The Institutional Context of Rural Poverty Reduction in Uganda: Decentralisation's Dual Nature

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LADDER is a research project funded by the Policy Research Programme of the UK Department for International Development (DFID) that seeks to identify alternative routes by which the rural poor can climb out of poverty. LADDER is working with nearly 40 villages and 1,200 households in Uganda, Tanzania, Malawi and Kenya to discover the blocking and enabling agencies in the institutional environment facing rural people that hinder or help their quest for better standards of living for themselves and their families.

This working paper represents work-in-progress and the reader is advised that it has not been subjected to academic quality control, nor edited for errors of fact or interpretation. The paper forms part of a mosaic of research findings that will contribute towards an overall picture of rural livelihoods and micro-macro links to poverty policies in the case-study countries. The findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID.

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The Institutional Context of Rural Poverty Reduction in Uganda: Decentralisation's Dual Nature

by

Robert James[*], Paul Francis[+] and Godfrey Ahabwe Pereza[×]

Summary

Uganda's decentralisation programme has been hailed by donors and academics alike as one of the most ambitious and far-reaching programmes of local government reform undertaken in the developing world. An actor-oriented approach is adopted in order to elucidate the view from the periphery: from communities, administrators and locally elected politicians. This approach enables an analysis not only of the manifest functions of the institutions established by decentralisation, but also of the latent functions created by a new set of resources and interests. In practice, a dual system has emerged, the components of which we term the 'directive complex' and the 'process complex'. Under the former, conditional funding from the centre is earmarked for particular programmes. These flows are regulated by upward accountability, and there is little scope for local decision making. While an elaborate tiered system for local 'bottom-up' planning is in place, it controls only the small proportion of district funding that is either locally generated or in the form of unconditional grants from the centre. These funds are largely consumed in administrative costs and councillors' emoluments. Along with the spoils of a committee system that controls contracts and appointments, they provide the means of building political alliances and loyalty in the 'process complex'. Programmes currently being initiated aim to provide the local resources and capacities necessary for more meaningful local participation. However, in the absence of a culture of transparency and civic engagement to assure downward accountability, it remains to be seen whether these will be harnessed in a way that will promote both efficient service delivery and local empowerment.

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Acronyms

CAO	Chief Administrative Officer
CAP	Community Action Plan
CG	Conditional Grants
DC	District Commissioners
DDP	District Development Project
DSC	District Services Commission
DTB	District Tender Board
EG	Equalisation Grants
GoU	Government of Uganda
LA	Local Administrations
LC	Local Councils
LG	Local Government
LGDP	Local Government Development Programme
MoLG	Ministry of Local Government
NGO	Non-Governmental Organisation
NRM	National Resistance Movement
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernisation of Agriculture
RC	Resistance Council
RUWASA	Rural Water and Sanitation Programme
SCC	Sub-County Chief
UCG	Conditional Grants

Introduction

Since 1986, Uganda has embraced fundamental economic and institutional reforms. One of the central reforms implemented by the National Resistance Movement (NRM) government has been its decentralisation policy, held to be one of the most ambitious and far-reaching local government reform programmes undertaken in the developing world. The NRM, which came to power in 1986, saw local government reform as a 'necessary condition for democratisation' and hence central to the fulfilment of their goal of establishing a 'popular democracy' in Uganda. To that end in 1987 the NRM formally established a national structure of Resistance Councils (RCs) from village to district level. This pyramidal structure of RCs was to form the basis of the current decentralised system of local government in Uganda.

Considerable information is available on the organisational underpinnings of the current decentralised system of local government in Uganda and its historical origins (e.g., Mamdani, 1996; Nsibambi, 1998; Tideman, 1992). In contrast, little attention has been paid to the ways in which these now established systems function at the local level, and the degree to which the original objectives of local participation, popular democracy and efficient service delivery have been achieved.

This paper sets out to examine the impact which decentralisation has had on the district level and below. Based on research at community, sub-district and district levels, its perspective is firmly from the periphery rather than the centre. The conventional conception of decentralisation is as a national project, transmitted outwards from capital through the establishment of a set of formal structures and procedures. Here we complement this approach with two purposes in view. The first is to prioritise local perspectives, whether of community members, politicians, informal leaders, or local bureaucrats. Our second purpose is to adopt an actor-oriented perspective, where informal transactions and unacknowledged motives are given as much weight as the formal rules of the game (Long and Long, 1992).

The present section of the paper lays out the general setting, providing some background to the history of local government in Uganda, outlining other key reforms undertaken by the post-1986 regime, and presenting some background on the districts and communities researched. The following section examines the ways in which the decentralised system operates at district level and below, and the rather serious constraints which face efforts to extend participatory planning, improve the quality and appropriateness of public services, and mobilise local resources. The final section presents our conclusions.

The rationale behind decentralisation – challenging the conventional view

Decentralisation covers a diverse range of phenomena. A common categorisation is between political (or democratic) decentralisation, administrative decentralisation (or deconcentration), and fiscal decentralisation (Manor, 2000a). Since the 1980s decentralisation has been promoted as a solution to many of the problems of administration and governance constraining local and national development, and a means of improving performance in poverty reduction. The benefits of decentralisation are considered to include improved efficiency of public service provision, more appropriate services, better governance, and the empowerment of local citizens.[1]

These benefits are held to arise in a number of ways. Decentralised planning mechanisms facilitate the active participation of communities, articulating local priorities and helping to ensure that programmes are appropriate to local needs. Political decentralisation has the potential to create two distinct kinds of accountability: downwards between electorate and local politicians, and horizontally between democratically elected local politicians and local administrators. Decentralisation therefore contributes to the achievement of good governance both by promoting local accountability and transparency, and enfranchising local populations.

Attractive though the potential benefits of decentralisation are, numerous studies have shown it to be far from a panacea (Moore and Putzel, 1999; Crook and Manor, 1998). Adamolekun (1999: 58) concludes that while decentralisation has been included in many Sub-Saharan African countries public sector reforms, ‘there are no real success stories as far as improved development performance at the local level is concerned’. Nickson (1998) argues that despite the widely cited success of Latin American decentralisation, there is a wide gulf between the rhetoric and reality of citizen participation.

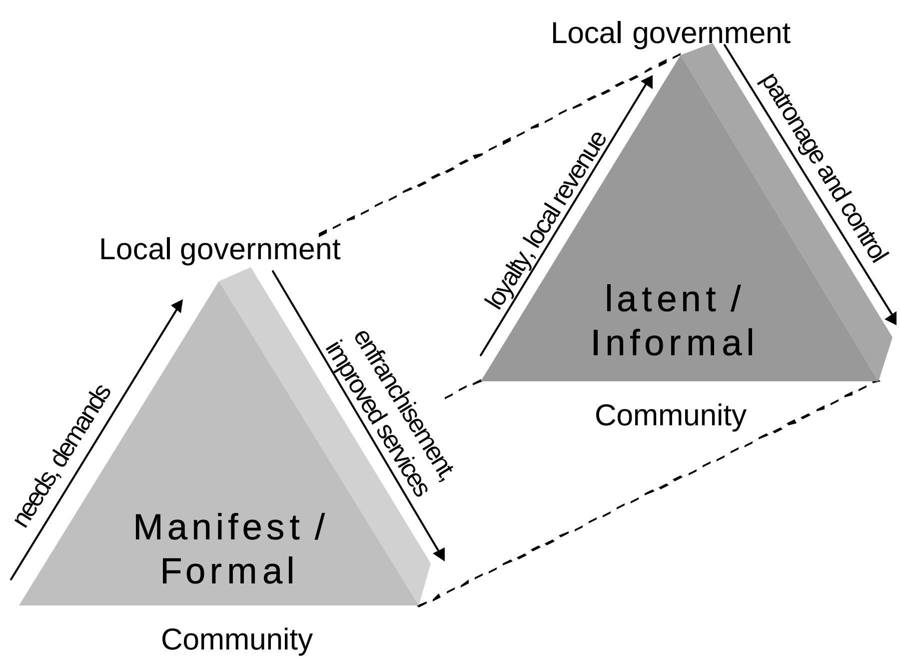
Why has the experience of decentralisation been so disappointing? Experience has shown that there are a number of necessary conditions for decentralisation to meet its goals. These include local capacity, fiscal decentralisation, and effective downward accountability. As has been widely recognised, planning and service delivery is often constrained by the administrative and technical capacities of both bureaucrats and local politicians. The degree to which elected local representatives actually have control over district finances free of central interference is equally fundamental to the realisation of local autonomy. Yet the extent to which local politicians have the power to raise and dispose of local revenues and allocate centrally derived budgets is never entirely unconstrained, and may vary widely. Centrally imposed guidelines may undermine the establishment of strong effective locally elected authorities. Manor (2000b), for example, notes that in South Africa the pursuit of redistribution and efficiency goals by central government seriously reduces local government’s independence. A substantial element of local revenue is widely regarded as essential to both the fiscal and political health of decentralised units. In many African rural areas, however, the revenue base is often so weak that central transfers dominate district budgets.

Locally controlled revenue and capacity are not sufficient conditions for meaningful decentralisation in the absence of downward accountability to the citizenry. The main mechanism for ensuring downward accountability in local government is considered to be the regular election of local representatives. Elections are commonly held to be the essence of democracy and good governance. However, it is less widely recognised that downward accountability is only ensured through the wider institutional context of which the ballot box is only a part (Gaventa and Valderrama, 1999). This environment includes access to information, transparent procedures of government and an effective media. Clearly politicians or administrators can only be held to account where information such as budgets and accounts is available to the public.

Moreover, public accountability is as much about the nature of the public audience as the information to which it may have access. Mamdani (1996) has argued that the perpetuation of the African patrimonial state has resulted in the populace viewing themselves as subjects of their leaders rather than citizens to whom their leaders are accountable. In the absence of an informed and involved citizenry, devolution of power may create new opportunities for rent-seeking by those in office resulting in ‘repression being brought closer to the people’ (Cross and Kutengule, 2001:6). Introducing decentralisation into a political environment characterised by clientage thus risks the strengthening of patronage ties and the entrenchment of local elites.

In this paper, we argue that the process of decentralisation has frequently been misread by government, donors and academics because of a failure to appreciate the social and civic conditions which underpin it. Decentralisation is commonly thought of as the devolution of power downwards so as to promote both popular participation and more appropriate and effective service delivery. The left-hand triangle in Figure 1 below represents this ideal view of decentralisation in which the needs and interests of the population are articulated upwards by the structures of decentralisation, while locally appropriate and effective development goods and services flow downwards. We argue that this view is inadequate, in that it largely fails to take into account the impact that existing local political culture, with its values, alliances, informal interests and prevailing conceptions of citizenship has in shaping the emerging system. The introduction of new powers and resources at the local level has implications which are far from neutral or technical, creating sets of interests at each level which may in fact operate in contradiction to the professed aims of decentralisation. The latent, informal functions of these institutions are represented by the right-hand triangle in Figure 1.

Figure 1: The manifest and the latent processes within decentralisation



Local government in colonial and post-colonial Uganda

From the time of its independence in 1962 until the coming to power of the National Resistance Movement (NRM) in 1986, The Government of Uganda's (GoU) political history has been characterised by dictatorship, instability and civil war.[2] The system of colonial local administration was that of indirect rule whereby District Commissioners (DCs) ruled through the chiefs who headed 'native authorities'.[3] The powers of local government significantly diminished as a result of the 1967 republican constitution and yet further under Amin's military regime.[4] However, despite the centralisation of powers under successive governments, Mamdani (1995) contends that the power of centrally appointed DCs (and their sub-district chiefs) toward the populace remained total. When the NRM acceded to power in 1986, they introduced a ten-point programme, the first point of which was the establishment of a popular democracy. The concept of popular democracy was a dual one, consisting not only of parliamentary, but also of 'participatory' democracy (Kisakye, 1997). The NRM introduced nationwide a pyramidal structure of Resistance Councils (RCs) from village to district level.[5] According to Mamdani, this measure finally separated the previously fused legislative, executive and judicial powers of politically appointed administrators. This democratisation of local administration marked an attempt to shift from the legacy of indirect rule at local level to village self governance.

The wider political context of Uganda during the NRM era has been the establishment and perpetuation of a unique system of 'no-party' democracy. Given Uganda's turbulent political history, it was argued by the NRM's leadership that multi-partyism would revive cleavages along ethnic and religious lines. The movement system, under which no member can be expelled (in contrast to a one-party system), is meant to ensure that politicians are elected on the basis of personal ability rather than political affiliation. Uganda's international patrons have looked askance at this system, but brought little pressure on the government to realise pluralism (Hauser, 1999). In this environment, decentralisation has been important as a means of acquiring democratic credentials in the eyes of both international donors and local actors. However, over time the movement style of politics has begun to take on some of the characteristics of traditional one-party rule (Mamdani, 1995; Onyango Odongo, 2000). This includes the use of state resources for the purposes of political mobilisation in order to sustain support for the 'no-party' system at grass root levels.

Structure of decentralised local government

At the base of the RC pyramid, RC1 consisted of all adults residing in a particular village. As the RC1, the village community had powers of adjudication, and elected a nine-member village executive committee. Beyond the village RCs, in ascending geographical size were the parish (RC2), sub-county or *gombolola* (RC3), county (RC4) and district (RC5) resistance councils. Notably, their executives were selected from and by the executive membership of the level below rather than by full adult suffrage.

Subsequent to cabinet approval to move towards full democratic decentralisation in 1991, a decentralisation secretariat was established within the Ministry of Local Government (MoLG) in the following year. The 1993 Local Government Statute significantly decentralised functions to lower government. This was reinforced in the

1995 Constitution and the subsequent 1997 Local Government Act. As part of these changes the term 'resistance council' was replaced with 'local council' (LC) in an attempt to distinguish between the organs of the NRM organisation and those of the state. In addition, the system of indirect elections to local councils above LC1 was replaced with direct election of representatives at LC3 and LC5 levels. In 2001 the 1997 Local Government Act was further amended giving local government (LG) powers to raise local revenue and a formula for its distribution between levels. Table 1 provides a summary of some key aspects of the decentralised local government system in Uganda.

Table 1: *Significant aspects of decentralised local government in Uganda*

Local Council Level	*Area*	*Political head*	*Procedure for selection of representatives*	*Status of LC level and Administrative Head*	*Technical staff*	*% of locally generated revenue retained*
LC5	District	District Council Chairman	a) Chairman elected by universal adult suffrage. Appoints speaker and executive committee. b) One councillor elected by universal adult suffrage from each sub-county. c) Special councillors representing youth and disabled selected through electoral colleges. d) Women make up 1/3 of council	Local Government Chief Administrative Officer (CAO)	Full complement	35%
LC4	County	LC4 Chairman	a) Council made up of all LC3 executives. b) LC4 executive elected among councillors c) Chairman and vice-chairman must give up their posts on the LC3	Administrative Unit Assistant CAO	-	5% of 65%
LC3	sub-county	sub-county Council Chairman	a) Chairman elected by universal adult suffrage in the sub-county. b) One councillor elected by adult suffrage in the parish. c) Women make up 1/3 of council d) Chairman appoints executive and seeks approval from council	Local Government sub-county Chief	Sub-accountant, extension and other technical staff	65% of 65%
LC2	Parish	Parish Council Chairman	Selected by LC1 Executive members	Administrative Unit Parish Chief	-	5% of 65%
LC1	Village	LC1 Chairman	Direct election by universal suffrage	Administrative Unit	-	25% of 65%

The current local government system differs between rural and urban administrations. The focus of this paper is on the rural. The district (LC5) is the highest level of local government and links with central government. At the district level, LC5s are expected to pass annual estimated budgets and rolling plans and make by-laws applicable to the whole district. All funds from the centre flow through the LC5.

The 1997 Local Government Act established the sub-county level (LC3) as the basic unit of local government, both political and administrative. Administrative and technical personnel are posted to this level, reporting to the senior civil servant, the sub-county Chief (SCC). Technical personnel may include agricultural extension, veterinary, fisheries, education and health staff. Sub-counties are also required to make annual plans and budgets. Although a formal administrative unit, the LC4 is largely a legacy of previous systems with few functions though is supposed to monitor and co-ordinate LC3 activities.

The village (LC1) and parish (LC2) have two main functions: to identify development needs and adjudicate in minor disputes. These lower administrative units decide how to spend the revenue allocated to them from local taxes. Where needs are beyond local means, proposals are passed to the sub-county for consideration in their plans.

Fiscal decentralisation

Resources available to district administrations consist of centrally allocated and locally generated revenues. The constitution provides for three types of central funding to local governments: unconditional (UCG), conditional (CG) and equalisation grants (EG). Table 2 highlights the trends in transfers to local authorities since 1997. Of late the system has come in for increased criticism for its complexity and inflexibility, with district councils demanding more decision making power on the use of CG, especially the capital components. Total transfers have more than doubled with CGs now accounting for over 80 percent of all central transfers. CGs are programmed at the national level, and are earmarked to support national sectoral programmes in the districts. Eighty percent of CGs are channelled through the Poverty Action Fund (PAF) discussed below. In 2000/01 there were 16 CGs of which 12 were for recurrent cost financing (GoU, 2001).

UCGs (or ‘block’ grants) were designed to fund the cost of running decentralised services, paying the salaries of core district administrative staff (GoU, 1995: Section 193(2)). UCG has increased in real terms since 1997 but, as a share of all transfers, UCG has fallen from 24 percent to 15 percent between 1997 and 2000 conditional financing has increased. While UCG are largely spent on general management and administration, their use is not defined by legislation, and they carry no requirement for reporting to central government. Since UCG is allocated according to area and population, while the staff establishment tends to be the same in all districts, in smaller districts UCG may be insufficient to fund staff salaries.

Equalisation Grants (EGs) were introduced in 10 districts in 1999/00 in order to support districts which were ‘lagging behind the national average standard for a particular service’. The number of districts receiving EG increased to 24 in 2000/01 though these still account for less than 1 percent of all transfers. EG is to be spent on poverty reduction priority areas.

Table 2: *Transfers from Central Government to Local Government (UG S bn.)*

Grants	**1997/98**		**1998/99**		**1999/00**		**2000/01**	
	UG Shs bn	*%*	UG Shs bn	*%*	UG Shs bn	*%*	UG Shs bn	*%*
Unconditional Grants	54	***24***	64	***23***	67	***17***	79	***15***
Conditional Grants – recurrent †	168	***75***	202	***71***	275	***71***	321	***63***
Conditional Grants – Development *	2	***1***	19	***7***	45	***12***	107	***21***
Equalisation Grants	0	***0***	0	***0***	2	***0***	4	***1***
Total	224	***100***	285	***100***	389	***100***	512	***100***

Source: Adapted from the GoU 2001

† Includes both PAF and non-PAF funding.

* Includes PAF capital grants and funds from the District Development Project, now the LGDP

In addition to the three channels given by constitution, the pilot District Development Project (DDP) was set up in 1995 in 5 districts with the aim of improving the capacity of districts to plan and finance services and capital development projects. This pilot defines clear roles for officers and councillors at the various levels of local government, emphasising both upward and downward accountability (MoLG, 1999). Performance criteria assessed in retrospect determined whether a district was eligible for a reward or a penalty. The DDP forms the basis of the wider Local Government Development Programme (LGDP) initiated in 31 districts in 2000/01. Under this programme, a Local Development Fund and a Capacity Building Fund are established. LGs are required to contribute 10 percent in cash. Thirty-five percent of LGDP funds go to districts and 65 percent to sub-counties (of which 30 percent of the development component is transferred to the parish level).

LGs also have power to raise revenue in their areas through the collection of fees and taxes. Locally raised revenues include personal graduated tax, produce taxes, market dues, licenses and taxes specific to individual districts. Whilst definitive data is unavailable, a recent document notes that ‘in real terms, local revenue collection is at best static and is falling in many districts’ (GoU, 2001). LGs are highly dependent on central funding which account, on average, for 90 percent of their income.

The ‘macro’ policy context

Decentralisation comprises an important component of a much wider programme of reform undertaken by the GoU since 1987, encompassing the economic and judicial as well as the administrative and political spheres. In the late 1980s the GoU undertook a far-reaching economic recovery programme embracing market liberalisation through the removal of price controls, the privatisation of state industries and the disbandment of agricultural parastatal boards. Average GDP growth of 6.5 percent per year since 1990 is cited as proof of the success of these programmes. There is evidence that the incidence of poverty has fallen from 56 percent in 1992/3 to 35 percent in 1992/3. Appleton (2001), attributes this fall entirely to the growth of GDP, though adds a cautionary note that urban-rural inequality over the 1992-2000 period has increased.[6]

The professed priority of addressing poverty, and in particular its rural dimension, has given rise to three key initiatives: the Poverty Eradication Action Plan (PEAP), the Poverty Action Fund (PAF), and the Plan for the Modernisation of Agriculture (PMA). These policies are implemented through the institutional framework provided by decentralisation.

The PEAP, initiated in 1997 and revised in 2000, is linked to a long-term vision to eradicate poverty (defined as reducing absolute poverty to below 10 percent) by 2017.[7] The PEAP boasts four central pillars through which poverty eradication is to be achieved: creating an enabling environment for fast and sustainable economic growth and structural transformation; ensuring good governance and security; increasing the ability of the poor to raise their incomes; and directly increasing the quality of life of the poor.

The PAF was established in 1998 to finance key poverty eradication programmes using funds from the Heavily Indebted Poor Countries (HIPC) debt relief initiative and resources mobilised from donors. To qualify, programmes must be additional to existing expenditure, be spent on interventions directly reducing poverty, and be subject to stringent accounting requirements. In 2000/2001, these funds amounted to Sh. 83 bn, or 30 percent of the total Government Budget. Seventy-three percent of PAF funds are transferred directly to districts in the form of conditional grants, principally in the health, education water, roads, and agriculture sectors.

The PMA is a holistic framework for eradicating poverty through multi-sectoral interventions directed at enabling people to improve their livelihoods in a sustainable manner. It aims to address not simply agricultural issues narrowly defined, but the related issues which affect rural well-being. PMA intervention areas include: research and technology development; agricultural advisory services; access to rural finance; agro-processing and marketing; agricultural education; natural resource management and physical infrastructure developments. The PMA is particularly concerned with poor agricultural producers and is focused on the commercialisation of agriculture.

There are seven key priority areas for action in the PMA, including agricultural extension and research, rural finance, marketing, agro-processing, natural resource management and physical infrastructure. These components are to be implemented by a range of stakeholders, including the GoU, farmers' organisations, the private sector and NGOs. Key features include a Non-Sectoral Conditional Grant which will be available to fund a wide range of livelihood-promoting investments, and a shift towards demand-driven extension through the vesting of budgets in farmer user-groups.

Research setting: sample districts and communities

The fieldwork on which this paper draws was undertaken in three districts selected in order to capture major livelihood systems in rural Uganda. The three districts were Mbale, Kamuli and Mubende. Within each district, three villages were chosen for qualitative and quantitative fieldwork designed to examine livelihood assets and activities, and the institutional context within which livelihood strategies are constructed. A full description of the methodology is contained in Working Paper 2 in this series, and details of the statistical findings concerning assets and activities can be found in Working Paper 3. Some relevant general characteristics of villages and districts are given in Annex Tables 1 and 2 to this paper.

The sampled districts fall into three of the conventionally defined main farming systems of Uganda: Mbale is in the montane system; Kamuli the banana/finger millet/cotton; and Mubende the banana/coffee system. Nevertheless, there is considerable diversity within each of the three districts. Further, over the last decade, shifts in livelihood systems have occurred in all of the sampled areas. Several factors underlying change were cited in all districts: declining soil fertility; crop and livestock diseases; increased land fragmentation; climatic change; the increased commercialisation of food crops; and more wage labour in agriculture. In all three districts, informants spoke of significant diversification into non-farm livelihood sources. Among non-farm activities, the most significant were produce vending, retail trading, the transportation of both produce and people by bicycle, brick-making and brewing of beer for sale (see Annex Table 2). The increased diversification of livelihood activities away from subsistence agriculture reflects greater opportunities and monetisation of the rural economy.

The local impacts of decentralisation: bringing control closer to the people

We have suggested that in examining the process and implications of decentralisation, it is instructive to distinguish formal systems and procedures from the incentives which these systems establish for actors in particular positions, especially holders of local political office, but also producers and administrators. To demonstrate this assertion requires detailed attention to specific local processes. These include: the ways in which communities perceive local institutions; how revenue is generated, distributed and utilised; the scope for the participation of local communities in planning; and the ways in which social and productive services are delivered to villages.

Local government institutions: the view from the community

There is little awareness at community level of the activities of district-level institutions. Local perceptions mainly concern the lower three levels of the local government structure: LC1, LC2 and LC3. The powers of LC1 (village) chairpersons, exercised either with or without their councils, have a daily impact on village life. Chairmen are simultaneously leaders of a local community and the lowest level of a formal administrative system. In fact it is their internal role in regulating village life that predominates in local perceptions: this includes the adjudication of minor offences and disputes such as petty theft, debt and land cases, and witnessing land transactions. As the point of contact with the higher levels of the administration, chairmen may also be required to assist in graduated tax collection, receive official visitors or write letters to certify residence or ownership of livestock. In conjunction with their councils, chairmen make decisions about how to spend any locally generated revenues remitted back from the sub-county level, and mobilising the community for collective contributions to development projects. Chairmen charge informal fees for most of these services. The adjudication of a minor dispute may cost the guilty party Sh 5,000 while writing the certificate of ownership necessary to sell livestock costs about Sh 1,000.

While local perceptions of LC1 chairmen naturally varied, the qualities generally appreciated were those of leadership, flexibility, and skill in adjudication. However, the informal fees charged by LC1 officials were sometimes resented and could be a disincentive to bring a case forward. LC1 officials are subject to five-yearly elections allowing unpopular incumbents to be voted out. In fact, LC1 councils tend to have a relatively stable membership. Furthermore, wealth ranking in sample villagers showed LC1 councillors to be drawn almost exclusively from richer households. A number of related reasons were cited locally for the dominance of richer households. Most importantly, the custom of giving out ‘goodwill gestures’, such as beer, soap, or salt, as an inducement to potential voters, was one which poorer individuals could not afford. Better-off candidates were also thought to be better equipped because they were more likely to be literate, while poorer community members felt they lacked the necessary skills and connections. Ideas about “respectability” also tend to favour the rich and exclude the poor.

The formal roles of LC2s are to co-ordinate and monitor LC1 activities and provide a link between village and sub-county. For some initiatives, such as schools and clinics, the parish is a more appropriate unit than the village, but more generally, the LC2 has few functions and controls limited resources, therefore having less impact on people’s lives.

Villagers generally feel quite removed from the sub-county level (LC3), except at times of tax collection, and their assessment of its political, administrative and technical performance is generally quite negative. LC3 councillors are not felt to reflect local priorities, even by their LC1 counterparts. The SCC (the senior civil servant at this level) and his deputies, the parish chiefs, are identified by villagers mainly with graduated tax collection drives (see below). Villagers say they see little evidence of the resources collected at these times being used to their benefit and often believe them to be misappropriated. Further, the performance of sub-county production staff in most sub-sectors is considered so poor as to be largely irrelevant to improving livelihoods.

Fiscal flows

The flow of revenues is critical to an understanding of the political economy of decentralisation at the local level. Locally and centrally derived revenues are simultaneously the means of funding development services and infrastructure, and of building political capital by local leaders. Local revenue generation is also, as already suggested, a contentious issue in local politics and a potential source of patronage funds.

Table 3 shows the main sources of funds for the three sample districts and is consistent with the national figures earlier discussed. Most significantly, the proportion of district budget raised locally is small: 5 percent in Mbale, 4 percent in Kamuli and 10 percent in Mubende. In the remaining centrally allocated sources of funds, conditional grants dominate, accounting for between 60 and 80 percent of total district funding. The relatively low levels of unconditional grants and local revenue result in a growing dependence on these conditional grants.

Table 3: *Sources of finance of the sample districts 1999/2000*

District	**Mbale**		**Kamuli**		**Mubende**	
Source	Sh m	*%*	Sh m	*%*	Sh m	*%*
Unconditional Grants	2,191	***11.3***	1,536	***17.8***	2,003	***21***
Conditional Grants	15,160	***78.3***	6,348	***73.8***	5,695	***60***
Equalisation Grants	-		-		-	
Donor and NGO funds	988	***5.1***	386	***4.5***	810	***9***
Locally raised revenue	1036	***5.3***	337	***3.9***	961	***10***
Total	19,374	***100***	8,607	***100***	9,469	***100***

Source: LADDER district reports

Local Revenue Generation

Decentralisation has given extensive powers to the district to raise revenue and has defined rules governing its distribution. The largest source of local revenue raised in the districts is the graduated personal tax (GT). Graduated tax is payable annually by all adult males according to a scale based on imputed incomes, which take into account ownership of productive assets. Women, except for those with salaries are exempt. GT assessments are made by the sub-county chief sitting with the parish chief. In some cases advice of LC1 chairmen or village elders is sought on the earning capacity of particular households.

As well as GT, districts levy taxes on a range of activities. Annual licence fees are payable by a wide range of trades and businesses such as retail and wholesale traders, carpenters, brick-makers, fishers, etc. Market dues are payable on all sales made in public markets. Parish taxes are levied on transactions and businesses at the village level and are distinct from market dues. Parish taxes include fish landing site taxes, and levies on small shops, eating-houses and bars. Permits are also required for the movement of livestock. In addition to these taxes and levies individual districts supplement graduated tax with levies for specific services such as feeder roads and education.[8]

Privatisation of tax collection

With the exception of graduated tax and annual licences, the collection of many local government taxes and levies has been privatised since decentralisation. This policy has been justified as a means of increasing the yield and efficiency of tax collection.

The District Tax Assessment Office in conjunction with the sub-county office estimates the yields likely to be collected within a tendered area. Based on their findings, the District Tender Board (DTB) sets the minimum fee for the award of tenders. Bids are assessed by the DTB. The highest bid does not usually secure the tender, as it may be considered to be unrealistic: past performance and, especially, the recommendation of councillors and officials is also important. As we discuss more fully later, a number of officials interviewed felt that this process was subject to political interference.

How successful has the privatisation of tax collection been in broadening the tax base or reducing tax collection costs? By its nature, it is extremely difficult to estimate the actual yield obtained by private tenderers. However, evidence from Kinamwanga village suggests that the proportion of revenue collected from the public which is passed to the local government can be less than 10 percent (Box 1).

Box 1*: Kinamwanga parish tax collection tender*

For a yield to the tax office of Sh. 30,000 per month, the holder of this tender has the right to collect parish-level taxes in Kinamwanga and two neighbouring villages. This area includes two landing sites and a substantial trading centre. The tenderer has appointed the LC1 chairman as his collection agent. The chairman collects taxes in two of the villages, keeping 25 percent of the yield himself.

There are fifteen boats in Kinamwanga, of which ten are active. The tax agent takes fish to the value of at least Sh. 1,000 per boat per day, or more if the catch is good. Thus the monthly yield from this landing site alone is approximately Sh. 300,000, or ten times the tender figure. This excludes the other landing site and the revenue raised from businesses in the trading centre.

Frequently even the agreed level of tax is not passed on to the local government by the tenderer. The tenderer typically obtains his letter of authority for a down payment (35 percent of the annual agreed total to the district in Mbale) or an advance (one month to the sub-county in Kamuli), and may default on subsequent payments. Levels of payment are very uneven between tenderers. In Kamuli District only 59 percent of the due market fees had been paid by tenderers.

Impact of revenue generation measures

Taxation is the main way in which local administration manifests itself in the lives of community members. In all communities, the most adverse aspect of recent institutional changes was considered to be the increasing burden of taxation and other formal and informal fees. With regard to Graduated Tax, assessments were widely felt to be unfair in not taking into account the ability of individuals to pay. LC1 members complained that they were not consulted during the assessment of the communities that they represented, despite their detailed knowledge of households in their village.

The way in which graduated tax was collected gave rise to even more complaints, and was universally a cause of resentment in communities. During the first six months of each tax year, only about 20 percent of the tax for which communities are held liable is generally forthcoming. SCCs then begin a round of tax collection visits to villages, often resorting to force, and even dragging defaulters out of their homes at night, chaining them up, threatening them with guns, or taking them away to prison.

Administrators considered these measures to be necessary because decentralisation had undermined their authority by making them subsidiary to local councillors, making it more difficult to impose discipline in revenue collection. LC3 politicians, they said, tended to 'protect' their electorate and not allow the SCCs to use the full force of the law as they formally had. Especially during election years, politicians from the highest levels to sub-county chairman actively encourage non-payment during election campaigns and put pressure on administrators to be lenient on defaulters.[9] In Kamuli, the local revenue generated in 2000-01 fell to less than a third of its levels in 1999-2000. According to the District Planner, the candidates in each of the three elections that has been held over the previous year, had all promised the reduction or abolition of the graduated tax. A further problem with GT is the high proportion of revenue spent in their collection. In Mbale, for example, this was estimated to amount to some 40 percent of the yield.

Levels of GT have been a matter of considerable public comment and debate. However, from the village point of view, it is the taxes, licences and levies imposed on agriculture and trade, that constitute the greater constraint on rural livelihoods. Furthermore, alongside official taxes, producers and traders face demands for informal payments by administrative or political office holders. In the eyes of community members, these combined impositions constitute a dense thicket of fiscal oppression.

Goods going to market may be subject to several taxes, especially if they cross administrative boundaries (Box 2). Farmers complain that this was a disincentive to marketing their produce beyond the farm gate, leading them to leave the marketing to middlemen. The fishing economy provides further examples, particularly of the extent of informal fees (Box 3).

Box 2: *Taxes on tradable agricultural produce: some examples*

In Bukhasusa (Mbale district), a fee of Sh 200 is payable to the holder of the parish tax tender on each bunch of bananas transported out of the village. A further fee of Sh 200 per bunch is payable in each market in which the bananas are sold. In addition, if the bananas pass through other districts (e.g. Tororo on the way to the market in Busia), a further Sh 200 per bunch will be collected in each district, even though the bananas are not traded there. Taxes can amount to Sh. 600 per bunch on a bunch whose farm gate price averages Sh 2000, or 30 percent of farm gate value.

In Kabbo, Mubende, sale of cattle in a market requires both a letter from the LC1 chairman confirming ownership by the prospective seller (for which an informal payment of c. Sh 1,000 is charged), as well as a movement permit from the Sub-County Veterinary Officer (for an official payment of Sh 2,000, though an unreceipted payment may be required in addition). The seller will then be required to pay a market fee on entry to the market (about Sh 1,500), and market dues on sale of the animal (about Sh 5,000, depending on grade of the market). These fees and taxes thus amount to a total of Sh 9,500 or more per head, irrespective of the value of the animal (generally from Sh 50,000 upwards).

In Kabbo, milk on its way to market is taxed at Sh 1,000 per 22 litre jerry can (i.e. 18 percent of the final sale value Sh 5,500.) which had led many farmers to claim they had stopped selling their milk.

Box 3: *The submerged costs of fishing*

Fishermen on Lake Kyoga have to make a range of payments, both official and unofficial, to public bodies and institutions. As an example, we enumerate below the payments made by a fisherman at Iyingo specialising in the fishing of *mukene* (*Rastrineobola argentea*) who owns his own boat.

Formal levies:

Boat licence: Sh 10,000 per year (levied by Sub-County).

Parish tender: fish to the value of Sh. 500 per boat per day, irrespective of the size of the catch.

Income tax: When the Uganda Revenue Authority visit Iyingo, they give special attention to boat owners. The amount levied varies, but is typically in the region of Sh. 30,000 per year. This is not usually reflected in the amount recorded on the receipt.

Informal levies:

Gabunga (leader of fishers organisation): an informal tax of Sh 500 per day is payable to the *gabunga* (this may not be enforced if the catch is small).

Fisheries department: in addition to the official Sub-County boat license, the fisheries department charge Sh 4,500 for the licence application.

Fish guard: The fisheries officer must be paid Sh. 2,000 per boat per month. He also extracts a daily payment of Sh. 500 per day, irrespective of the size of the catch. Failure to pay can result in boats being destroyed.

Fish task force: Since 1999, Sh. 500 has been charged per boat per day by this body.

Flow and expenditure of local revenues

The sub-county office is central to the collection and distribution of local revenue, collecting graduated tax itself, and receiving market, parish or sub-county fees from the person awarded the tender. Thirty-five percent of this sub-county revenue passes to the district. Of the remainder, 5 percent (i.e. 3.25 percent of total) is meant to pass to the county, 5 percent (3.25 percent) to the parish and 25 percent (16.25 percent) to the LC1. This leaves 65 percent (42.25 percent of total) at the sub-county level.

LC1 and LC2 chairman and treasurers are supposed to be given their share of local revenue either directly by the sub-county headquarters, or through the Parish Chief. In most of the villages surveyed, LC1 committee members complained that they were not receiving their full share of locally collected taxes. Sometimes their share of graduated tax contributions, or part of it, had been remitted, though the full share of other taxes had not been received in any of the villages. Section 86 of the 1997 Local Government Act made official this system of disbursement. However, community leaders claimed that the proportion of remittances coming back to community level was less now than in 1997/98, the first financial year after the act was passed. Some local leaders had actively sought to follow up their share, but had been frustrated (Box 4). Administrators on the other hand, expressed serious concern about the low accountability of local councillors for the use of these funds.

Box 4: *Fiscal obstruction*

The LC1 Chairman and Secretary of Iyingo complained that the LC1's share of local revenue, especially of fish taxes, market fees and licences, was not coming back to the community (they were, however, receiving the remittance of graduated tax). They had little information on how much the tenderers and licence holders paid to the Sub-County, or how it was meant to be divided between the villages. However, they estimated that as much as Sh. 600,000 might be due to them. They had applied several times to the Sub-County, and claimed to had taken up the matter with the Resident District Commissioner, who had assured them that the Sub-County Chief would leave behind the share to which the village was entitled on his next visit. However, they said when he came, the SCC claimed that he did not have the authority to do this.

In Kiribairya village, the LC1 Chair said that he collected the serial numbers from the boat licences issues in his community as well as graduated tax and other receipts and had taken these to the Sub-County Cashier. However, he said he had received no response. He also said he had complained through the political hierarchy, but the LC2 failed to take up the case. On his part, the LC2 claimed that the receipts had not been produced to support the claim.

Participation by communities in local planning

The degree to which the new institutional structures created by decentralisation have promoted the involvement of lower levels in decisions about local expenditure is central to assessing the success of the policy. Below we consider first the formal structure by which local needs are supposed to be channelled into projects, and then the ways in which decisions are made about locally generated and centrally allocated funds.

Bottom-up planning is supposed to proceed along the following general lines. Each community produces a Community Action Plan (CAP), based on local needs and priorities, with support from the Parish Development Committee. The Parish Development Committee then incorporates these plans into a Parish Plan, which is passed to the Sub-County Technical Committee who in turn synthesises them into a plan for submission to the Sub-County Investment Committee. The resulting sub-county development plan, may be implemented in part with the resources available at that level, and is also passed up to the District. The district-level planning process begins with a budget conference in which not only councillors, but also department heads, sub-county chiefs and councillors, members of civil society, MPs, and other members of the public attend. The District Technical Planning Committee (which consists of heads of department and is chaired by the CAO) produces an integrated plan on the basis of sub-county plans and the recommendations of the budget committee and presents this to the District Council for ratification.

Use of locally generated revenue (LGR)

The amounts to which communities are entitled as their share of local revenue are not large: for a typical village of 100 households, the LC1's share of graduated tax, assuming a payment rate of 50 percent, would amount to about Sh. 89,000 (or only US$ 53).[10] As we have noted, generally only a small proportion of this entitlement was actually forthcoming. From this, the cost of transport for collection from the sub-county headquarters must be deducted. The use of these resources was discussed at village meetings in all of the communities surveyed. Formally, all adult members of the community are members of the LC1, but attendance at meetings is not high, in part because of the limited resources at stake and in part a perception such decisions were the prerogative of elected representatives. Far from being a catalyst for local development initiatives, funds were often not even sufficient to undertake petty works such as the maintenance of the village well. In cases where funds were sufficient, however, the money was spent on primary schools or as the community's counterpart contribution to bore-holes provided by NGOs.

Much of the locally generated revenue coming to the sub-county (LC3) office is spent on the salaries and allowances of the council itself. According to the Local Government Act, these are legitimate charges on locally generated revenue, but are not to consume more than 15 percent of this revenue.[11] Very little of this money finances productive activities, most going on administrative overheads and political emoluments. For example, in 1999/2000 Butiru Sub-County, Mbale District, spent Sh. 13.6 million, raised through local fees and taxes. Almost Sh. 5 million (36 percent) was spent on sitting fees and allowances for councils, committees and boards and the LC3 chairman's salary, with a further Sh. 4 million (28 percent) being spent on administrative support (a large element in which is the costs and incentive payments for GT collection).

The pattern at district (LC5) level is even more marked. In fact politicians' allowances frequently consumed most or all of locally generated revenue, and even this was insufficient to meet the salaries and allowances that the councillors had awarded themselves.

Councillors' salaries, allowances and emoluments account for much or all of the district's share of locally generated revenue. In Mbale, in 1999/2000, some 362 million shillings of locally generated revenue was available to the district level. 371 million was spent on 'Commissions, Committees and Boards' in the same year. In Kamuli, political emoluments encroached even more seriously beyond their statutory level. Sh. 112 million of local revenue was apparently available to the district. Councils Commissions and Boards consumed Sh. 369 million (330 percent while the statutory maximum is only 15 percent of local revenue). These shortfalls can only be met by plundering the unconditional grant.

Allocation of central transfers

As we have seen, a high proportion of funds remitted from the centre are in the form of conditional grants. There are a large number of such grants earmarked for particular purposes (for example, there are 16 conditional grants under the Poverty Action Fund alone). The use of the recurrent element of these grants being determined before reaching the district, neither local administrators nor politicians have a say in their use. The capital element of the conditional grant is smaller, and its allocation to sectors is also fixed. The only leeway for local decision making with regard to conditional grants is therefore in the siting of capital projects.

The 'unconditional' (block) grant is mostly consumed by administrative wage and operational costs. Councillors can also access UCG transfers for their own allowances. In theory, any funds that remain are allocated between departments according to the approved district budget. In practice, however, funds are rarely available, and where they are, are generally allocated on an *ad hoc* basis without consultation. There is thus very limited scope for local decision making in the use of the unconditional grant, and even the limited possibilities that exist are closed off by senior administrators and councillors.

It is clear from the above that whatever institutions, procedures and rhetoric exist for the promotion and realisation of a wider 'policy space' at local level, the resources that the participatory process can actually control are minimal.

Partly to address this problem, beginning in January 2001, districts became eligible for Local Government Development Programme (LGDP) grants, which are channelled directly to district, sub-county and parish levels. The intention of the LGDP is to promote the scope for local planning at these levels. While it remains too early to assess the impact of this initiative, local proposals have been forthcoming and funded and lower-level politicians and administrators were enthusiastic about the scheme. However, there was some difficulty of mobilising the required 10 percent local contribution.

Decentralisation and the quality of services

One of the main rationales for decentralisation, in Uganda as elsewhere, is in its impact on the quality of local services. Here we look briefly at the experience in our sample districts. Through the PAF, there has been a large expansion in money coming to the district, through national programmes, for particular social services. Since the initiation of the Universal Primary Education policy in 1996 the number of primary school students in Uganda almost doubled from 2.7 million pupils in 1995 to 5.3 million in 1997, bringing the enrolment rate to 91 percent by 1997 (Ablo and Reinikka, 1998). In all sample districts, new classrooms had been constructed under the School Facilities Grant under PAF supplemented by locally generated revenue and villagers commented that more children were going to school since school fees were discontinued.[12] Further details of Social services accessible to sample villages can be seen in Annex Table 3.

In the case of health, PEAP-induced government programmes and NGOs had provided some new facilities, though informants in several communities still complained of the distance to the nearest public health facility and of the policy of cost recovery (though this policy was suspended during fieldwork). Similarly, access to safe drinking water had also improved in recent years. Bore-holes and protected springs had been provided by the government Rural Water and Sanitation Programme (RUWASA – through a PAF conditional grant) in six of the nine of the sample communities. NGOs had assisted in water provision in the other three. Thus there appears to have been an improvement in the accessibility and quality of social services. However, these improvements are perhaps attributable more to the increasing availability of centrally allocated conditional funds under the PEAP than to the planning structures that decentralisation has put into place.

Turning from the social to the productive sectors, the experience with agricultural services has been less positive. For a number of interlocking reasons, the delivery of appropriate services has proved problematic. These include the low level of resources allocated to productive sectors, confusion over responsibilities for management and operational funding, the transitional status of agricultural policy pending the full implementation of the PMA, and limited appropriateness of the advice offered to farmers.

The proportion of district budgets to be allocated to production and marketing (which includes agricultural services) is small: 3.2 percent in Mubende; 2.5 percent in Kamuli; and less than 1 percent in Mbale. This level of support, most of which comes from conditional grants for salaries of agriculture staff, seems inconsistent with the objectives stated of the PEAP which stress economic growth and the incomes of the poor. At the sub-county level, the proportion of funds spent on production is even smaller (e.g. 0.3 percent in Buyende Sub-County, Kamuli).

Agricultural staff are posted at the sub-county. Personnel report formally to the SCC. However, the District Agricultural Officer (DAO), who co-ordinates programs across sub-counties, is responsible for the promotion and discipline of agriculture staff. In theory, all operational funds from agriculture should come from the sub-county. In fact, however, little is forthcoming form this source because of low local revenue collection. The operational funds which become available come from the DAO, who receives reports on activities funded. This matrix management situation results in field personnel reporting to managers who have no technical knowledge of their role (and may have a lower level of educational qualifications), and whose authority is further undermined by the DAOs control of operational funds. As a result agricultural staff are not properly supervised.

The lack of operational funds and supervision means that agricultural extension officers have a minimal impact at village level. They rarely, if ever, visited sample villages. In Buwopuwa village, Mbale it was reported that 'the last time an agricultural officer was seen in this village was in the 1980s'. Although posted at the sub-county level, agricultural officers, especially the graduate agricultural officers employed in sub-counties since 1999 following the direct instruction of the president, were rarely to be found in the sub-county at all. Drop-out rates were also high, four of nine graduates employed in Kamuli had dropped out within three months of their appointment.

Of course the impact of extension depends not only on the ability to mobilise extension officers, but also their capacity to offer appropriate advice to farmers. For example, our research revealed areas in which farmers had urgent needs for advice and support. These included crop diseases such as coffee wilt, cassava mosaic virus and *strega*. However, those farmers who had actively sought out extension workers complained that, rather than offering advice on these subjects, they gave information largely on hybrid crops, which required seeds and other costly inputs which they felt they could not afford or even find in the market-place. On their part, extension officers tended to look on their clients as 'traditional' and 'stubborn', unwilling to adopt modern and commercial practices because of an inherent conservatism. Again, this was particularly true of graduates.

Many of these challenges in the agriculture sector have been identified in the Plan for the Modernisation of Agriculture (PMA) and a series of reforms are being put in place to address them and create a system which is more efficient and demand driven. Nevertheless, in most districts it will be a number of years before these changes take effect. In the meantime, agricultural policy has a transitional status pending the full implementation of the PMA. However, few people, even agricultural officers, were aware of the PMA or the radical changes that it will imply.

Technocracy and politics: capacity and conflict

Decentralisation has created a new set of rules, requirements and incentives for the allocation of development resources. These can be analysed first in terms of the technical capacities required by the new system, and second in terms of the characteristic forms which conflict for these new resources takes.

The capacity of both politicians and civil servants lower levels in planning is limited. Little training or support is available to councillors at LC1 or LC2 levels, and sub-county officials complain that plans coming up from this level are of poor quality, if forthcoming at all. Sub-county councillors and politicians have little experience in planning, and are themselves often unable to produce the required rolling plans. Where they do appear these may be based on unrealistic estimates of revenue. Such plans are meant to be developed out of sub-county budget conferences, yet these hardly ever take place.

Competition and conflict within the new system take distinctive forms. One aspect is between the various levels of local administration. As noted above, there is a degree of resentment at the village and parish at the failure of higher levels to include them in planning processes in more than a token way, or to release the funding which is their due. Likewise, the sub-county level, although now the lowest level of government, is chronically under-resourced and tends to blame the district for this (one issue of frequent contention is the failure of the district to remit the GT of public employees back to the sub-county). Higher levels tend to justify their reluctance to devolve resources by the lack of capacity and accountability mechanisms at lower levels. While books are audited at sub-county level, sanctions are rarely brought in cases of irregular spending.

The second major dimension of conflict is that between politicians and civil servants. Civil servants are better educated than the political leadership of the district, yet their salaries and allowances are considerably lower. For example, the salary of a graduate Assistant CAO is in the region of Sh 210,000 per month, while the Chairperson of one of the sampled districts, who was not a graduate, earned Sh. 1,300,000. Further, decentralisation has greatly increased the power of local politicians *vis à vis* district staff. Two key areas of contention are the activities of the District Tender Board (DTB), which is responsible for awarding contracts and tax collection rights, and the District Service Commission (DSC), which appoints all staff up to and including the CAO. These two bodies are both appointed by the District Council on the advice of the District Executive.

It was often alleged by both community members and administrators that the patronage of the District Executive Committee over membership of the DTB, with its privileges including generous sitting fees, enabled them to influence the decisions of the board unduly. Tenders are supposed to be allocated on the basis of a points system that takes account of a range of criteria including price, experience, and record of tax payments. In practice though, a letter of recommendation from a politician is believed to be a crucial prerequisite, and it is widely believed that successful tenderers are either friends, relatives or protégés of the political class or proxy companies operating on their behalf.

The DSC appoints, disciplines and has the power to remove, all district staff. Civil servants feel that this may make them vulnerable to undue pressure or even victimisation should they go against the wishes of local politicians. For example, a Deputy CAO in one of the sample districts questioned the extent of the use of the unconditional grant for politicians' allowances. The DSC, under pressure from the District Executive, dismissed him, although he was reinstated two years later. Administrators in other districts also expressed concern about the use of the unconditional grants (UCG) for personal emoluments but have been reluctant to voice them publicly. As a response to the unaccountable way in which the UCG has been used, several administrators said that they would prefer to see a still higher proportion of central transfers being conditional.

Conflict is only one response to the situation, collusion is another. In what is often termed the 'sons of the soil' phenomenon, this interference frequently develops an ethnic or regional dimension. Politicians exert pressure on the DSC to favour local candidates in appointments to administrative positions. Further, existing employees from other parts of the country may be put under pressure to move or even be dismissed by the DSC. In one surveyed district, the District Planner with twelve years' experience in local government had been summarily transferred to make way for an indegene with only a year's work experience. Perhaps this is because local personnel are more malleable, or more easily enmeshed in the structures of patronage. This practice not only further weakens technical capacity, but also threatens to undermine the national character of public administration.

While decentralisation has devolved limited control over resources to the local level, it has not been accompanied by adequate mechanisms of accountability — downwards, upwards, or horizontal — which ensure that they are used in the public interest. As one national newspaper comments:

> When districts embraced a decentralised system of governance, it was hoped that management of public affairs would be efficient and democratic. […] In Mbale, institutions like District Service Commission, District Public Services Committee and District Tender Board are neither independent nor accountable.
>
> *Monitor*, 22 August 2001

Conclusions

On the surface, the mechanisms of decentralisation are established and functioning in Uganda, with the structure of a five-tier system of local councils and committees, deconcentrated staff, a bottom-up planning process, and powers to collect and disburse local revenue. Decentralisation, whose foundations were laid in the 1995 constitution, is still a relatively young process, and one that is still being refined. However, these structures and processes do not yet constitute a genuinely participatory system of local governance.

It is generally regarded as a condition for meaningful decentralisation that a significant proportion of revenue comes from local sources. However, most rural districts have weak revenue bases, meaning that the tax burden falls largely on poor farmers, both through Graduated Tax and produce taxes. Yet these levies can discourage the expansion and commercialisation that are the ostensible objectives of the PEAP and the PMA.

Private tendering inflates the burden of taxation yet delivers a low yield to the district coffers. Along with the failure to remit tax yields back to local level, and the tendency of politicians to sanction the non-payment of GT during political campaigns, it conspires to reduce the revenue available to local government yet further. The legitimacy of local taxation is eroded by the non-productive, and often non-statutory, use of revenue: communities see few concrete benefits emerging from the taxes that are extracted from them.

The transaction costs incurred by the multi-layered pyramid of planning are high in terms of both time and allowances. Yet the decisions which are the outcomes of this system often fail to reflect the priorities of lower levels and are in any case devoid of real resources to control. Similarly, the ritualised performance of decentralised planning does little to enhance the flow of information downwards to communities who could thereby hold their representatives accountable. The lack of capacity for planning on the part of local politicians and administrators has frequently been identified as a constraint. However, when so few resources are available to lower levels, the pertinent question may be whether there is an incentive to plan as much as whether there is the capacity to do so.

In sum, the local planning process is short-circuited by the dominance of conditional funding in district finances; the resources mobilised from within the districts over which there is local control are relatively modest, even when complemented by central unconditional grants. Most of these funds are channelled into administration and allowances rather than development activities. The structures and processes through which participatory planning takes place are thus more a matter of form than substance.

In the introduction we noted an apparent contradiction between the formal objectives of the decentralised local government system and the way in which it operates in practice. The same institutions can perform multiple functions simultaneously: alongside the manifest functions, there may be latent ones which, although unacknowledged, are just as important in the distribution of power and resources. This contradiction, we now argue, has been accommodated, but not resolved, by the development of a system with two parallel but distinct complexes which we call the directive and the process. We term these ‘complexes’ 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 which surround them. The essential characteristics of each these complexes are laid out in Table 4, which highlights the resources, institutional conditions and ideologies which sustain the two.

Table 4: *The political economy of decentralisation: the Dual-Complex system*

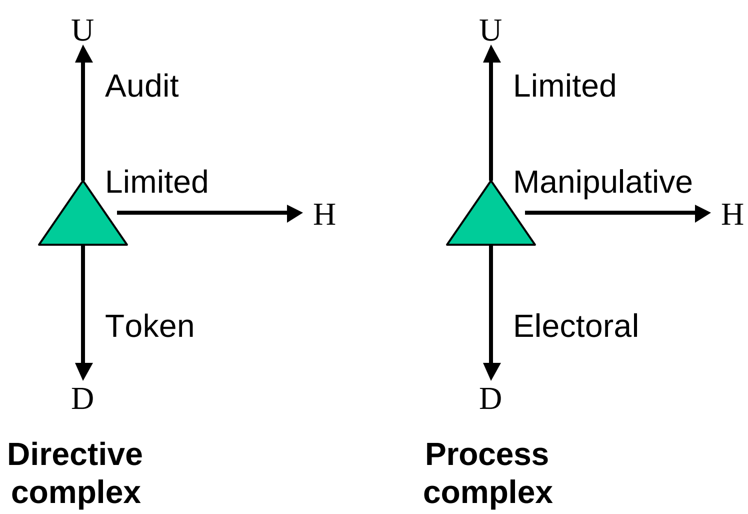
	Complex	
	Directive	**Process**
Financial resources	Conditional Grants (c.80% district budget)	Unconditional Grants plus Locally generated revenue
Political resources		Control of District Tender Board, District Service Commission
Uses	Poverty reduction priority (mainly social sector)	Largely politicians’ emoluments
Local participation in planning	Participatory Poverty Assessments, etc	Five-tier local council system
Key stakeholders	Donors, central government	Party, politicians
Orienting discourse	Delivery of services according to PEAP targets	Participation, (enfranchisement)
Upward accountability	Audit	Limited
Horizontal accountability	Limited	Manipulative
Downward accountability	Token	Electoral accountability of councillors

The directive complex is funded by the conditional grants from the centre, which currently finance the delivery of most services at district level. The key institutions at the centre are not only the sectoral ministries, but also the increasingly dominant Ministry of Finance, Planning and Economic Development through which all donor funding, the only significant source of capital spending, passes. The conditionality of funds closes off grassroots control, giving the local population and their political class limited influence over their use. Needs are read from the top, and programmes imposed downwards.

The process complex, in contrast, is very much enmeshed in the local political process. It is fuelled directly by locally generated revenue along with unconditional funding channelled into a structure of petty patronage. Hence, while carrying the potential to empower local people, in reality this complex rarely articulates with real decisions about local planning, simply because the funds are largely spent on allowances and emoluments. Less directly, the spoils that arise from political control of key committees responsible for allocating tenders and personnel provide further opportunities for rent-seeking.

Each complex has its own discourse. That of the directive complex revolves around sectoral targets and poverty priorities. The rhetoric of the process complex concerns popular democracy and bottom-up planning. Yet, as we have documented in some detail, these discourses correspond imperfectly to actual processes. The discourse of directive complex masks a perpetuation of central control while the rhetoric of the process complex coexists with a latent function of extending local patronage and ensuring political loyalty. The mechanisms of accountability of these two complexes may be thought of in terms of upward, horizontal and downward, as is illustrated in Figure 2.

Figure 2: Upward (U), horizontal (H) and downward (D) accountability in the Dual-Complex system



In the directive complex, accountability appears to be strictly upwards, governed by centrally determined targets and audit controls. There is limited accountability of administrators to local politicians, or of either group to the local population. Local participation is limited to counterfeit mechanisms of enfranchisement such as the 'Participatory Poverty Assessments' so alluring to Uganda's donors, may provide the desired façade of consultation.

In the process complex, by contrast, accountability to the centre is limited. Politicians do have a degree of control over administrators, but that this tends to be manipulated in order to further their individual, rather than the public, interest. While in theory, downward accountability exists through the ballot box, this is ineffective in a system where there is very limited public knowledge about either resources or decisions and votes are regarded as a form of reciprocity in return for 'goodwill' gestures. Hence, behind the manifest function of promoting local democracy is the latent function of perpetuating a network of patronage for political mobilisation.

The Dual-Complex system allows central control to exist alongside a simulation of popular democracy. This is particularly necessary in present day Uganda, where decentralisation plays a crucial role in justifying the unique 'no-party' system. Such legitimation is valued by both national level politicians and the international donors who have elsewhere made so much of multi-party democracy as the hallmark of good governance. For the NRM, decentralisation in the context of the no-party state serves the further purpose of entrenching the party machinery into the organs of the state, facilitating the use of public resources for political patronage.

Through the Dual-Complex model we have identified two central measures necessary to the realisation of the formal goals of decentralisation. These are making both the necessary resources and capacity available for local planning, and ensuring stronger accountability, especially downwards, for these resources. There already exists scope for increasing transparency by making simple changes to procedures and, as importantly, ensuring that existing regulations are enforced. These include: ensuring that information is disseminated publicly about local revenue and budgets, bringing sanctions against defaulting private tax collectors, enforcing the capping of political emoluments, enforcing receipting, simplifying the calculation and remittance of transfers to village and parish. Such unspectacular measures could do much to shift the terms of the political economy of information at the local level.

The recently initiated Local Government Development Programme is designed to address a number of the problems identified here. As part of a reformulation of local government financing, it will make resources available for initiatives at local levels, together with the capacity to plan and manage them, sanctioned by performance incentives and penalties. However, genuine downward accountability requires more than a new set of procedures and institutions. As we have seen, the vested interests already created through decentralisation are capable of turning these to their own advantage. Along with technocratic solutions, true local democracy and accountability can only be founded on a shift in values and the emergence of active citizenship. It is doubtful whether this can be imposed from the top downwards.

Endnotes

[1] More cynically some autocratic regimes have seen decentralisation as a substitute for democracy (Crook and Manor, 1998). Agrawal and Ribot (2000:2) suggest that 'Governments often perform acts of decentralisation as theater pieces to impress or appease international donors and NGOs or domestic constituencies'.

[2] The political history of Uganda during the colonial and early post colonial period is well documented: Karugire (1980); Mamdani (1976); Mutibwa (1992); and Jorgensen (1981).

[3] Tukahebwa (1998) notes that there was considerable ambiguity and a lack of uniformity across these native authorities. Mamdani (1996) contends that the establishment of native authorities under the control of a colonially sanctioned chief led to the creation of decentralised despotism.

[4] The 1967 Local Administration Act implemented by President Obote changed the name of "Local Governments" to "Local Administrations". Under Amin paramilitary chiefs were placed at all sub-district levels under the control of District Commissioners from the Civil Service. Tukahebwa (1998:14) observes that directives flowed from the military government to all levels of local governance concluding "The state was so authoritarian that for practical purposes civil society ceased to exist".

[5] The basis of the current system of local government in Uganda can be traced earlier to the protracted civil war (1981-86) between the NRM and the Obote II government. In NRM controlled areas Resistance Councils were established which served to transform the NRM into a mass organisation and mobilise direct participation by communities in the revolution.

[6] This growing inequality is reflected in the difference between the growth in real consumption of 5.7 percent per annum in urban areas compared with the lower 3.7 percent per annum figure in rural areas.

[7] The PEAP represents the Uganda version of the Poverty Reduction Strategy process common to many developing countries and a prerequisite for those wishing to qualify for HIPC debt relief.

[8] A coffee and cotton processing tax of 2 percent was introduced by Mbale district council in 1999/2000. Sh. 280 million was raised on coffee alone in the first year, and the revenue was to be used to institute free spraying of coffee and improved extension. The tax has proved very unpopular, as processors have passed it on to farmers as a reduction in farm gate prices, and is likely to be discontinued. The envisaged services had not yet materialised in any of the sample villages.

[9] In the 2001 presidential election campaign, the incumbent directed the Ministry of Local Government to reduce the minimum level of GT from 11,000 Sh to 3,000 shillings.

[10] These sums are likely to be further reduced in future because of political pressure on the level and collection of Graduated tax.

[11] Increased to 20 percent since 2001 (Local Government Revenue Amendment Regulation).

[12] However, teachers expressed concern about the implications for quality of the large class sizes, often in excess of 100 pupils. In all villages, access to primary schools was relatively good (see Annex Table 3).

Annex Table 1: *Characteristics of sample communities*

Village	Location	Ethno-linguistic group
MBALE		
Bukhasusa	46 km east of Mbale town, extending up hillside from stream	Gishu
Buwopuwa	Relatively low altitude in centre of flat plain	Gishu; 9 clans, the largest of which, Bamagambo, is the original clan
Bunabuso	Hilly and surrounded by steep mountains	Gishu. Bakibino clan predominant
KAMULI		
Iyingo	Borders lakeshore, has two landing sites	Bakenye (descendents of the Baganda) are dominant followed by Basoga and Iteso. Baruli, Basamya and Baganda minorities
Kiribairya	Surrounded by Lake Kyoga on three sides.	Bakenye (approximately 44%); Basoga (27%), Banyoro (18%), Iteso (8%) and Jaluo (3%)
Kinamwanga	Bordered by lake Kyoga on two sides and has three landing sites.	Baruli (Banyala) dominant. Other groups in order of population are: Basoga, Bukenye, Banyoro, Kumam, Iteso, Langi and Basamia
MUBENDE		
Kabbo	The village is separated from an army barracks by extensive grass land	Baganda dominant, followed by Banyankole, Bakiga and Banyarwanda
Kansambya	A papyrus swamp north-west of the village, wet season streams run through village	Bakiga, Bafumbira, Banyarwanda, Banyoro (original settlers)
Kalangaalo	A papyrus swamp south-west of the village, wet season streams run through village	Baganda, Bakiga, Banyoro Banyarwanda Burundi

Source: qualitative research conducted in 9 Uganda villages in Jan-April 2001

Annex Table 2: *Main Livelihood Features of Sample Villages*

Village	Pop	HHs	Crops	Livestock and Fish	Non-Farm Activities
MBALE					
Bukhasusa	750	156	Banana, maize, beans, sweet potatoes, coffee	Dairy cattle, pigs, goats, chickens	Sale of labour, banana vending, bicycle transport (produce)
Buwopuwa	1080	204	Maize, beans, bananas, cotton, sweet potatoes and millet	Pigs, goats, chickens	Sale of labour, brick making, bicycle transport, brewing, produce vending
Bunabuso	800	166	Coffee, bananas, maize, beans, horticulture, sweet potatoes	Dairy cows, pigs, goats, chickens	Sale of labour, shops, brick making, bicycle transport, brewing,
KAMULI					
Iyingo	1350	174	Maize, sweet potatoes, cassava, finger millet and cotton	Cattle (meat), goats, chickens and ducks Nile Perch, *mukene*, Tilapia	Sale of labour, fish trading, transport (bicycles and boats) shop keeping, petty trading
Kiribairya	520	74	Maize, sweet potatoes, cassava and finger millet	Cattle (meat), goats, chickens and ducks Nile Perch, *mukene*, Tilapia, Lung fish	Sale of labour, fish trading, transport (bicycles and boats), petty trading ,brick making, firewood, brewing
Kinamwanga	715	102	Maize, cassava, sweet potatoes and finger millet,	Cattle (meat), goats, chickens and ducks Nile Perch, Tilapia	Sale of labour, fish trading, transport (bicycles and boats), petty trading ,brick making, firewood
MUBENDE					
Kabbo			Bananas, maize, beans, Irish potatoes, ground-nuts and cassava	Cattle (milk and meat), chickens and goats	Farm labour, produce trading, shop keeping, brewing, selling clothes, petty trade, hunting
Kansambya	1800	230	Maize, beans, sweet potatoes, Irish potatoes, cassava bananas, coffee	Cattle (milk and meat), chickens and goats	Farm labour, produce trading, shop keeping, brewing, brick making, transport activities, hunting
Kalangaalo	1600	237	Maize, sweet potatoes, beans, Irish potatoes, bananas, coffee	Cattle (milk and meat), chickens and goats	Farm labour, govt. workers, produce trading, shop keeping, brewing, brick making, transport, builders

Source: qualitative research conducted in 9 Uganda villages in Jan-April 2001

Annex Table 3: *Social services accessible to sample villages*

Village	Road infrastructure	Primary school	Health Clinic	Water supply	Shops, trading centres and markets etc.
MBALE					
Bukhasusa	A poor feeder links the village to a good feeder road 4km away	2 Primary schools both 1.5 km out of village	Drug shops 1.5km from village; Health clinic 5 km away	Protected spring & stream	Shops and small produce market in village, trading centre 1.5 km away
Buwopuwa	Astride good feeder road to Magodeshi market on Mbale–Tororo highway	Primary schools 1 km and 3 km from village	Drug shop in village Health clinic 2km away	Borehole & springs	Trading centre in village
Bunabuso	Astride good road from Bududa to Bushika Sub-Counties	Primary school in the village	Health clinic and immunisation centre in village Referral hospital 2km away	4 protected springs and stream	Several shops and community centre in village
KAMULI					
Iyingo	At end of well graded Iyingo-Kamuli road. It is also a key landing stage for boat transport to Teso	Primary school 1km out of village	Several drug shops in village: one provides maternity services Health clinic *km away	Borehole & lake	Large trading centre and police post in village, large weekly market just outside village
Kiribairya	An extremely badly maintained feeder road links the village	Primary school 2km out of village	Drug shop in village Health clinic 12 km away	Borehole & lake	Small trading centre
Kinamwanga	Located at the end of a reasonable feeder road	Primary school 4km out of village	Drug shops in village: one owned by nurse who also gives treatment Health clinic 15 km away	Borehole 1km away & lake	Small trading centre in village: large trading centre 4km away
MUBENDE					
Kabbo	Astride good murrum road from Kasambya township to Sembabule district.	Primary school in the village	Drug shop in village, Health clinic 10 km away	Borehole, dam & 8 springs	Several shops and two trading centres in village
Kansambya	Community road links village to Madudu-Kasanda road	Primary school in village	Drug shop in village Health clinic 10 km away	Papryus swamp and un-finished dam	Trading centre in village
Kalangaalo	Astride two good roads from Mitiyana to Bukuya and Kalangaalo-Kasanda):	1 nursery, 3 primary and 1 secondary school in the village	Drug shops and Government health clinic in village	Two boreholes, spring wells and stream	Trading centre and weekly market in village

Source: qualitative research conducted in 9 Uganda villages in Jan-April 2001

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