of funds to districts. The district retains 35% of the total and passes 65% to sub counties, 30% of which is distributed to parishes/villages on the basis of population (ibid, 2003:107)

Each year, before funds for the coming fiscal year are remitted, all districts are subjected to an annual national assessment of the minimum conditions and performance measures. Compliance leads to a reward status which comes with a 20% increment over and above the projected annual allocation. Average performance leads to classification under static status wherein what is received is the exact amount as in the previous fiscal year; while poor performance leads to a penalty of receiving 20% less of that Local government's projected annual allocation. The bottom line is that all the measures have to be met, failure of which a given LG is judged as having broken the ten commandments of operation.

The objective of assessment of minimum and performance measures is to; first, verify compliance of the local government with the provisions in the laws and guidelines. Secondly, determine which local governments have proved capable to deliver, through rewarding good and punishing poor performance. Third, assist local governments to identify functional capacity gaps and needs. Fourth, promote good practice in administration and service delivery in the local governments, through linking all central government transfers to LG performance. Fifth, encourage LGs to adhere to national sector targets and standards. Lastly, enhance downward accountability, closer coordination, and integration of development activities at the local government levels.

The following are the minimum conditions against which LG performance is assessed:

1. Functional capacity for Sub-county, Division, or Town Council development planning, the indicators of which include: the Three-year Rolling Development Plan in place and approved by the Council, and a functional technical planning committee.
2. Functional capacity in finance management and audit, indicators of which are: Draft final accounts for the previous fiscal year; linkage between the investment plan, budget and Budget Framework Paper (BFP); and a functional internal audit.
3. Project specific conditions, which include: 10% co-financing in place, all co-financing for the previous fiscal year made, budget for co-financing in the current fiscal year, and 10% for the first quarter on the LGD account.
4. Revenue performance, the indicator of which is 3-year Local Revenue Enhancement Plan.
5. Capacity Building performance, the indicator of which is 3-year Capacity Building Plan

Similarly, the performance measures against which assessment is done include: quality of investment plan and linkage with budget; staff functional capacity, monitoring, and mentoring; communication and accountability performance; budget allocation performance; procurement capacity and performance; and local revenue performance. Others include; gender main streaming performance; council, executive and finance committee performance; operation, maintenance and sustainability of investments; performance of council sector committees; and environment mainstreaming performance

The minimum conditions are mandatory to all local governments and when a LG fails to meet the minimum conditions, it is prejudged that it cannot meet the performance measures either. The MoLG, in its 2007 synthesis report of the performance of the 80 districts assessed, indicates that a total of 40 districts met all the minimum conditions which represents 50% and 40 district failed (50%), whereas in its 2006 assessment, 63 (or 82%) districts met all the minimum conditions, with only 14 (18%) district that failed. Several are the factors unto which such decline in performance can be attributed. Among these, the Ministry noted, is the failure of the districts to link their budgets to Budget Framework Papers (BFPs) and development plans (MoLG, 2007:6)

CHAPTER THREE:
PRESENTATION OF FINDINGS

3.1 Introduction

This research is about decentralised pro-poor service delivery with reference to the LGDPII in Sironko District Local Government. Given the assumption that decentralisation has the potential to contribute to poverty reduction by providing opportunities for popular participation, bringing services closer to the people, responsive policy making, increased efficiency in providing services, here I investigated the Uganda case with regard to implementation of the LGDPII in responding to pro-poor needs in Sironko District. Emphasis was placed on the decision-making, the budget and planning processes, and the potential of the district to finance its own activities. I also looked at the challenges the District faces in trying to adhere to national and donor conditions in the implementation of the LGDPII programme in an effort to respond to needs of the communities.

3.2 Decentralisation and Service Delivery in Sironko District: A Case Study

3.2.1 Profile of Sironko District

Sironko District is located in the eastern region of Uganda. It is bordered by Bukedea District to the west, Nakapiripirit District to the north, Kapchorwa District to the north-east, Mbale District to the south, and Bududa District to the east. It was carved out of Mbale District in December 2001, by a Parliamentary resolution. It is made up of two Counties namely, Bulambuli and Budadiri. It has 18 Sub-counties (number expected to increase if Parliament approves more soon), one Town Council, four Town Boards and 220 Parishes (Three-Year District Development Plan 2008-2011:1).

According to the National Population and Housing Census of 2002, Sironko District has a Population of 283,092 (140,219 males and 142,873 females), representing 1.2% out of a total national population of 24.4 million persons. It has a total land area of 1070.65 sq km, and population density of 266 people per Square Kilometre. In addition, it was observed that there has been steady growth in population. For example, between 1991 and 2002, the population grew by 33.3% compared to 15% for the period 1980 – 1991. The projected population by now is about 320,382 people (Three-Year District Development Plan 2008-2011:1).

The main economic activity in the District is agriculture. Levels of poverty among the population are still high because of high population and low income levels across the population.

As for the political structure, the district is headed by the Local Council V (LCV) Chairperson; as for administrative structure, the Chief Administrative Officer (CAO) is the head. Running of the District falls under nine departments, all of which are subdivided under the major categories of: Finance and Planning, Production and Marketing, Works and Technical

Services, Education and sports, Health and environment, Water and Sanitation, Management and Support Services, Gender and Community Services.

3.2.2 Overview of Decentralized Service Delivery in Sironko District

To improve service delivery on ground, government has decentralised the delivery of health, education, feeder roads, water and agricultural extension services to local governments (MoFPED: 2001:16). The key challenge however facing this effort is to improve the capacities and incentives of local governments so as to promote effective planning, management and implementation of services (Ibid:16).

The District, through government and donor funding, is currently implementing government programs like the LGDPII, Universal Primary Education, and effective 2007 Universal Secondary Education (USE), PMA, and 'Prosperity for All' programme among others. According to the District Plan 2007/2010, a large percentage of the population have no access to clean water and that roads are in poor conditions due to lack of maintenance for three years now. The reason put forward to explain this is that there has been no release of Funds from DANIDA, which had been doing major road construction and maintenance in the district through the previous years. In the end, it is the poor who stand to lose while a few individuals gain especially those who have access to the funds and service providers ('contractors') the District contracts individual firms to provide the service which turn out to be substandard.

However, over all, there is slight improvement in services delivery to the population in the areas of education, Health, water and community roads. A number of primary schools have been constructed using the school facilitation grant and using LGDPII funds. School enrolment is indicated to be high though school standards in regard to performance is still very poor compared to other districts.

3.3 PEAP Implementation in Sironko District

3.3.1 *Programs*

The District, basing on the projections detailed in its Three-year Rolling Development Plan, over the years attempts to implement programmes in response to local priorities but also in accordance with the national priorities. The development plan is the planning and implementation tool that the district uses to deliver services to the populace. Under the guidelines outlined in PEAP, the district implements programmes that are geared toward improving the livelihood of the poor in the area. However, pro-poor targeting is still a challenge, given that the trickle down effect of benefits is still low in these programmes areas in the district.

The programmes run include extension services in the form of agricultural inputs, advice to farmers, and the services provided under the LGDPII, such as opening of community roads, providing school furniture, protection of water sources like springs, rehabilitation of boreholes, construction of Aid posts, installation of culverts on small bridges, classroom construction, market stalls, etc. Whereas the majority of these programmes are for the most part funded by central government transfers in the form of conditional grants, others, especially road rehabilitation used to be funded by DANIDA until it's suspending of funding to the District in 2005 due to alleged mismanagement and corruption tendencies by the district officials.

3.3.2 ***District Funding***

As earlier indicated, the main sources of funding to the District are central government transfers in the form of Conditional, and Non-conditional Grants, GT compensation and other grants from other ministries. Budget analysis for FY 2008/9 indicates that central government transfers will contribute 89.6% towards the district budget (Sironko Budget 2008/9: xiii). In addition, the district generates local revenue, a main source of which until 2005 was Graduated Tax (GT), but which the government scrapped. The District now relies on the revenue from businesses licenses, market dues, bidding fees, park fees, and the like which contributes 10% or less of the total district revenue. However, these sources are inadequate and insufficient given that GT used to contribute over 75% of the District's total revenue. The District has a low taxable base and capacity and can barely finance its own administrative costs thus largely relaying on donor funding.

A budget analysis for both the District and Sub-counties also indicated that there is heavy reliance on donor and central government transfers, a characteristic of the technocratic mode where such funds are already earmarked by the center for specific project which can contravene the local priorities and devolved decision making powers to councils. Sub-counties such as Bulago and Masira are extreme cases as they entirely depend on central government transfer to fund their projects. The national assessment results for the last four financial years (2004/2005-2007/8) indicate for example, that Bulago during the period 2004/5-2005/6 earned a static status, after scrapping GT, the situation got worse during FY 2006/7-2007/8 they earned a penalty and the funds meant for pro-poor projects in the sub county have kept deteriorating which has affected the number of projects the sub county can provide in a given financial year. The district has also earned penalties twice since 2004 and this has also reduced the amount the district receives.

On average, 20% or less of the total district budget is funded by the council and most of the costs are towards administrative costs in form of allowances for councillors, transport expenses for political and administrative heads within and outside of the district and 10% co-financing which is an obligation to access donor funding. The findings indicate that service delivery has been affected by the scrapping of graduated tax given that there is little the sub counties can do in terms of monitoring and community outreach due to inadequate funds. Staffs lack the willingness and motivation given that facilitation in form of transport allowance is a problem. In addition, the monitoring system from higher authorities both at the district and ministry level is weak. This has affected the district efforts to meet the PEAP priorities and the needs of the poor in the area given that due to insufficient funds plans are made haphazardly and not target full as such.

Table 2

Selected transfers from central government to districts (UGs bn.)

Grants		2003/4	2004/2005	2005/2006	2006/2007
		UGs bn	UGs bn	UGs bn	UGs bn
conditional grants	LGDP	65.75	65.25	64.30	64.31
	Road maintenance	18.01	18.01	18.01	18.01
	Primary education	309.48	316.90	338.59	401.59
	Secondary education	68.98	83.86	82.82	112.81
Unconditional Grants		77.68	81.68	104.49	104.76
Equalization grants		5.71	3.53	3.49	3.49

Source; Adapted form MoFPED, 2005:152

Information obtained from the MoFPED: 2005 as portrayed in table 2 indicated that overall, local government transfers (Conditional, Unconditional, equalisation grants) have increased over time.

3.4 *LGDP II as Pro-poor Programme in Sironko District as PEAP Intervention*

3.4.1 Performance of LGDP II in Service Delivery in Sironko District

Since the inception of LGDPII in Sironko in 2004, the District has earned a reward status only twice as evidenced in the Ministry of local government synthesis report 2007, through the other years, the district failed to meet the minimum conditions and performance measures. A number of factors have contributed to this mediocre performance, as we will see in detail later in this chapter. Below is a description of the district performance under LGDPII for a period of 4 years from 2004 -2007 on the basis of findings from the Annual Assessment of Sironko District by the MoLG, 2007.

LGDPII performance in the district in general terms has been poor as indicated by the of number LLGs meeting the minimum conditions and performance measures and those not meeting, also LLGs receiving reward as compared to those receiving penalty and static status. Most LLGs are able to meet the minimum conditions but don’t meet the performance measure. LLGs are struggling in the areas of co-finance, revenue performance, development planning especially linking the budget with the development plan, integrating cross cutting issues, council and sector committee functionality, staff functionality. The mandatory number of meetings by both council and technical committee is never attained due to lack of funds for allowances and other costs.

In 2004, 2005, 2006, and 2007, at least 13, 14, 15, and 5 LLGs, respectively, together with the District in itself were able to meet the minimum conditions as compared to four, seven, four and 14, respectively that did not meet the minimum conditions.

In addition, in 2004, one Sub-county; in 2005, two LLGs; in 2006, six LLGS; and in 2007, nine LLGs, respectively, received a reward compared to those that received a penalty and static status. LLGs that have got a penalty twice in the four years like Busulani, Buginyanya, Bulago have had a decrease in the amount of money they receive by 20% each year which has affected service delivery in terms of the number of projects implemented every FY.

This indicates how minimum conditions and performance measures are burdensome in the implementation of the programme and have little in ensuring that the LLGs put emphasis on the out put of the programme. This shows that such conditions and measures are just controlling mechanisms that donors and the central government are putting in place as a fulfilment to funding but little attention is paid to meeting the basic needs of the poor person the programme is meant to benefit.

3.4.2 Sector performance

Roads

Improving rural transport is a means of increasing accessibility and improving opportunities to marketisation as a means to improve the incomes of the poor. The MoFPED (2001:31) reports that access to roads in rural areas appears to have improved in recent years. However, the majority of feeder roads are only in 'fair' condition, despite adequate funds being provided for the maintenance of district roads. Rehabilitation is also proceeding (Ibid, 31). The report goes on to say that one problem in financing of road works was that some districts find it difficult to justify spending on maintenance when many roads are not yet rehabilitated and this is not cost effective in any way.

In Sironko, the total length of district roads is currently at 272 km, of which 30 km are in good condition, 80 km in fair condition and more than half of 272 km in bad condition. Road maintenance was cited as a challenge by the respondents. It was indicated by the respondents that the District has not undertaken any comprehensive rehabilitation and periodic maintenance for the last three FYs due to non- release of DANIDA Funding. The road network is in very bad shape requiring urgent intervention. The situation is further worsened by abnormal budget cuts and delays in transfers from the centre. What is communicated by the centre as the district planning figure is not the actual amount received, the figure is mostly lower which affects targeting and implementation of the plans and budget.

Sironko District experiences rainfall seasons twice every year and the state of the road network gets worse every rainy season. The roads get flooded and there is little done to improve the condition given the meagre resources. Most of the roads through my own observation do not have proper drainage system which makes the roads prone to floods. Also the roads at sub county level are merely opened and not constructed and after three months the roads are bushy and impassable affecting accessibility of farmers to market points to sell their produce and limiting access to other basic services like health centres.

Periodic Maintenance – LGDPII: The findings indicate that a total of 6.0 km has been covered under periodic partial maintenance using labour based methods under LGDP;

- 3.0 KM of Sisiyi – Tunyi.

- 3.0 Km of the last part of Buyaga – Buluganya.
- 3.0 KM of the First part of Nalugugu – Elgon is being worked on

Also, under DANIDA the District planned for 3.0 km of Gombe – Bumagabula Road but there was nil achievement because of suspension in funding. Besides the funding problem and insufficiency in amount of funds available for allocation to this sector, communities no longer make any contributions in kind, gone are the days when the community through mobilisation would do community work and provide labour and materials as their contribution. With the coming of donor funded projects and the abolition of GT, communities contribute no free labour and materials; these are offered in return for cash. Firms contracted by the district have to hire the local members to offer labour in return for pay, local materials have to be bought from the local people at a negotiable price.

In addition during the FY2007/8, 4.0 km of Bukimali – Bumausi Road was planned but due to delayed release of DANIDA Monies nothing was achieved. The same road has been replanted under spot rehabilitation of 2.7 km using LGDPII and local revenue.

Community Access Roads – DANIDA: DANIDA had released (Ug shillings 167 millions for community access roads in Kibanda –Buginyanya and Bulaago TC – Gimadu and works were expected to commence very soon. The money had been channelled through the Mt. Elgon Labour Based Training Centre that is also financed and run by DANIDA. All in all, Most of the main roads have been worked on partially due to inadequate funds. They include Buweri – Bumumulo, Bulegeni – Bumwambu, Buyaga – Buluganya, and Buwalasi SC – Buwalasi TTC

Education sector

Pillar four of PEAP aims at 'directly increasing the quality of life of the poor' (MoFPED, 2001:4). The objectives of government under this pillar are designed to improve the quality of life of the poor-better health, education, nutrition, and clean drinking water. These in turn also play a role in increasing the incomes of the poor (Ibid, 5). Education is a Key component of Uganda's poverty eradication strategy (MoFPED, 2001:42). Government is enhancing basic education, both primary education and adult literacy as means to improve the skills to survive and also to empower the poor population especially the girl child (ibid:42). The LGDPII in budget allocation pays attention to the above sectors as a means to achieve the objective of improving incomes of the poor.

With the emphasis put on sectors like education, there has been an enormous increase in gross primary enrolments, but this has in turn created problems and challenges, especially maintaining the quality of the schooling delivered. Since PEAP started, the introduction of the UPE policy with free education for four children in every family has transformed the situation of enrolment, which has risen further each year since 1997 but the PEAP/PRSP targets for pupil-teacher, pupil-classroom and pupil-textbook ratios for 2000 were missed (ibid: 5), because of the nature of policy which was more Top-down.

The district through government and donor funding has increased funding in the area of education under such programmes as LGDPII. In Sironko District, LGDPII has made a significant contribution to the education sector as evidenced by what l saw in sub-counties l visited and reports by the planning unit. Some of the areas this programme has contributed to include; construction of 20 class room blocks, roofing of classroom blocks, provision of office and classroom furniture- about 500 desks have so far been supplied to primary schools by the District and Sub-counties, fencing of 11 schools, supply of 300 pin boards to 75 primary schools, and construction of 12 pit latrines.

However, the standard of education remains questionable. The performance of the primary schools in the District over the years has not improved despite the increase in enrolment of primary school going children. The dropout rate is also a challenge in achieving the MDGs, especially with the girl-child, given that most of them get pregnant at an early age; prefer to work as house maids and waitresses in hotels to earn an income. There is need for government and the district to put emphasis on standards and quality of education in local governments in order the improve skills and be able to empower the poor.

3.5. Challenges to LGDP II Implementation and Pro-poor Targeting in Sironko District

First, diversion and misappropriation of funds is common in most levels of local government, which impacts on quality of service delivery to the poor. One of the reports from the permanent secretary of the MoLG to all Chief Administrative Officers and Town Clerks was about bad practices and gross mismanagement incidents in the implementation of capacity building under LGDPII. In this, it was indicated that some local governments were spending donor funds among other things on purchase of office consumables, foreign tours and study tours which have little or no relevance to job performance of the tour beneficiaries.

On top of that, the District has been singled out as a culprit in mismanagement of donor funds especially the funds provided by DANIDA which has even been cited in the mass media as one of the reasons for withdrawal of partnership with the district. One case cited under LGDPII indicated by the findings shows the diversion of funds and payment for no work done. One sub-county was cited during the interviews as having paid for 40 desks but when audit was carried out there was no evidence of the supply of even a single desk.

The findings also indicated that there is heavy reliance on donor funding for the projects implemented by the district and this affects service delivery every time funds are not remitted in time. The LGDPII is 90% funded by donor and central government transfers and the district funds 10% through co-financing obligation. High reliance on donor fund for projects in the district has negatively impacted on ownership, downward accountability and sustainability of investments under LGDPII.

In addition, there is uncertainty about the funding and this is on the basis that donors can withdraw funding at any stage of the project. In Sironko the case in point has been the withdrawal of DANIDA funding under the Road rehabilitation fund. And since the withdrawal in 2005, the District until now has not been able to rehabilitate or even maintain the roads that DANIDA used to fund which has affected service delivery in the area especially inaccessibility of the communities to main trading areas. Road works have stalled since the withdrawal, and also capacity building gaps have widened. Some of the reasons cited during the interviews for the withdraw of funding by DANIDA were variations in contract especially with the Bills of Quantities (BoQ), manpower gaps to implement the programme- there was no substantively appointed Engineer, mismanagement and corruption in fund transaction, limited supervision and inadequate audit especially the fact that the programme was audited by the external team and not the internal audit team. Besides, funds from the centre are to a large extent earmarked for national priorities leaving little budgetary powers with the councils and undermining efforts for improved service deliveries (Birungi, 2003:13). It is often the case that areas of emphasis by the centre are not matching the local priorities of the communities where the programme is implemented. For example funds come ear marked for a road but the immediate need of that community may not be a road but a health centre.

In addition delays in transfers from the centre have also affected service delivery. Many respondents acknowledged the fact that at times the money for one quarter is sent when already in another quarter and at times the money is sent towards the end of the financial year when the district and sub counties are planning to close the financial year and books of account. This has led to payment for projects in an impulsive manner with no value for money and little benefits to the common person. Besides, the study also found out that at times there is under release of funds by the centre.

Table: 3
LGDPII Releases to Sironko District for 2005/6-2007/8

NO	YEAR	AMOUNT BUDGETED/ IPF(1)	ACTUAL RELEASE(2)	DIFFERENCE (1)-(2)	% RECEIVED AND SPENT
1	2005/6	556,311,000	392,199,000	164,112,000	70%
2	2006/7	622,412,000	603,888,954	18,523,046	97%
3	2007/8	698,987,000	664,017,000	34,970,000	95%

Source: District Planning Unit

Not 100% IPFs are realized. Table 3 indicates that 100% release of funds is not the case, though 70% of IPF was realized in 2005/6 and 97%, 95% in 2006/7 and 2007/8 respectively.

The district in its effort to provide service delivery also experiences manpower gaps especially after the 2006 restructuring programme after which until now some main positions have not been filled. Also there is high labour turn-over and presently the positions of medical doctors, District Economists, Statistician, Community Development officers, Population officer and until recently the Education officer remained vacant, this has affected the outreach mission of the district in its service delivery and has frustrated efforts by the district to scale up and beep up quality of service provision. Despite the devolution of powers to district through the district service commission to hire and manage staff, district depend on the centre to pay workers salaries. This in effect highlights what Okidi and Guloba (Undated:10) allude to in their statement that capacity problems have persisted , partially due to the fact that decentralised governance has promoted clientelism as appointment of staff as indigenous residents of the districts, or 'sons and daughters of the soil' (MoLG,2004:5) and also based on Know-who than of Know how (Murembe et al, 2005) Based on field observation and experience deployment in districts is not only on the basis of qualification but kinship grounds. As a result over 90% of the district employees are born from the district. Such kinship practices have promoted patronage and clientelism practices hampering service provision and implementation of the decentralisation policy.

Another challenge in service delivery is the inadequacy of funds and low taxable base of the district. The district has a very low taxable capacity and this has affected sustainable service delivery and financing of productive projects. The main revenue sources are inadequate and the recently introduced service tax and the hotel tax, Sironko as a district may benefit little or not at all particularly from the hotel tax given that it is a rural district with no hotels and lodges. The findings indicate that inadequate and insufficient local revenue collections have affected operation and maintenance (O&M) of projects, which in turn has affected the life span of the projects. For example, there are no funds to carry out routine road maintenance which has contributed to the poor state of roads that are opened to easy access and transport to main market centers. As indicated in the sub-county budgets, sub-counties were able to budget for O&M but operationalisation was not done. Over time local revenue has been declining especially after the abolition of Graduated tax. This has also narrowed or weakened the district council's financial autonomy in planning and budgeting for local needs and pro-poor targeting given that the financial resources are low and funds from the centre are earmarked for specific projects.

Political interferences was also cited as a threat to service delivery and specifically leading to imbalances between the different sub counties. Service provision is dominated with patronage-client tendencies which benefit few at the expense of others. One respondent noted that 'projects are given to those who support the ruling party' and that Projects go to areas whose councillors are outspoken and have influence in the decision making and allocation process. It was said that in the case of a new programme in the district, areas where the executive members come from stand the greatest chance of benefiting first and the mostly cited example was the recent NAADS programme that the district is now implementing. The sub-counties that the District Executive Committee members represent benefited from the program before rolling over to the entire district. Politics of service delivery characterised by patronage, rent-seeking tendencies and kick backs has affected service delivery and this has undermined the implementation of the decentralisation policy which explains the imbalance in service provision in the district as some sub-counties are benefiting and others being left behind.

Delays in implementing the planning process and laying before council development plans and budget by the lower local governments was identified by the respondents as a factor that is affecting services delivery and performance. Most sub-counties were reported to be passing the budgets and plans after the mandatory 15th June and this means that they cannot be integrated in the district budget and plans for submission to the centre which in turn affects service delivery. Also the planning process is sometimes manipulated by few elites and at times in the interest of politicians. Educated councillors and rich community members influence the planning process and their priorities over ride the priorities of the unrepresented groups like children, youth, women, elderly and disabled. It is required that sub-counties collect wish-lists right from the village level but the reality on ground is that the planning process starts at the parish level under the influence of the parish chiefs and the parish development committees. The planning process guidelines are often not adhered to and this distorts the outcomes of the planning process with plans not being representative of the poor's wishes as a result of not carrying out the consultative village planning meetings and finishing the planning cycle hence the programmes are short of targeting the needs of the poor.

Conflicting roles of line ministries with those of local governments has proved to be a hindrance in performance of local governments in implementation of development programmes. Olaa (2003:111) indicated that line ministries have not fully come to terms with their changing roles, there are seen to be dictators to LGs activities which is seen as a threat to decentralisation and there fore service delivery in Uganda. In his statement, he argues that line ministries need to evolve from service providers to mentors and supervisors of LGs. He goes on to indicate that LGDPII evaluations have demonstrated that the slow pace at which line ministries are upgrading systems and procedures to support their new roles can compromise LG performance. Conflict between different levels of administration contradicts the deconcentration and devolution of service provision in the absence of adequate supervision and agreement on activities to be implemented. This hampers implementation of policies especially when there is no clear understanding between the line ministries who send the money and LGs implementing the policy.

Weak monitoring and supervision mechanism have also hindered the effective implementation of the LGDPII. This is both by the centre and the district. The centre is providing little support in terms of monitoring and supervision. Programme audit and value for money audits are irregularly done. This has highly affected the quality of services the district provides and it accounts for the shoddy work and lack of value for money of projects implemented under the LGDPII and other pro poor policies implemented by the district. In education it was reported that the work and services delivered are substandard, the quality of desks supplied is poor and they do not last for more than three years, cases of classroom block cracking and pit latrines collapsing. Inspection of works by the works engineers is also lacking and the contractors get away with money for merely clearing the path. In addition the internal audit system is also weak. Audit is seen to be necessary when there is a problem reported to the district by the community or complaints from the politicians about use of funds by lower local government's civil servants calling for the intervention of the district. This has undermined the implementation of service provision under a decentralised system and compromised pro-poor targeting in Sironko district under the LGDPII.

In addition there is little or no community involvement in the monitoring of projects. The community is hardly involved in monitoring of the projects and as such the downward accountability is totally lacking. Officials mind about reporting to the funding ministry or donors and not the community which is to benefit from the project. As such, the quality of work done using donor funds is substandard and has little benefits to the communities, which is a technocratic tendencies given that projects are funded and controlled by the center with little community involvement in management.

Donor conditionality in itself is a challenge in the implementation of pro-poor policies. The minimum conditions and performance measures under LGDPII like accountability, performance requirements are an impediment in pro-poor targeting. The funding requirements under LGDPII constrain LGs, for example Funds can be used to construct a health centre, classroom but can not finance salaries of medical officers and teachers (Olaa, 2003:110). Hindering the intention of the decentralisation policy and devolution of powers in service provision. One respondent noted that the conditions are good as they guard against mismanagement but technocratic in nature as they are imposed and unattainable in most cases especially co-financing and improvement in revenue status. PEAP and donor funded projects such as LGDP are top down initiatives and the lack of full participation of the local people, local governments, NGOs in the design of the programme posses a challenge during the implementation.

These factors in one way or the other have affected the quality and standard of service provided by the district under the education and road sectors. Schools standards have remained low both at primary level and secondary level; as such improvement in survival skills has not been attained. Like wise the status of community roads in the entire district is bad especially during rainy seasons. This has limited the poor's access to basic service in and outside the district. In general the objective of improving the incomes of the poor under the decentralisation policy has not been met by the district.

3.6 Impact of Fiscal Gap on Pro-poor Targeting in Decentralized Service Delivery

3.6.1 Fiscal Gap and Decentralized Service Delivery in Sironko District

The obliteration of Graduate Tax, which used to serve as the main source of local revenue to Sironko District, has adversely affected service delivery. Respondents indicated that the number of projects the District is able to fund has drastically reduced and the little the district currently collects is used to fund council allowances, administrative costs and co-funding obligations. Before the abolition of Graduated Tax, the District used to plan and fund a few activities like opening of community roads, protection of water springs, support to schools through contributing to teacher and pupil welfare as a form of giving back to the community. But after Graduated Tax was scrapped, the District can hardly raise enough money to finance productive activities like monitoring and evaluation costs, operations and maintenance. In all the LLGs the study was done, it was indicated that only TPC, Council and Executive are functional to a certain extent but the other council committees are not functional at all, this is because the LLGs have limited resources to finance sector committees meetings.

All the same, in spite of the current fiscal gap, this research found out that even if the District was able to raise sufficient amount of revenue from its own sources, preference would still be given to spending it on undertakings that are not directly productive, such as paying Councillors salaries and allowances, staff allowances, purchase of vehicles, office construction, among others

Secondly, lower local governments are experiencing hardships in meeting co-funding obligations which has had an impact on the funds the LLGs receive, which in turn has affected service delivery in the district. An analysis of LGDPII reports compiled by the planning unit indicated that co-funding is a challenge to most lower local governments and this has had implications on the amount of LG grants received over time. LGs are required to meet 100% of the 10% co-funding as community contribution to projects to qualify for more funding. Apart from Sironko town council, regardless of the abilities of sub-counties like Buteza, Buhugu and Bulegeni which have big markets that fetch approximately 5million Uganda shilling each quarter compared to Masira, Bulago, Bugiyanya, Bunambutye which have almost no single source of local revenue, co-funding remains a challenges.

Fiscal gap coupled with the fact that local officials at sub-county level lack the capacity or have limited autonomy in determining service provision on the basis of local demands in turn affects the level of service targeting to the needs of the poor in the district, it also makes the devolution of service provision to LGs questionable and the promotion of technocratic tendencies given that services to be provided are funded and determined by the line ministries at the center.

Table 4 and 5 showing the indicative planning figures against 10% co-funding obligations.

Table: 4

Amount of LGDPII received against Co-funding obligation

No	LG	FY2003/2004				FY2004/2005				2005/2006			
		Received	10% Required co-fund	Actual co-funded	% actual co-funded	Received	10% Required Co-fund	Actual co-funded	% actual co-funded	Received	10% Required co-fund	Actual co-funded	% actual co-funded
	District	180,657,117	18,065,712	4,000,000	22%	165,470,837	16,547,084	18,000,000	109%	70,678,227	7,067,823	4,000,000	57%
Lower Local Governments													
1.	Buhungu	25,976,352	2,597,635	150,000	6%	24,993,016	2,499,302	2,671,094	107%	13,663,967	1,366,397	500,000	37%
2.	Busulani	18,644,596	1,864,460	280,000	15%	17,614,496	1,761,449	2,513,800	143%	7,269,500	726,950	Data missing	-
3.	Bunambutye	10,412,747	1,041,275	303,000	29%	9,189,932	918,993	470,000	51%	9,529,860	952,986	100,000	10%
4.	Bulago	14,014,018	1,401,402	560,000	40%	13,552,304	1,355,230	1,604,625	118%	6,444,857	644,486	350,000	54%
5.	T.C	40,807,173	4,080,717,	800,000	20%	43,766,985	4,376,699	2,150,000	49%	23,361,791	2,336,179	1,119,150	48%
6.	Buginyanya	10,931,097	1,093,109	50,000	5%	9,998,601	999,860	1,234,000	123%	4,340,627	434,063	267,000	62%
7.	Masira	10,559,859	1,055,986	200,000	19%	9,342,166	934,217	311,875	33%	3,873,068	387,307	Data missing	-
8.	Buteza	21,265,444	2,126,544	800,000	38%	21,216,558	2,121,656	2,826,776	133%	9,213,902	921,390	500,000	54%
9.	Buyobo	19,032,641	1,903,264	50,000	3%	18,374,277	1,837,428	1,920,000	104%	9,493,709	949,370	411,500	43%
10.	Bukhalu	14,678,757	1,467,876	50,000	3%	15,084,900	1,508,490	1,089,575	72%	5,168,786	516,879	280,000	54%
11.	Butandiga	21,158,369	2,115,837	1,489,925	70%	19,990,580	1,999,058	2,397,325	120%	7,588,393	758,839	Data missing	-
12.	zesui	20,405,853	2,040,585	110,000	5%	19,619,359	1,961,936	1,529,269	78%	8,203,954	820,395	900,000	110%

Source: Own calculations using Sironko District Planning Unit figures

a) Table 4 above indicates how the district and LLGs are struggling to meet the 100% co-fund obligation which is a requirement to receive more funding and also a determinant whether a LG qualifies for a reward or sanction.

b) Also from the table, LLGs that don't meet 100% co-funding obligation have their LG grant reduced by 20% and those that meet the condition are rewarded by 20 %.

Table: 5
Sironko District Third quarter, 2007/8 LGDPII accountability Summaries

No	Sub-county	IPF	Expected Co-fund	Actual co-fund by 3rd Qtr	% of required Co-fund By 3rdQtr
1	Sironko TC	58,679,000	5,867,900	4,808,916	82%
2	Buyobo	16,738,618	1,673,862	620,000	37%
3	Bukhalu	10,160,000	1,016,000	300,000	30%
4	Buhugu	21,320,965	2,132,097	600,000	28%
5	Busulani	22,326,000	2,232,600	300,000	13%
6	Butandiga	18,645,000	1,864,500	200,000	11%
7	Bunambutye	25,872,000	2,587,200	250,000	10%
8	Bulago	15,835,000	1,583,500	100,000	6%
9	Zesui	13,092,739	1,309,274	-	0%
10	Buteza	9,119,775	911,978	-	0%
11	Bunyafwa	8,991,225	899,123	-	0%
12	Buwasa	11,252,382	1,125,238	-	0%

Source: Sironko District Planning Unit.

a) Considering the 100% co-funding requirement, most LLGs are not able to meet the 100% obligation by the fourth quarter. LGs are financially constrained and in particular the newly created sub-counties like Bunyafwa, Buwasa given that they have no potential source of revenue.

b) Table 4 & 5 indicate how alarming the situation is in LLGs and this has affected pro-poor targeting and service delivery as amount received declines overtime there by limiting the LG capacity to plan and fund more projects as deemed by the communities and hence the number of projects implemented depends of how much is expected to be received.

3.6.2 *Impact of Fiscal Gap on Decision-making, Planning and Budgeting Processes*

With regard to decision making as discussed by Steiner(2008:50) 'despite the de facto devolution of decision making responsibilities, line ministries have de facto remained with substantial power over local policy-making'. Districts have limited autonomy in decision making, planning and budgeting processes given that line ministries in Uganda determines national objectives, budget allocations, project specification and performance measures and also the fact that projects are funded by central government transfers and planning driven by national targets a technocratic tendency which limits councils in decision making and planning process.

This investigation also discovered that the quality of most Sub-counties' plans and budgets stands to be questioned. Most Sub-county staffs, though graduates as required by the law, seem not well versed with developing and/or producing realistic development plans coherent and commensurate with the budget and available sources of revenue. Most plans and budgets, which I was able to look at, were over optimistic, which suggests as to why little is achieved. For example 50% of the budget and plans were never operationalised. The budgets are too unrealistic, there is a mismatch between what the sub counties expect to implement against what they actually implement. This was evidenced by the number of projects that remained unimplemented as result of insufficient funds. For example Buyobo, Bukhalu expected to have an increased revenue collection but the reality was the opposite. It was indicated that in both sub-counties tenders to the markets, parishes did not make any payment to that effect. Also there was no linkage between the development plan and budget; priorities mentioned in the plans were missing in the budget due to limited resource envelope.

Besides, most councillors were inexperienced given that they had not been inducted since they took over office, which supposedly signals that they can not even represent the views of the local person. All they seek for at the end of the day is their sitting allowances. In addition, most Sub-county budgets and plans are passed after the district has passed its own budget, hence the meaning of integration does not hold any longer. This is attributed to delays in the planning process at the Sub-county level, the main reason being the lack of resources to hold planning meeting on time. The majority of lower local government officers indicated that the reason they can not lay their budgets and plans before council on time was as a result of lack of funds to meet council costs like payment of council allowances and also to facilitate the planning process.

The planning process is also dominated by a few elites with little participation of certain sections of the populace like the women, the disabled, elderly and the youth. Also, the fact that the planning cycle which traditionally starts in the month of December through to June is long enough and is not followed actual planning process which starts in May, contributes to delays in passing on approved budgets and plans to the district for integration. Because resource constraints affected most sub-counties, most of them fail to hold council meetings to approve their plans and budget on time.

Also as noted by other researchers, such as Francis and James (2003), priorities from LCI and LCII, if they ever reach higher levels, are rarely incorporated into Sub-county level plans. Most plans are creations that are a reflection of the imagination of the executive members or the technical personnel, based on self interest and motives best known only to them. From my own experience, most sub-county plans and budgets are what the executive committees and technical person think is good for the people, the end products are therefore not a real reflection of the needs assessment or ideas collected from the community. The focus group in Buyobo reported that projects are imposed from above and the community is not fully involved in the decision making process. A reflection of the technocratic mode. They claimed that they just see projects in place. And also in case of community involvement, what is planned for is never implemented. What appears in the final budget was never tabled by the community but the sub-county administration. For example in Buyobo Sub-county, the administration decided to use LGDPII funds for fencing off the Sub-county premises and for planting trees in the compound, which was not a reflection of the planning process. The community indicated that they lacked a health center in the entire sub-county, buying drugs and paying health workers was a priority to them since there is already a constructed community health center which is not functioning because of lack of drugs and health workers.

3.6.3 The move towards Improved Local Revenue Mobilization

Local governments in Uganda have the responsibility to levy charge and collect taxes including rates, rents, royalties, stamp duties, personal graduated tax, registration and licensing fees among others.

Sironko District, as indicated by 20 out of 25 technical staff and 5 out of 5 political leaders of the respondents, heavily relies on central government transfers, both Conditional and Non-conditional Grants, and raises just about 10% or less of the finances it uses on its own. Moreover, this locally generated revenue, in its entirety is spent on administrative overheads and payment of political emoluments, such as sitting allowances. As such, locally generated revenue does not finance any productive activity in the District, although the District makes an effort to meet its co-financing obligation to programmes that demand it, such as the LGDPII. This is done to avoid funding implications like the centre withholding the district grant for the coming fiscal quarter.

Evidently, Sironko District does not have many potential areas that it could explore in an effort to expand its tax base given that it is a rural district with over 90% of its populace surviving on subsistence agriculture. Judging from the majority of respondents who condemned the scrapping of Graduated Tax, this research established that some LLGs would actually not benefit much from the new proposed taxes. Other than the Local Service Tax, some LGs will hardly collect any other tax revenues such as the Lodge and Hotel Tax Dues, as they barely have any such facilities within their areas of jurisdiction. The District will therefore continue struggling as far as raising its own tax revenue is concerned. Service users indicated that the scrapping of GT has robbed the communities say to administrators and politicians as they are now disarmed to defend themselves as contributors to development and to demand for accountability of the money they contribute to the councils.

It was also indicated that the scrapping of GT has encouraged laziness among the communities especially the youth. Previously they had to work in order to pay tax, after GT scrapping they see no cause to work hard. Also the spirit of voluntarism has died among the citizens; they are now more of beggars than contributors to development in their areas. The community service users interviewed complained that the government has isolated them as citizens in contributing to development. District budget documents indicated that GT used to contribute over 75% to the total revenue collected and the scrapping of the same has undermined and frustrated its efforts to contribute to development.

Table 6

Percentage of local revenue Collected.

FY	BUDGET	ACTUAL REVENUE COLLECTED	% REALISATION
2003/2004	218,820,468	100,882,573	46%
2004/2005	218,820,468	175,621,480	80%
2005/2006	356,518,072	101,323,186	28%
2006/2007	299,751,065	110,081,000	4%
2007/2008	315,670,931	131,796,225	42%
2008/2009	410,957,959	-	-

Source: Sironko District Planning Unit/Budget 2007/8

Amount budgeted for is not 100% realised/collected as indicated above, with the exception of 2004/5, the district has been realising less than 50% of planned local revenue.

There is therefore need to devise mechanisms to improve revenue in the district and some of the suggestion made included the following.

- Re-instatement of Graduated Tax since the new taxes seem to be of little benefit and are being resisted from the business sector and investors. Community users indicated that after the scrapping of GT, food prices went up and they are paying tax indirectly and most families could not afford two meals a day, they therefore opted to pay the direct tax rather than indirectly and rural districts such as Sironko would benefit little from the Hotel tax given that there are no hotels in the district.
- Revenue enhancement and equipping local governments with proper mechanism to effectively collect the taxes.
- Institution and maintenance of an up-to-date databank of all potential tax sources in the district.
- Sensitisation and enhancement of the new proposed taxes of hotel and local service tax. There should be mechanism in place to educate the masses about the new taxes and also mechanisms to ensure proper collection and administration of taxes collected. Masses also need to be educated about the need to pay taxes for better and improved service provision.

3.7 Council relationships with development partners/ donors in the district

Sironko district has the potential to attract development partners and is currently running a number of projects in partnership with a number of donors and organisation at local, national and international level. The findings indicate that the district is dealing with a number of development partners like DANIDA and NGOs like, Christian children's Fund (CCF), Compassion international, the Aids Support Organisation (TASO), these provide funds and compliment the district in service delivery in the provision of education, health, water services, road rehabilitation and maintenance, relief provision, advocacy and lobbying, micro finance and income generating activities.

3.8 Politics and Patronage versus the 'Dual Mode' system of governance

Moncrieffe (2004:41) reports that tension exist between the central and local governments, some of which revolve around the question of how to balance strong central direction and broader accommodation. She adds that tension exists, too, between technocrats and politicians at the local levels. Technocrats and politicians tend to have different, sometimes widely diverging views on how programmes should be implemented. This is especially pertinent in those cases where the politicians manipulate circumstance and their control over administrators to suit their own political ends (ibid, 41-42). Hence the presence of the 'dual model' system of governance is seen to prevail in Uganda's decentralisation policy.

Basing on the perspective of Francis and James (2003), the centre is seen to be in control of the periphery (the local government) especially in the programmes like LGDPII that are funded and managed from the centre, noncompliance with the guidelines may lead to withholding of funds from the ministry to the affected district. The MoFPED controls the budgets and fund and ensures that before the funds are disbursed, the local governments adhere to donor's conditionalities and central government priorities. This means that the local governments and the local people at the grass root have little or no say on the programme under implementation there by promoting technocratic tendencies. The reality would have been different if the programme was locally funded by the communities and accountability would be more meaningful as the citizen would hold the local politicians accountable. Therefore the lack of authority to hold the local politicians or councillors accountable explains the patronage mode in implementation of pro-poor policies in Uganda coupled with unconditional grants which encourage patronage practices. The programme would be more meaningful if participation of local people in the planning process were taken into consideration, but reality shows that local initiatives are disregarded for targets determined by the centre/donors. The dual mode is therefore heavily enshrined in Uganda's decentralisation policy.

CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusion

On the basis of the findings of this research, it is clear that decentralisation in Uganda is not performing as was expected. Decentralisation is a complex policy which cannot yield results in poverty reduction in a short term.

The efforts of local governments in meeting the needs of the poor are a long way from the finishing line. Efforts by donors, central government and local governments to respond to the needs of the poor are yielding little in addressing pro-poor needs in communities. This has been attributed to a number of challenges encountered in the implementation of programmes like the LGDPII. Among these challenges is the low revenue sources in LGs and unreliable donor sources as outstanding factors affecting implementation of decentralised service delivery. Poor local revenue is mainly attributed to the fact that LGs have not been equipped enough to expand and improve own revenue under the decentralised system of governance.

Also the fact that LGs heavily depend on earmarked donor and central government transfers has drawn the attention of implementers from addressing local needs of the population to paying more attention to the picture they portray before the donors and the central government. It is therefore crucial to state that the role of donors and central government is in fact very limited due to the criteria they put forward in the performance and capacity measure which are not explicitly pro-poor.

Implementation of Decentralised service delivery in Uganda can be regarded as failing to promote development and to improve the livelihood of the poor people.

It should be said that the decentralisation policy is not bad but the implementation of the policy to achieve its objectives is the disappointing factor. Programmes like LGDPII are in principal good for the poor but unless LGs have autonomy in finances, decision making and citizens' voices are considered during planning processes, poverty reduction efforts by different stakeholders would continue to register little benefit to the poor.

4.2 Recommendations

For effective delivery in decentralised service delivery, there is urgent need to address the resource constraint that LGs are facing. The central government needs to equip LGs to broaden and improve revenue tax base. Decentralisation can not be achieved without an effective fiscal policy in place. Local governments have to be empowered to respond to the needs of the local people in their areas of jurisdiction. In addition donors and central government s need to recognise the constraints and challenges encountered in implementing pro-poor policies particularly programme with donor conditionalites.

Also strong and more effective mechanisms of fund management have to be put in place to address the current problem of fraud and mismanagement of funds in LGs. This will ensure proper collection and management of funds.

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APPENDICES

APPENDIX I

AN INTERVIEW GUIDE FOR RESEARCH ON THE IMPACT OF DECLINING LOCAL REVENUE ON PRO-POOR DECENTRALIZED SERVICE DELIVERY IN UGANDA: A CASE STUDY OF LGDP 11 IN SIRONKO DISTRICT

Questions for district administrative and management staff

Part A: Decentralization and service delivery

1. What does decentralization mean to you?
2. How good or disadvantageous is decentralization when it comes to pro-poor:
   a) decision making
   b) service delivery
3. In your view, in what ways do you think decentralization supports pro-poor policies on service delivery?
4. In what ways do you think your district is providing services specifically targeting the poor?
5. What are some of the challenges you face as a district/sub-county in delivery of those services to the poor?

Part B: Fiscal decentralization/ district or sub-county budget

1. a). How does your district/Sub-county finance its activities every year?
   b). In terms of financial autonomy, how would you rate your district?
   c). What are some of the challenges faced by your district/Sub-county in financing its budget?
   d). Are there some activities that your district/Sub-county can fund without the support of the Central government or donors? What are they?
   e). Looking at your current budget, what percentage of the budget is district/Sub-county- funded and what percentage is funded by the central government or outside donors?
   f). In your opinion, do you think the Central government can fund districts without the support of donor funding? If so, how?
2. a). How is the process of resources allocation done in your District?
   b). which people are involved in allocation of funds?
   c). who determines which projects is to be allocated how much funds and on what basis?
   e) . What mechanisms are in place either by your District or donors to ensure proper use/management of funds?

f). What is your opinion about donor funding?

d). Apart from donor programs and requirements, what other pro-poor programs do you run as a district/sub- county that are initiated by yourselves?

3. a). What, in your judgment, has been the experience of the District in the management of Central government transfers and donor funds?

b). In your opinion, why do you think DANIDA withdrew from financial partnership with your District?

c). Of what impact has the withdrawal been to the District in its pro-poor targeting?

4. Recently, government scrapped Graduated Tax (GT).

a). In what ways has this affected service delivery in your District/Sub-county?

b). In your own words, how would you describe the experience in terms of service delivery as it was before the scrapping of GT in comparison to how is it now?

c). In your judgment, do you think there is any financial gap at the moment? If so, is there any relationship between that existing financial gap and service delivery?

PART C: LGDP II PROGRAM

1. a) What do you know about the LGDPII program?

b.) Of what advantage is the program to the district?

2. Looking at your district/Sub-county LGDP II allocation, what percentage is taken care of by:

a) Donor funding?
b) Locally generated revenue?
c) Other funding sources?

3.a). In terms of LGDP funds, which priority areas do you allocate district/sub-county funds?

b). Of these areas which priorities take more funds?

c). Which areas take the least amount of money?

d). In your opinion, how would you explain the prioritization of funds as in b and c above? Or on what basis are funds to projects determined?

e). What is your opinion on the LGDP Minimum Conditions and Performance Measures?

f). Do you think these conditions are imposed? Do you judge them as useful or as useless in the running of the program? Explain your position.

g). Are there priorities that your district/sub-county would rather have over the LGDP program? What are they?

h). Apart form the LGDP, which other programs does the District/Sub-county have that you would judge as pro-poor?

4a). Focusing in specifically on education and infrastructure, how do you think the LGDP program has benefited the poor?

b). Mention some areas in relation to the above where the program has failed? What in your opinion might be some of the causes of those challenges encountered?

c). What mechanisms are in place to ensure proper allocation and management of LGDPII fund towards education and infrastructure, in effort to enhance pro-poor targeting?

5). a) What are some of the LGDPII projects that were undertaken in the fiscal period 2003/4 – 2004/5 and the period 2005/6-2006/7?

b). What has been the experience of your District/Sub-county with LGDPII program in the financial year 2006/7?

c) Are there some projects under LGDPII that were budgeted for but were not accomplished? If so, what then become of them?

d). In the existing fiscal conditions, do you feel that your District's activities are still pro-poor in a way? Why do you feel so or why don't you feel so?

6). In what ways are NGOs and local donors/well-wishers contributing in ensuring services delivery for the poor in your district?

7). Suggest ways in which the district can improve its:

a). Revenue tax base?

b). Focus on pro-poor targeting?

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INTERVIEW GUIDE FOR RESEARCH ON THE IMPACT OF DECLINING LOCAL REVENUE ON PRO-POOR DECENTRALIZED SERVICE DELIVERY IN UGANDA: A CASE STUDY OF LGDP 11 IN SIRONKO DISTRICT

Questions for District political leaders

1. In your own understanding, give your view about the Decentralisation policy?
2. Of what advantage is this policy to the district?
3. Of what disadvantage is this policy to the district?
4. Are there any opportunities that this policy brings to your advantage as a district leader? If so, what are they?
5. How are you using your powers as a district leader to ensure proper implementation of the policy?
6. How would you rate your relationship with other elected political leaders in your constituency, and at the national level?
7. a). what in your relationship with your area MP like?
   b). does s/he help you get funds at the central level to run projects in your constituency?

c). does s/he communicate national spending priorities to you?

8. How would you rate your relationship with the district technical staff in implementing district/ central government programs like LGDPII?
9. What is your view about LGDPII minimum conditions? [Do you think these conditions are good or they are rather imposed from donors?]
10. To what extent would you say that the LGDP programme is meeting the needs of the poor in your area?
11. As a leader, how are you ensuring that your people benefit from the program?
12. in your opinion, what do you think of the scrapping of Graduated Tax as a source of revenue?
13. Do you think it has affected service delivery to the poor in your area? How or What makes you think that way?
14. As a leader, what sort of thing are you doing to ensure that there is continued flow of service delivery in your constituency even amidst the financial gap?
15. How do you view donor funding to your district?
16. In your judgment, how would you rate your district when it comes to managing of donor funds in a way that benefits the people in your area?
17. Which sectors do you see as taking more funds of the LGDPII in your area of jurisdiction?
18. In terms of education and infrastructure, how would you judge these programs under the LGDPII as having benefited the poor in your area?
19. Are there some projects in education and infrastructure that you would boast of as having been successfully implemented in your constituency? What are they?
20. Are there some projects in education and infrastructure that you disappointed with as having been a failure? In what ways do you think these projects were a failure?
21. If you were to make a decision on how some of the LGDPII projects under education and infrastructure in your area should be run, what kind of things would you want avoided in implementing?