



## Involving Local Authorities In the programming process of EU Cooperation in Uganda

# LOCAL AUTHORITIES ROADMAP FOR THE 2021-2027 CYCLE OF EU COOPERATION



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### **List of abbreviations and acronyms**

A brief explanation of some key terms and abbreviations that appear in the text.

CAO	Chief Administrative Officer
CG	Central Government
CSO(s)	Civil Society Organisation(s)
DPSF	Decentralization Policy Strategic Framework
DSC	District Service Commissions
ENR	Natural Resources Management
EU	European Union
FDS	Fiscal Decentralization Strategy
FY	Financial Year
HLG	Higher Local Government
HRM	Human Resource Management
IGFT	Intergovernmental Fiscal Transfers
JARD	Joint Annual Review of Decentralization –
LA(s)	Local Authority(ies)
LC	Local Councils
LED	Local Economic Development
LG(s)	Local Government(s)
LGFC	Local Government Finance Commission
LGSIP	Local Government Sector Investment Plan
LLG	Lower Local Government
LST	Local Service Tax
MDA	Ministries, Departments and Agencies
NALA	National Association of Local Authorities
NDICI	Neighborhood Development and International Cooperation Instrument
NDP	National Development Plan
NIP	National Indicative Program
OPM	Office of the Prime Minister
PFMA	Public Finance Management Act
RGC	Rural Growth Centers
SDG	Sustainable Development Goals
TALD	Territorial Approach to Local Development
UAAU	Urban Authorities Associations of Urban
UCLG-Africa	United Cities and Local Governments of Africa
ULGA	Uganda Local Governments Association

## **EXECUTIVE SUMMARY:**

The involvement of Local Authorities (LAs) in development and cooperation policy and arrangements is not only desirable, but also necessary and even crucial. One of the key benefits of a strong involvement of LAs is that it can bring first-hand data and locally-grounded knowledge that can allow decision-makers at national level to define development and cooperation policies that take into account local contexts, in a more accurate manner. It also enhances the participation of key non-state holders at the local level, such as the local civil society, whose contribution can be sought through participatory multi-stakeholder's consultations organized at the local levels. Such multi-stakeholder engagement is important in the definition of local policies and exploration of multiple and innovative ways that better inform the policy formulation process. Besides the benefits associated with local participation in information and data collection, the involvement of LAs is likely to strengthen solidarity between the local and national levels in implementing development and cooperation policy. On the other hand, it is assumed that effective involvement would facilitate better appreciation and consideration of local priorities in the development process.

Against that background, a study was commissioned to analyse the level of involvement of local authorities in Uganda in the national development and cooperation framework. This is part of a process intended support the LAs along the path of strengthening their interaction with national government. Such synergy will, among others, be crucial in facilitating their participation in the EU programming process. In that light an analytical study was conducted and its report findings are part this roadmap, which is intended to guide the LAs in their interaction with their national government and European Union Delegation.

The analytical study of the Political Economy of Uganda is aimed at examining the feasibility of the new EU political agenda based on Local Authorities in the country and providing strategic answers to the 3 questions in the ToRs that feeds into the **Integration of Local Authorities in the European Cooperation Programming Process 2021-2027**. The analysis also looked at the national situation for national development policy and the global situation in relation to SDGs.

### **The three questions on which are report was built are:**

To what extent has there been an evolution at central government level in terms of moving towards a "territorialization" of core national plans and (sectoral ) public policies? Reason for central government doing it, how solid is this national commitment to integrate the spatial dimension and recognize that territories have different needs? Whether this has been translated into clear plans, policies and implementation processes? The existing national funding mechanisms foreseen to ensure effective territorialization of core public policies?

To what extent does central government consider LAs as a "development actor" in its own right and an essential partner to be associated in these territorialized public policies (including for the SDGs or the Nationally Determined Contributions for the Paris Agreement)? Or are subnational authorities merely seen as subordinated "implementing agencies" of centrally conceived and steered national policies?

To what extent does central government recognize the added value of territorial approaches to local development spearheaded by the LAs on the basis of their “general mandate”? Do they acknowledge that LAS have not only a role in helping to implement national (territorialized) policies but that they should also act as a catalyst of bottom-up processes of territorial development by developing partnerships with all relevant local actors (private sector, civil society, etc.)? the

The study assessed i) the opportunities and constraints created by the decentralisation reforms; established whether it is a development-friendly national decentralization policy, and one of the building blocks of a national strategy for territorial development, whether it provides a necessary foundation for it. The added value of the assessment was to identify the opportunities and/or constraints created by the decentralization system for the empowerment of local authorities as developmental actors in their own right. (ii) The extent to which national development policy supports place-based, territorial development and the role of local authorities in promoting it.

The study went beyond a diagnostic of the prospects of territorial development, assessing the opportunities created (or not) by decentralization reforms. By definition, if ‘territorial development’ is understood as the difference that empowered sub-national authorities can make, decentralization may generate it only if the central government is also committed to ‘place-based’ (as opposed to ‘spatially blind’) policy making. To that end the analysis looked not only at the country’s decentralization policy, but also at a) whether and how it interacts with the national urban, rural and regional development policies and b) the role these national (urban, rural and regional) policies give to sub-national authorities in their design and implementation. The document has three parts as below:

# PART I

## INTRODUCTION

### **1.0 Why improve LAs involvement in development and cooperation policy? Rationale of the Road map.**

Considering their mandate and proximity to local communities, whenever they exist, LAs are crucially important components of the public service delivery institutional frameworks. It is, therefore, important for them to be effectively involved in the national development processes right from the planning, implementation, review and reporting stages. Since national development process often involve the participation of various actors, its success is inevitably founded on the cooperation among the stakeholders. Usually, such cooperation is not only among between state and non-state actors within a country but also transcends across borders. In many African countries, however, development and cooperation policy is often championed by the central government with limited involvement of the LAs. In most cases the LAs are involved at the implementation phase, whose specifics are at times decided by the central government.

It is in that light that many proponents are increasingly arguing for more LA involvement in the national development and cooperation policy. Indeed, other development partners have gone ahead to restructure their development assistance framework, with a view of making them conducive and more responsive to greater involvement of LAs in the development process.

For example, the European Commission concluded a new financing instrument, the Neighborhood Development and International Cooperation Instrument (NDICI) that will guide its next programming of the next 6 years (2021 to 2027). The EU programming exercise is meant to identify strategic and priority areas and sectors for interventions to be financed by the EU cooperation following a political dialogue to be launched with the central governments, the local authorities and other development actors of (civil society, private sector, etc.).

In the framework of the geographical focus of future EU cooperation, EU delegations in partner countries will have the main role and responsibility to discuss with the actors of the partner countries on the priorities and program to be included in the 2021-2027 EU cooperation. It is at the programming phase that stakeholders of the partner countries are consulted, and that a dialogue is established with the EU delegation to define the specific priorities and programs of the EU cooperation aligned with the political objectives identified during the pre-programming phase for Uganda.

The integration of sub national/regional governments represent a key innovative feature of the programming process, which until now has been mostly focused on the dialogue with national governments, local authorities being considered so far as non-state actors. The EC 2013 Communication on “Empowering local authorities in partner countries for enhanced governance and more effective development outcomes”, recognizes from then on local and sub national governments (local authorities) as state actor in their own rights and capacity,

working as proximity public authorities besides the central government according to the principle of subsidiarity based on the key dynamics and interaction between the two levels of public governance.

It is therefore imperative for Local authorities, through their national association, to be integral of the programming process alongside the representatives of the national government, in the dialogue with the EU delegations.

Involvement of the LAs in the EU will, however, require not only an agreement on their crucial priorities but also the approach to the negotiation that will ensue, first with the national government and eventually with the EU. It will be important for the priorities to underlie a clear and credible development agenda that supersedes a mere statement of financial requirements. The purpose of this roadmap is to, therefore present, a working framework against which ULGA / UAAU members will collectively and consistently chart and defend the proposed actions to be considered by the EU programming process.

By putting across their priorities in the national development agenda, LAs will seek for the support and endorsement of the central governments, for purposes of engaging it in a mutually beneficial partnership. This will be important in reinforcing the fact that the intention of the LAs is not to present themselves as competitive but rather a complementary level of government in the development process.

### **1.1. Main conclusions resulting from the Compendium**

The majority of references cited by the compendium are locally developed documents intended to guide the national development goals through various processes and undertakings of central government and other stakeholders. They assign some of the powers and responsibilities to local governments and also define relations and roles of other partners in local development and service delivery. The overarching references cited by the compendium include the Constitution of the Republic of Uganda, the Nation Vision 2040, National Development Plan I & 2 and the decentralization policy. The cited laws include the Local Governments Act, National Planning Authority Act, Public Finance Management Act and other laws that relate to the national planning and decentralization policy frameworks. Also cited are various sector policies and international development cooperation frameworks including the current EU National Indicative Program (PIN) for Uganda and its review reports. The reference documents also include what the EU delegation developed with the Association during the pre-programming exercise.

The Acts of parliament that relates to the Local Governments Act include but not limited to: The Local Authorities Loans Fund Act, Cap 239, The Land Act, Cap 277; The Preservation of Amenities Act, Cap 244; The National Audit Act, 2008; The Education (Pre-Primary, primary and post primary) Act 2008; The Public Health Act, Cap ; The Market Act, Cap 94; The Provident Fund (Local Governments) Act, Cap 287; The Municipalities and Public Authorities Provident Fund Act, cap 285; The Public Procurement and Disposal of Public Assets Act, 2003; The Public Finance and Accountability Act, 2003; The Local Council Courts Act, 2006; The Local Government Finance Commission Act, 2003; The National Planning Authority Act, 2002; The Local Governments (Rating) Act, 2005; The Anti-Corruption Act, 2009 and The Physical Planning Act, 2010; The Local Governments (Financial and

Accounting Regulations), 2007; The PFM Act, 2015; Physical Planning Act 2010, Town and Country Planning Act and Kampala City Council Authority Act.

The documents reviewed in the compendium reveal that Uganda's current national legal and policy environment has numerous provisions for the involvement of LAs in the national planning and development cooperation process. The main outstanding question is however on whether such provisions have ably been applied for the intended purpose and if not, then what could be the underlying reasons? On the part of development cooperation, the legal and policy environment is rather clear to the effect that the mandate to engage in international development cooperation lies with the central government. This does not however imply that such efforts are void of local interests. Nonetheless, this does not subdue the common contention that strengthened or more direct involvement of the LA in development and cooperation undertakings, would likely result into better representation of local interest and benefits from the national development process.

## **1.2. Main findings from the analytical report**

The analytical report which is among the outputs arising from a study commissioned by the United Cities and Local Governments of Africa mainly attempts to answer three questions, thus, Uganda's Decentralization Policy framework was borne out of the desire to make LGs effective centers of local and democratic decision making for planning, implementation and management of development services. The policy intentions and processes are legally and institutionally well anchored, supported by a strong legal framework especially the 1995 Constitution of the Republic of Uganda and the Local Government Act Cap 243. The Act, which was enacted in 1997 and has undergone a series of amendment – 16 amendments, to reflect and rhyme with the dynamic nature of decentralization, guides implementation of decentralization policy in Uganda.

The analytical report begins by observing that involvement of the Local governments in the national planning and development trajectories is largely effected through the countries decentralization framework. It, from that perspective, goes ahead to note that many of the numerous studies and reviews that have been conducted on decentralization in Uganda (more specifically the Joint Annual Review of Decentralization – JARD) reveal a number of benefits realized from implementation of decentralization, key of which was increment in delivery of social services in quantitative terms. The same studies also present challenges affecting implementation of the decentralization policy these challenges are discussed in detail in the proceeding sections.

The key challenge observed is that LGs are gradually losing the capacities to direct and own service delivery within their areas of jurisdiction, a situation that has been worsened by the continuous fragmentation of the existing LGs, where more of them have increasingly been created with the underlying intention of taking services nearer to the people. Such moves have, however, come along with a number of challenges include, some of which have seem to be counter-productive. These include, the shrinking local revenue base; inadequate human resources; inadequate physical infrastructure especially for the new districts/urban authorities; increased operational/administrative costs that render some of the newly created

units to be, economically unviable districts. The report generally contends that such circumstances have instead brought about increased dependence of LGs to the CG.

The above challenges are said to be threatening the existence, functionality and reputation of the LGs in Uganda. To elaborate on its summary observations, the report goes further to discuss the specific pillars of decentralization, as detailed below.

### *1.2.1 The National Planning Process*

Initially, the NDP process had consequences on LG development planning in various ways, some of which brought about confusion in the local development planning. It, for example, led to a change from development of the 3 year needs based development planning to a 5-year vision based planning which had implication on the efficacy of the annual participatory planning process. It also introduced the requirement for the issuance of certificates of compliance to LGs, without adequate preparations. Over time, however, the LGs eventually caught up with the new planning requirements.

The issuance of the Certificate of Compliance (CoC) is provided for by the PFMA 2015, section 13 (6) and 13 (7). The overall objective of the certificate of compliance is to ensure that development planning and budgeting frameworks are aligned to the National Vision 2040, through the NDPs. The 2019/20 budget was rated 63% compliant to the SDG and increment from 60.9% of the previous FY. On the other hand, the CoC for LG in 2019/20 FY rated LG moderately satisfactory at 64.8%. The main reasons provided for the lower than expected performance is reported to have been due to the following main reasons:

- Most of the resources transferred to LGs (79.9%) were found to be recurrent in nature i.e. salaries and wages and, therefore, only about 20% was available to finance other priorities;
- The Central Government transfers to LGs stood at 12.3%, which is far below the NDP target 30% of the national budget.
- MDAs have continued to retain funds to directly implement activities and project that fall within the functions devolved to LGs; and

LG budgets were found have fallen short of own source revenue annual targets, by far. The own source budget performance unsatisfactory stood at 37% of the total projected collections. This is partially blamed on the dependence syndrome on CG transfers, which makes the LGs not to pay much attention to achieving own local revenue targets.

In order to improve on current levels of LA involvement in development and cooperation policy processes, therefore, it is crucially important to ensure their knowledge, capacity and enthusiasm in the planning process is significantly strengthened. On the other hand, the LGs have to be empowered to ensure the devolved functions are not only adequately financed but also reasonably handled by the LAs.

### *1.2.2 Political decentralization*

The report recognizes the strengths of the legal/political environment for political decentralization and also highlights some of the milestone achievements in that direction. It

nonetheless also goes ahead to point out some of the inhibitors and gaps for proper exercise of political decentralization. In that respect the report makes the following observations.

It notes that local councils operate through the standing committees, whose main purpose is to enhance effective participation of the council members and they generally facilitate council operations. It however goes to further to observe that many of the new LGs have not been able to compose various standing committees because of limited number of councilors within the council. In such circumstances the councils are ran by one general purpose committee that has to receive and scrutinize reports from all sectors. The general purpose committees lack the time and technical abilities of deliberating on all issues (that would be discussed by the various committees) this thus affects the quality of recommendations and deliberations in council and ultimately affects service delivery.

It is additionally notes that many council members have not been effectively inducted on performance of their roles. The Ministry of Local Government which is mandated to induct LCs at times resource constrained and has, as a result not been able to consistently conduct timely induction of councilors. For example, the current lot of councilors were only inducted at the end of 2018 half way through their term of office.

The report further observes that while Councils are required to regularly meet (at least 6 times in the FY) to play their roles of oversight and accountability and their by make decisions on matters that affect their areas, this is in some cases a challenge due to lack of financial resources and information.

In terms of financial resources, the report observes that Councilors are supposed to receive a sitting allowance which should not exceed 20% of the local revenue collected in the previous year. This has affected operations of some Councils because especially where the available local revenue is not sufficient to them have the mandatory six sittings. In many districts the accounting officers have had to write to the Minister for a waiver to spend beyond the 20% threshold– hence further compromising autonomy of these councils.

The report, on other hand, contends that lack of information mainly results from lack of appreciation and comprehension of the documents that councilors discuss in committees and councils. The reports submitted by the technical staff to the political leaders are at times complicated and cannot be comprehended by the political leaders with many of them lacking good formal education (no set minimum education qualifications for councilors in the elections of LG councils). Lack of minimum education standards greatly affect the overall functionality of councils because many councilors cannot read and understand guidelines and circulars form the center that are supposed to inform their decision making. Thus they end up discussing and making resolutions of key issues that they do not have sufficient appreciation and at times influenced by the technical leaders that they are supposed to supervise. Additionally, minutes and resolutions are made in English this further affects the councilors understanding and appreciation of the resolutions that they make.

Relatedly, under electoral democracy that is practiced in Uganda, it is envisaged that the elected leaders are supposed to consult their electorates to inform decision making and in turn are supposed to keep their electorates abreast of the decisions made by the councils.

However, this has not always been the case in some Councils. Thus, the mechanisms of upward and/or downward accountability are under such circumstances not effective and this has been worsened by laxity of the electorates to demand accountability. Ignorance of the citizen's rights and community members is therefore a major factor inhibiting effective demand for political accountability and improved service provision. The report also observes that while regular elections are expected to be a key mechanism in which the electorates demand for accountability, the electoral processes is in some cases highly influenced with direct material gains (vote buying) than on the abilities of the candidates in enabling service delivery.

There has also been a challenge in communication between the political and technical leaders. Although each sector has a secretary (political head) who is supposed to supervise the sector and provide reports to the executive and to forward to councils. These secretaries have been found not to be very effective with many of them not able to present and defend their sector budgets and performance reports to committees and councils and in some incidences technical leaders have been found presenting sector reports to the committees and council which is very irregular.

There have been efforts for nation state agencies to conduct assessment of the performance of councils most prominently in the Annual Local Government Performance Assessment (LG PA) conducted by the Office of the Prime Minister (OPM) however; there are no direct sanctions and rewards for poor or good individual performance of the directly responsible persons. The rewards and sanctions implemented affect the whole LG entity and not the individuals concerned.

There has also been a LG performance scored card implemented by ACODE that seeks to assess the performance of the political leaders however apart from the mentions and shame of the best and worst performers, there are not direct rewards or sanctions that would incentivize the leaders.

### *1.2.3 Administrative Decentralization*

Under the present decentralization policy framework, the path to administrative decentralization in Uganda was initialized by Legal Notice No. 1 of 1994, which introduced a separate personnel system for LGs. The policy shift was piloted in a few districts which were supported to compose their own District Service Commissions (DSC). Shortly after, the separate personnel system was entrenched in 1995 Constitution, whose Article 198 provides for the establishment of DSCs in each district, to undertake the core of district Human Resource Management (HRM) functions including hiring, disciplining and dismissal of all staff.

The Constitutional provision on DSCs is implemented under Part VI; Section 54 of the LG Act Cap 243. Section 55 of the same Act provides for the functions of the DSC that include; powers to appoint persons to hold or act in any office in the service of the LG. The rationale behind administrative decentralization was to ensure that the technical staff are fully accountable to the council. In 2005, however, the LG Act was amended to provide for the centralization of the powers to appoint and discipline the Chief Administrative Officers (CAOs) and their deputies, as well as the Town Clerks (TCs). Being the Chief Executives of the Districts and

Municipalities the CAOs and TCs are the heads of the civil service as well as the accounting officers of their respective jurisdictions.

The report observes that centralization of the appointment of the heads of civil service/accounting officers negatively impacted on the crucial link between the technical and elected officials of the LGs, as this is said to have weakened local control because many aspects of the services delivery mechanisms, including planning, budgeting, reporting, accountability and priority setting, are now being significantly influenced by central government either through direct or indirect control. The above notwithstanding the LG Act provides under section 67 (1) that the CAO shall be responsible to and subject to the general directions of the chairperson and the district council. Practicability of that provision however remains a major question of interest, as it is likely to be enforced with varying levels of compliance. This is especially in cases of conflicting interests between the central and local government, on the one hand, and supposedly between the personal interests of the Chairperson and those of the Council, on the other.

Inherently, transferring staff recruitment and disciplining to the LGs has also provided not to be with its own shortfalls that have impacted on administrative decentralization. In a number of cases the DSCs have been reported to favour local candidates at the expense of competence. The report observes that positions are at times ring fenced for the “sons-of-the-soil” and post holders, are as a result, kept in acting capacities as they wait for their favoured candidates to attain the requisite qualifications. This is one of the main reasons many key staff positions are not substantively filled. Disciplinary action against local staff is in some cases not effectively enforced because of fears for social-political reprisals.

Additionally, a number of LGs have failed to attract and recruit competent key staff in their districts most especially in ‘hard to reach and stay’ districts of Uganda. Findings from the 2 previous (2017/18 and 2018/19) annual LG performance assessment exercise indicated continued poor performance of LGs in filling the heads of department position. For the second consecutive year this has been the worst poorly performed performance indicator. The district staffing structures are not fully filled and operate as low as 13% for some new districts. Some districts have attributed this to wage bills ceilings and restrictions by the Ministry of Finance. Despite LGs being empowered to establish their own staffing structure and the powers to appoint, discipline and promote staff under them, in practice it is the responsibility of Ministry of Public Service (MoPS) to set the overall staff structures, make recommendations on standard structure, approve staff requests and the specific number of staff on each LG payroll on an annual basis, and sets pay scales. LGs can only request specific customization of standard structure and have some mandate for development of local incentive schemes to top up basic salaries, but in reality this discretion is limited by resource constraints.

#### *1.2.4 Fiscal decentralization*

The constitution and the LG Act allows LG to collect revenue from a number of specified sources, formulate plans and budgets, allocate expenditure and make investments in a wide range of services. These powers and financial provisions are detailed in Part VIII of the LG Act Cap 243. The fifth schedule of the LG Act further elaborates the revenue and financial and accounting regulations for example powers to levy taxes.

Fiscal decentralization in Uganda is elaborated in the Fiscal Decentralization Strategy (FDS), Decentralization Policy Strategic Framework (DPSF) and Local Government Sector Investment Plan (LGSIP).

As highlighted in the report, the FDS was intended to improve LG funding available for LG mandatory functions, strengthen the targeting of funding to the most needed areas, improve objectivity and transparency in the allocation of resources, increase LG autonomy and flexibility in utilization of funding, improve LG own resources, increasing funding transferred to LLG, strengthen the downward accountability and financial management, reporting, monitoring and auditing with the aim to move towards an efficient, accountable and sustainable system of LG service delivery, It sought to establish the system of discretionary development grants, with procedures to promote good performance, improved planning and budgeting systems, emerging reforms in the allocation criteria, and LG flexibility on the conditional grant schemes, and establishment of institutional framework for budget dialogue between CG and LG through various committees.

Numerous reviews of decentralization in Uganda have appreciated the achievements attained through FDS, which for example streamlined the budgeting and reporting processes. It has, however, been faulted on the failure to increase LG autonomy, and rationalizing the fragmentation of grants. The number of grants continued to increase with bulk of social services continuing to be delivered through use of conditional grants.

A very big proportion of the sector budgets are retained at the ministries despite devolving responsibilities to LGs. The Auditor General's report 2016, reported that the MDA retained the biggest proportion of the sector budget the report mentioned that water and environment, works and transport, agriculture and health on average retained 80% of the sector allocations at the center.

#### *1.2.5 Towards the Achievement of Sustainable Development Goals*

Uganda has sufficient policy frameworks to support implementation of SDGs, without necessarily putting in place a new framework. The overarching policy documents are the National Vision 2040 and the National Development Plan (NDP), which is adopted every after 5 years. There is in addition the SDG coordination framework and National Standard Framework. The overall aim of Vision 2040 is to transform the Country from a peasant to modern prosperous country by 2040. The targets of this vision are realized through the National Development Plan (NDP) and these inevitably contribute to the achievement of the SDGs, since the former is well aligned to the later. Formulation of NDP II (that ended on June 30<sup>th</sup> 2020) coincided with the deliberation and adoption of the 2030 agenda which facilitated integration of SDGs in the plan. Indeed, an assessment conducted by National Planning Authority (NPA) indicated that NDP II integrated 69% of the crucially applicable SDG targets.

In order to cater for coordination and synergy across all levels of government, it is a must for the LG planning frameworks to be aligned to the NDPs. As such the National Planning Authority developed (NPA) developed and issued the LG planning guidelines to ensure that LG plans and budgets are aligned to NDP.

However, findings from the review of the Uganda's readiness to implementation of 2030 Agenda revealed challenges affecting the effective integration of SDGs in the national and local planning and development frameworks. These include: -

- Lack of detailed frameworks that can ably guide sectors and LGs in the integration of SDGs within their planning frameworks
- Insufficient national and local capacity for planning and integration of SDGs
- Low sensitization to ensure national and local ownership of the plans
- Limited involvement of non-state actors particularly the private sectors and civil society to integrate the SDGs into their investments, programs and plans.

*1.2.6 Other key findings of the Analytical Report include: -*

- Uganda has two national associations for local authorities; the Urban Authorities Associations of Urban (UAAU) for the urban councils and Uganda Local Governments Association is for rural districts and lower local governments. Co-existence of the two national associations has for long been an issue of concern to many stakeholders, since it is deemed to impact on the need of having a unified voice for all local authorities in the country. To others, it in some cases, presents lines of competition among them, especially in the face of the on-going drive that is increasingly seeing many urban settlement being designated as distinct local authorities. For that reason, there has overtime, been efforts to merge the two association but progress in that direction remains low. The merger effort will, however, have to be stepped up and rather fast tracked, in case the LAs are to present a strong position for their consideration in the programing framework of the EU, which would certainly find it more logical and easier to deal with a unified and strong association.
- Both ULGA and UAAU members have over the year's experienced little increase on domestic resources mobilization. According to the previous reports of the LG annual performance FYs 2016/17, 2017/18 and 2018/19. Revenue mobilization thematic area has consistently posted low overall performance with only 51% of the maximum score obtained. The worst performing areas were the actual result of efforts in this area, namely increase in Own Source Revenue (OSR), this was not met by majority of LGs in all LGPAs above.<sup>1</sup>
- LAs have not embraced private financing of public infrastructure under the pressures of urbanization and fiscal stress due to limitations in the PFM Act (like municipal bonds, and development banks) municipal development has been largely done by donors/WB. UAAU argues that local municipal development funds or capital market access is critical. With the creation of new cities in Uganda, long term city and municipal credit markets has to be embarked on seriously by, central government, private sector and donors. Urban financing devoid of market development will create unsustainable municipalities and cities.

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<sup>1</sup> LGPA reports FYs 2016/17, 2017/18 2018/19.

- Local governments lack capacity to develop demand-side capabilities in project preparation and development to engage in financial innovations to be able to build durable municipal markets. Yet the seeds sowed for market creation can grow only if both demand-and supply- side factors are developed in tandem, so that the debt funds mobilized are deployed promptly in productive projects.
- The NALAs are facing challenges in building capacity of their members to promote and develop resilience as an incentive for stability in the fragile regions of Northern Uganda and Karamoja region. Majority of interventions are supply driven by central government and development partners. The LGs have not developed capacity and incentives for delivering effective and sustainable services in the livelihoods sector, food production, nutrition, environment and climate change.
- Inadequacy in the fiscal transfer system, NALAs have raised a number of concerns on fiscal transfer system. Let us look at adequacy, elasticity and stability as critical; the total level of resources transferred to local governments needs for years has not been matching the responsibilities assigned, and this affects the vertical balance. Transfer amounts has been adjusted annually to reflect inflation and demographic changes to ensure real per capita resources are maintained; where the economy is growing, transfers have not also reflected the real growth.
- Deepening understanding of fiscal management in LAs is crucial to successful implementation of delegated functions. Over the years, Government of Uganda has introduced a number of reforms and innovations to strengthen fiscal discipline and achieve macro-economic stability key among these are the fiscal rules and responsibility laws; fiscal risk management; medium term fiscal frameworks; and changes to coverage and timing of fiscal reporting. The technical staff understands these reforms but central government and development partners have not done enough to support the elected officials to understand these fiscal reforms. They are just passengers in a fiscal reform bus.
- Funding the NALAs has not featured as essential for the sustainable development and growth of LGs in Uganda. Yet the national associations experience declining revenues from members and general financial stress. The purpose and mandate of NALAs notwithstanding, there needs to be regular fund for secretariats of these national associations so that their capacities are built which later can be used to develop capacities of LGs in a cascading manner. But funding should not be coming from central government rather it should come from development partners.

## PART II

This part looks at what can be done on the side of the policy makers at national and EU levels to create an enabling environment for enhancing NALAs in participating in the definition and implementation of national development and cooperation policy, insisting on what added value this participation brings into the efficiency and impact of the aforementioned development and cooperation policy in the country. It addresses at the same time the priority goals of EU cooperation and identifies appropriate mechanisms for LAs to access funding to improve their delivery capacity.

It is in the interest of both the national government and the EU to actively support territorial approaches to local development spearheaded by LAs -as they can assist to unlock the potential of territories and create additional wealth and income. Development-friendly decentralization policies which enhance both the autonomy and accountability of LAs are key to promote place-based dynamics from the bottom-up. Policy makers can engage with EU and secure support at policy level which EU could easily agree on and fund:

### **2.1. Recognizing the Local Authorities and the National Association of Local Authorities as Public/State Actor: Which formalization? (1 or 2 pages)**

Differentiation between state and non-state actors mainly lies in the source of authority from which an action or decision is derived. State actors represent a government entity, while non-state actors do not. Ideally state actors are therefore persons or institutions acting on behalf of a governmental or public body. Non-state actors are the influential organizations or even individuals having the potential to influence the actions of state actors, but not allied to a state.

To be an effective state actor, however, requires legal recognition. Well as national associations for local authorities (NALA) represent subnational governments many of them are neither legally nor in practice, recognized as public/state actors by the respective national governments. In fact, most NALA are registered as non-government associations and therefore, not recognized as state actors much as they are associations of public/government entities. UAAU was registered on May 19, 2008 as a company limited by guarantee and in 2014, as a Non-Governmental Organization. ULGA was also, upon establishment in 1994, registered as a Non-Governmental Organization, thus a private, voluntary and non-profit body. None of the two national associations for local authorities in Uganda is established by law, save for the few instances of recognition in some laws and policy guidelines.

Non-recognition of NALAs as public/state actors disadvantages them not only at the national but also international levels. At the national level, for instance, NALAs that are not recognized as public/state actors have not claim of entitlement in the allocation of public resources. Any support extended to them is by way of courtesy or goodwill that may arise from rigorous negotiations or political pressure. It has for instance taken ULGA over 25 years to be considered for government subvention, whose continuity is not assured because its inclusion in that national budget remains a gesture of courtesy. At the international scene, it is extremely difficult if not impossible for NALAs not recognized as state actors to be directly involved in international development and cooperation engagements.

In order to enhance their legitimacy, mandate, opportunities and bargaining power, therefore, NALAs ought to be legally and in-practice recognized as public entities. Such recognition will, however, necessitate implementation of several legal and policy measures underpinned by strengthened and streamlined information sharing, consultations, structured dialogues and partnership mechanisms. This will not only call for commitment of time but also political will on the part of both the LAs and national government.

## **2.2. Implementing the Local Authorities and the National Association of Local Authorities involvement mechanisms: information, consultations, dialogue, partnership measures**

The decentralization policy framework in Uganda establishes local authorities as sub-national governments, albeit as lower and not same level entities. It goes further to devolve specific functions and powers to the varying local government levels. The local governments are, therefore, established as complementing and not competing levels of government. As such, it is ideal to have a set of mechanisms to facilitate interaction between the LAs and central government as each of them exercise their powers and functions.

Uganda's decentralization and governance framework, in general, is rich in provisions and opportunities that can ably support information sharing, consultations, dialogue and partnership engagement between the LAs and central government. There is, however, need for those provisions and opportunities to be optimally put into use and this calls for various forms of commitment on the part of both the LAs and national government. The national budgeting and development planning processes are, for instance, founded on extensively participatory mechanisms that involve information sharing, consultations, dialogue and partnership between both levels of government. The question remains, however, as to whether the provisions and opportunities have been reasonably seized to the benefit of both parties. For instance, outcomes of the structured platform that facilitates annual negotiations between LAs and line ministries over the conditional grants with line ministries imply that the former are often the losing party. The negotiation framework does not provide for safe guards that equitably favour both parties. As a result, ULGA and UAAU have in many cases regarded the platform to be more of an information sharing than a negotiation opportunity, because most line ministries are said to often come with seemingly fixed positions.

What is therefore crucially required in the case of Uganda is not necessarily a legal/policy reform matter, but rather authentic and sustained commitment towards strengthening and implementation of the existing provisions and opportunities intended to facilitate mutually beneficial interaction between local authorities and central government.

## **2.3 Funding**

### *Intergovernmental Fiscal Transfers (IGFT):*

Government of Uganda provides a number of grants to LGs and these include:

1. Unconditional grants; these are grants paid to LGs to run decentralized services, in LGs this is the money that is used to finance the bulk of the recurrent expenditures.

2. Conditional grant; these are monies given to LG to finance programmes agreed upon between the LG and CG and it is expended in accordance with the conditions agreed upon. There are a number of sector conditional grants that come with planning and budgeting guidelines to guide the LG in utilization of these grant. The guidelines leave very limited local discretion and thus prevents LGs to respond adequately to local needs and priorities. Annually LG are assessed on their compliance to budgeting guidelines (dimension 1a of the LG PA) and once the guidelines are not complied with, the performance contract of the respective accounting officer may not be signed, a situation that leads to delays in the release of funds to the affected LGs.
3. Equalization grant; money paid to LG in the form of subsidies or special provisions for the least developed districts

Development activity financing is financed through: a) DDEG (consolidation of the various equalization grants) 65% of this is earmarked for LLGs, and b) Sector conditional development grants, earmarked for sector development activities and are exclusively managed at the Higher Local Government (HLG) level, effectively undermining Lower Local Government (LLG) involvement in the planning process.

Although there has been a declining performance of LG budget as a share of the national budget from a peak of 21.8% in 2007/08 to 12.7% in 2017/18 and to 11% in 2019/20, IGFTs systems still finance approximately 95% of LG budgets. Implying the LG finances has drastically reduced in real terms over the years this decline has been more vivid in the none wage and development grant while the wage has more all less remained constant

In 2019/20 budget, the government allocated UGX 3.6 trillion (11%) of the National budget inclusive of domestic arrears and appropriation-in-aid to LG programmes. Approximately 86% finances recurrent expenditures and less than 14% is allocated for development expenditure.

As mentioned earlier, each grant was introduced with its own conditions and management framework which led to excessive reporting requirements. Recent reforms supporting the consolidation of grants have also introduced harmonized grant and budgeting guidelines for each sector covering all grants in the sector.

Annually, the fiscal decentralization framework provides a window for negotiations between LG representatives and the responsible sector ministries on the size and utilization of the grants facilitated by the Local Government Finance Commission (LGFC). The negotiations have, however, been reported not to be very effective due to a number of factor that include low commitment on the part of central government ministries.

## **Recommended fiscal decentralization remedies**

### **2.3.1 Provide adequate and unconditional financing to local governments**

Local government financing, which is extensively discussed in the analytical report is very critical for the effective performance of local governments. Although the amount of funds allocated to local governments in national budget has been increasing in nominal terms, the level of funding remains far below the required level to meet service delivery needs. There is concern that the share of budget accruing to local governments continues to reduce amidst a

rapidly increasing resource envelope. This is not surprising given that highly centralized sectors such as infrastructure and energy dominate the budget.

Furthermore, the budget ceiling on local governments set by the center limits their capabilities to address critical and special needs in their jurisdictions, and respond to the citizens' demands. In order for local governments to execute their mandates as provided for in the decentralization policy, including localized planning and provision of service delivery, local governments require adequate resources. It is recommended that government considers and prioritizes adequate financing of local governments as an affirmative action. While it is important for the government to plan for the whole country. Some districts have unique challenges and needs. To this end, it is also recommended that some of the funding should not be conditional but flexible to allow local governments to prioritize their key strategic areas of investment. This way, local governments will be able to undertake localized planning and perform their other mandates better, as was envisaged by the decentralized policy.

### **2.3.2 Explore avenues for increasing revenue generation**

local governments generally continue to be constrained by inadequate local revenue generation. Local revenue is important for not only according greater discretion by local governments but it also supplements the central government transfers and donor contributions. The biggest proportion of funds that districts can access is from the central government releases, most of which are conditional. Well as it is an obligation and important for the local government development agenda to driven with the national development framework, many of the conditions do, however, present a disjoint in meeting local priorities and expectations, especially the peculiar ones. This in the long-run impacts on the confidence that the citizens have in local governments and decentralization, whose principal purpose for existence was designed to promote a bottom-up participatory approach to local development. On the other hand, although local revenue which is associated with greater discretion and flexibility and therefore expected to bridge the gap in meeting local priorities, districts persistently perform poorly on its collection. The most important sources of local revenue for districts tend to be property related charges, user charges, business licenses and Local Service Tax (LST), which are by far menial in terms of ranking in enough funds to efficiently and effectively run a district. The solution to the low revenue generation conundrum is to review the entire fiscal decentralization system, including the allocation of taxes between central government and local governments.

### **2.3.3 Revitalize and Support LED**

Local economic development is emphasized in the National Development Plan (NDP) as a means towards encouraging economic growth through local resources. LED is also enshrined in the Decentralisation Policy strategic framework to create an enabling business environment. There is a strong need to strengthen local economic development as a means of widening the local revenue bases as well as attracting donor funding and private sector investment. Since the introduction of the policy, various interventions have taken place at LG level that has brought to bear varied experiences. Among such interventions is the Local Government association organized the first and second capacity building conferences on LED on June 2013 and august 2016 respectively the purpose was to mobilize and generate

consensus on the strategic interventions that need to be taken forward to position LGs and to promote LED as a driver for Territorial Approach to Local Development (TALD).

#### **2.3.4 Government needs to increase funding for environmental management to mitigate against climate change in local governments**

It is recommended that government increases funding of Environment and Natural Resources Management (ENR). Local governments bear the brunt of food insecurity, devastating weather conditions, pestilence, and diseases of all types of which are associated with changing climatic conditions. Yet ENR remains the most underfunded sector in local governments. Although climate change looks like a global issue, disasters associated with climate change are local; hence, the need for local governments to find their niche in responding to this challenge. Incidentally, evidence shows that responses to climate change by local people and/or communities in local governments remain low due to insufficient support mechanisms . Persistently disempowered and ill-equipped people in local communities in disaster prone areas have not and cannot handle emergencies in their own settings. Consequently, the state of food insecurity across the Uganda is deteriorating and more Ugandans are likely to experience food stress. The need for building climate-resilient communities and the role of local authorities in such processes cannot be overstated.

#### **2.3.5 Establish a stabilization fund for local governments to respond to economic slowdown in the country**

As a matter of fact, government should establish a special fund to respond to the economic shocks in local governments. During the period between 2000 and 2010, the Ugandan economy was growing at an average annual grow rate of about 8%, mostly driven by private investments and exports. Since then, economic growth has been more erratic ranging from a high of 6.8% in the financial year 2010/11 to a low of 3.9% in the financial year 2016/17. The sluggish and uneven growth has resulted in government failure to meet its desired 7.2% annual growth rate was targeted in the National Development Plan 1 &II (NDP1&II) over the period 2010/11-2015/16 and 2016/17/2019/20. This trend has persisted and threatens to enter into the current five-year period of NDP3. Such slow economic activity at national levels is certainly a consequence of poor economic performance in district local governments. Ultimately, the ability of local governments to either raise local revenue or to receive substantial financial releases from central government is not only meagre but also highly constrained, which affects the functioning of local governments.

#### **2.3.6 Support Private Financing of Public Infrastructure**

LAs have not embraced private financing of public infrastructure under the pressures of urbanization and fiscal stress due to limitations in the PFM Act (like municipal bonds, and development banks) municipal development has been largely done by donors/WB. UAAU argues that local municipal development funds or capital market access is critical. With the creation of new cities in Uganda, long term city and municipal credit markets has to be embarked on seriously by, central government, private sector and donors. Urban financing devoid of market development will create unsustainable municipalities and cities.

## **2.4 Policy review**

### **Going-slow on upgrading of Towns and Municipal Councils**

Government should consider stopping uplifting of Rural Growth Centers (RGC) to Town Councils and Town Councils to Municipal Councils. The growth of the countryside should be seen in terms of creation of more administrative units, rather LCs should do functions as a principle, develop plans, budgets, action plans, and physical development plans for areas since the entire country is a planning area. Rural development and towns will attract local investments that translate into avenues for local revenue generation through industrialization, job creation, poverty reduction and improved economic growth, besides organized settlements and housing. This emphasis on functions rather than creation of administrative units will be a strong catalyst to combating the effects of climate change and creates an integrated, prosperous, stable and peaceful environment for productivity and wealth creation in the countryside.

### **Deepen decentralization by reviewing the recentralized functions**

Basing on years of LG assessments, it has been demonstrated that decentralization is a viable mechanism for building local democracy and delivering services to the citizens. Unfortunately, over time, there have been steady and increasing cases of recentralization with the centre blaming it on deficiencies in decentralization. After experiencing decentralization in Uganda for some time, there is some resistance at the centre of it by some technical people who feel threatened by loss of power and resources. These technocrats have worked hard to frustrate and undermine decentralization and prove that it can work. In most cases, these technocrats are behind efforts to recentralize certain functions from the local governments. Instead of recentralizing, government should address identified capacity limitations of local governments.

In the management of finances at a local government level, a number of roles have not been fully decentralized and some have been recentralized. For example, recruitment of primary teachers was left to the local governments, the management of the payroll remains a centralized function. As such, there are concerns from district officials about how to hold teachers accountable since they have no authority over the payment systems. In fact, district officials complain about the non-existent authority line between the district and secondary schools, which directly report to the centre.

There has also been recentralization of some roles and funds as part of central government measures to improve effectiveness and efficiency as well as accountability in the public financial system. In view of this, any identified deficiencies should be tackled by building the capacity of local governments rather than diluting their authority through recentralization of roles with their attendant offices. It is recommended that government reviews the recentralization functions with a view of returning them to local governments and concentrate on capacity building.

## **2.5 Transparency and accountability measures**

### **Mechanisms of accountability**

Democratic local governance requires accountability in a number of directions:

- Horizontally- of the executive to the elected representatives
- Downwards- of the elected representatives to the citizens
- Upwards- of local governments to central government, particularly for the use of funds.

Periodic elections are not sufficient, especially where information is lacking. Using the principal-agent analysis, the principals (citizens) must be able to hold their agents (the elected representatives) to account for what has been done, and the elected representatives (principals) have to hold the executive/paid officials (agents) to account. All this requires information and transparency, since the typical problem in the principal agent relationship is asymmetry in access to information.

The following will be important strengthen in achieving local accountability:

- Mechanisms for reporting by the executive to the elected council;
- Publication of information about local government performance to citizens, in an understandable form;
- Preparation, approval and publication of budgets, showing the proposed use of resources;
- Preparation, approval and publication of accounts in a timely manner, showing the actual use of money;
- Auditing of accounts and publication of auditors' reports. ( taking action of recommendations of the AG's report)

### **Facilitation of Councilors to Monitor Service Delivery**

One of the important pillars of the effective local governance is the premise of monitoring the performance of local government councils and providing information about their performance to the electorate. The expectation is that citizens should demand for accountability from their local elected officials. LGs are still bedeviled with poor monitoring of service delivery by elected leaders. Districts often lack funds to facilitate monitoring and supervision necessary for prevention of shoddy work and leakage of funds. Supervision and monitoring the performance of duty bearers by elected leaders is essential to improved service delivery. Unfortunately, there is inadequate local revenue to finance effective and sustained monitoring of service delivery units. Many elected leaders, especially councilors, have perennial complaints regarding the lack of adequate facilitation to carry out monitoring of local development and service delivery. Thus, to effectively monitor activities at LLG levels, councilors should receive adequate resources in order for them to meet their unique responsibilities as enshrined in the Local Government Act.

## **Strengthening Performance Auditing**

Government has to do proper auditing. Auditing needs to be concerned not just with probity, but also with performance in the use of public funds: whether resources were used effectively to achieve agreed objectives and efficiently (making the best use of resources). Three key performance areas commonly known as the 'three Es', for its analyses include:

- **Economy:** minimizing the costs of inputs (for a given outputs)
- **Effectiveness:** maximizing outcomes (for a given input)
- **Efficiency:** the appropriate mix of inputs and outputs (or outcomes)

The auditors play a number of roles in relation to performance audit and support to NALAs should work with auditors on:

- Conducting national studies on best practice
- Publishing papers on management performance
- Collating national data on best value performance indicators
- Verifying performance indicators at the local level
- Auditing the best value performance plans of local governments
- Checking the adequacy of local governments' management arrangements for delivery of economy, efficiency, effectiveness and checking whether best practice recommendations are being followed.

## **Audit and Inspection to be Strengthened**

Audit and inspection offer complementary roles in improving service delivery by local governments. Traditionally in Uganda, inspectors of government services were concerned with professional standards (e.g. in hospitals, prisons and schools). Auditors were concerned with costs and with financial regularity and probity. There has been a shift; both are concerned with costs and with financial regularity and probity. Increasingly, both are concerned with issues of performance and appropriate management structures. Thus there is a possibility of overlap. In local government, the potential for undesirable overlap is limited by the fact that the Auditor General is also responsible for inspecting most services: important expectations are schools, hospitals and other services.

## **Strengthen systems of civic engagement**

It is recommended that government invests in creating civic awareness of citizens in order to hold elected leaders and the technical staff accountable. Although Uganda has over 20 years of experience of various forms of decentralization as espoused in local governance, the extent of public participation both in local planning and in holding local politicians to account remains inconsistent. To strengthen accountability at the local governance level, it is necessary to have a civically competent citizenry equipped with the knowledge and tools of civic engagement. Moreover, local government officials need to have the resources needed to engage with their constituents.

## **2.6 Strengthening Citizen Participation and Local Government Accountability**

### **Limitations of local governments**

The traditional view of local government is that citizens elect councilors who make decisions about local services and levy local taxes to pay for those services. The only role for citizens is to vote in elections in every five years and pay their local taxes. This view of local governments is being increasingly challenged. Citizens expect to have a greater say in the running of services that affect them. They are dissatisfied by the lack of accountability of those they have elected for the taxes they have levied and other resources they have used. And in many countries they are concerned about the level of corruption in local governments.

Elections are, of course, a key mechanism of accountability for local government. But elections are very basic instrument of choice. Manifestos, if they offer anything at all clearly, offer a package of generalized policies. Elections are often fought on the basis of personalities or ethnic identities. Electoral practices are often not inclusive (first-past-the-post elections tend to marginalize women and minority groups as well as the poor) and open to abuse. Once elected, councilors may make decisions behind closed doors, without any opportunities for participation by others or accountability to citizens until the next election. Local level political processes are often dominated by local elites, who may be able to rely on patronage networks to ensure their re-election. And there is little information available on which to judge the performance of those who have been elected.

Thus, the range of choice is highly constrained, occurs only infrequently (typically, once every five years) and with little information available. Consequently, for decisions on more specific issues, other mechanisms of participation are needed. There is also the need for the development of programmatic political parties, with clear policies and manifestos, as well as for more inclusive political processes at local level.

### **Participatory mechanisms**

Because of the limitations of representative democracy, more direct participation of citizens is needed. This particularly is the case when dealing with detailed issues-proposals for particular developments or the management of health centers, schools, which cannot be handled through the broad manifestos of political parties at infrequent elections. These participatory mechanisms can be explored more:

- Public meetings/ barazas, consultation exercise, opinion surveys, formal grievance procedure, Ombudsman and appeals procedures, as well as participatory budgeting (PB).

These may be augmented with;

### **Strengthening the role of civil society**

Democratic governance depends on the active participation of civil society, which includes;

- CBOs (Community Based Organizations) or GROs (grassroots organizations);
- NGOs (national, local and international);
- Private businesses and business organizations (e.g. Manufacturers Association and National Chamber of Commerce);

- Trade unions (although these often represent only those in formal employment) and trade associations of the informal sector;
- Religious organizations/Faith Based Organisations (FBOs);
- Traditional/cultural leaders (Kings, chiefs, elders, etc.);
- The media – local and national press and other media, as well as local radio, which is important in this country.

Local democracy needs to be open to and responsive to civil society, and civil society can be a way of holding local government to account.

### **Institutional Strengthening - Develop Capacity of LGs and their NALAs**

Local governments lack capacity to develop demand-side capabilities in project preparation and development to engage in financial innovations to be able to build durable municipal markets. Yet the seeds sowed for market creation can grow only if both demand-and supply-side factors are developed in tandem, so that the debt funds mobilized are deployed promptly in productive projects.

The NALAs are facing challenges in building capacity of their members to promote and develop resilience as an incentive for stability in the fragile regions of Northern Uganda and Karamoja region. Majority of interventions are supply driven by central government and development partners. The LGs have not developed capacity and incentives for delivering effective and sustainable services in the livelihoods sector, food production, nutrition, environment and climate change.

Inadequacy in the fiscal transfer system, NALAs have raised a number of concerns on fiscal transfer system. Let us look at adequacy, elasticity and stability as critical; the total level of resources transferred to local governments needs for years has not been matching the responsibilities assigned, and this affects the vertical balance. Transfer amounts has been adjusted annually to reflect inflation and demographic changes to ensure real per capita resources are maintained; where the economy is growing, transfers have not also reflected the real growth.

Deepening understanding of fiscal management in LAs is crucial to successful implementation of delegated functions. Over the years, Government of Uganda has introduced a number of reforms and innovations to strengthen fiscal discipline and achieve macro-economic stability key among these are the fiscal rules and responsibility laws; fiscal risk management; medium term fiscal frameworks; and changes to coverage and timing of fiscal reporting. The technical staff understands these reforms but central government and development partners have not done enough to support the elected officials to understand these fiscal reforms. They are just passengers in a fiscal reform bus.

Funding the NALAs has not featured as essential for the sustainable development and growth of LGs in Uganda. Yet the national associations experience declining revenues from members and general financial stress. The purpose and mandate of NALAs notwithstanding, there needs to be regular fund for secretariats of these national associations so that their capacities are

built which later can be used to develop capacities of LGs in a cascading manner. But funding should not be coming from central government rather it should come from development partners

- Environment and climate change
- Earning from political office other than facilitation for oversight function.

## PART III

### 3.1 Organizing a meaningful and competent voice of Local Authorities: The critical political and institutional role of (name of the national association of local authorities)

The NALAs (ULGA & UAAU) should play the following role:

1. Support the members (LGs) in appreciation, understanding and use of the new LG planning guidelines that have been developed during the formulation of NDP III. To ensure that LG DPs and budgets are in line with the SDGs and NDP targets. Resources allowing, ULGA should design a peer review mechanism among its members to review the respective DPs and assess their compliance to the planning guidelines.
2. Advocate on behalf of the LGs for the central government (CG) to address the key issues highlighted above that affected the rating of the CoC for LGs. This could be achieved by preparing and presenting an issues paper/brief on the CoC
3. The role of ULGA should be to engage in raising awareness of their members on SDGs and help the members localize SDGs and reflection of SDG targets in their development plans. LGs should be supported to develop the SDG data book detailing the status of LGs in achieving SDG targets.
4. Facilitate down ward accountability through networking with OPM to organize effective community accountability platforms in which the leaders provide social accountability to their electorates.
5. As the Country is preparing for the next round of LC elections, ULGA should embark on the process of working with MoLG to update the existing Standard Rules of Procedure and support the upcoming LCs to adopt and customize them to their local needs.
6. Experience has shown that the turnover of LC leaders is very high over 70%, thus ULGA should work with MoLG to induct LCs as soon as they assume office to ensure that the resolutions made by the Councils are lawful.
7. Relatedly when the new leaders (LC V) assume office, they should be supported on how to strengthen their leadership skills. They should be helped to formulate their immediate actions point that are achievable within the 1st 100 days as a social contract with their electorates. These commitments should be disseminated to the communities through the barazas and inform the State of the LG address.
8. Lobbying for increased wage allocations to LGs to enable them fill the vacant positions;
9. Supporting LGs with legal mechanisms that allow for filling vacant posts for example through secondments from ministries, accelerated promotions among other mechanisms;
10. Lobbying for relaxing in conditions for some positions, for example many positions have remained vacant in majority of LGs for years because candidates cannot be gotten for instance the position of the District Engineer that requires a registered engineer, the registered engineers in the country as quite few and already well placed to work in LG. Other positions include the District Natural Resources Officers that requires someone who has served at a Principle level for years yet this position doesn't exist in the LG civil service.
11. Lobbying for joint recruitment of some key staff positions where the LGs have continuously failed to attract candidates. In the past this method was used to fill the position of the procurement officers and it was effective.
12. Using the available literature lobby for increment in the contribution of LG budget on the national budget,
13. Lobby for reduced direct implementation of projects by CG agencies at LG level

14. Reinvigorate the Uganda LGs negotiating and advocacy team to ensure that the negotiations are made timely and resolutions implemented.
15. Supporting LG to develop and implement Local Revenue enhancement plans
16. Advocate against counterproductive political pronouncements
17. Output 3.3 of DINU project document elaborates actions intended to strengthen the capacity of association of LGs through structured partnerships with relevant MDAs. Under this output specific activities are highlighted (From activity 3.3.1 to 3.3.3). These actions provide useful and clear guidance for future ULGA interventions under the 11th EDF and inform the post EUACP Cotonou Agenda.

### **3.2 Capacity Building**

NALAs requires advocacy and organizational capacities as well as professional capacities and skills in the following fields: Leadership capacity; Management capacity; Technical capacity:

**Leadership capacity:** The leadership capacity requirements spectrum includes formulation and propagation of an authentic political vision and mission, based on the knowledge, expertise and close relationship to members; cooperation with and relation to relevant stakeholders, including national policy-makers CSOs, the private sector, development partners, etc.; inspiration and motivation of relevant stakeholders; development of a strong reputation as a reliable and knowledgeable partner. In accordance to the Local Government capacity building policy that is spearheaded by the Ministry of Government, Local leaders in Uganda are often inducted on their roles shortly after taking over of office. The often two-day training is, however, not sufficient to effectively cover the required knowledge and skills spectrum. It is also often more focused on the roles and responsibilities of local leaders and, therefore, places more attention on the part of leadership skills. Leadership capacity is particularly important for the leaders that take on extra duties to leader their colleagues at the national association level. In order to effectively play their roles, local leaders elected at the NALA level require advocacy and organizational capacities, since a significant part of their work entails lobbying, advocacy and institutional strengthening of the association. Therefore, the National Associations, should not only focus on training of councilors at the local government level, but also their own political leadership structures.

**Management capacity:** It entails support to the NALAs governing structures; managing and enhancing NALAs staff; developing NALAs standard of operations. In order to meet their obligations and mandate as the overarching voice for their members, NALAs require to have sufficient management capacity. They need to have in place not only governance structures and staff to advise and implement their decisions and aspirations, but also the facilitating requirements in the form of tools, equipment and documentation. Well as ULGA recently restructured its staff structure, it also requires more office equipment and means of transport. It is also noted that some of its critical positions in the staff structure are either vacant or not competently staffed partly arising a high staff attrition level. The rather high staff turn-over can probably be owed to consistent shortfalls on the part of the associations unfavourable resource base. On the other hand, well as UAAU has an elaborate governance structure, it is critically understaffed and its structure needs to be revisited in order to be re-aligned to the growing and changing needs of its constituents. Its resource and thus operational base is equally insufficient not only in terms of finances but also standard operational

documentation. The need for strengthening the management capacity of both associations is therefore evident and critical.

**Technical capacity:** This entails training of NALAs staff on Policy and political frameworks (understand how the policy system works and how policies are developed); understanding Policy cycles (know the relevant policy cycles on local and national level in order to understand when advocacy activities need to be organized to create impact); Strategic partnerships: be aware of the relevant stakeholders in the field and know their role and position; know which stakeholders might support (allies) or oppose (enemies); motivate, inspire and stimulate potential allies to support specific advocacy activities. It is therefore very necessary for the NALAs to not only acquire technical capacity but also maintain through training and continuous mechanisms that promote staff motivation and, thus organizational morale. The recruitment and staff development policies and practices of the NALAs should, therefore, not only focus on the 'quality at the gate' principle but also emphasize motivation schemes. As is the case with the first two form of capacity needs, however, the resource envelops of both ULGA and UAAU must be significantly enhanced. Since the early 2010s, ULGA has attempted to address the two casual-effect challenges of technical capacity and financial sustainability by putting in place a charge per service consultancy arm, the Local Government Consultancy Bureau. Its success has however continued to be hampered by policy challenges and the dependence syndrome of its members. Considering their roles, responsibilities and aspirations, it is practically difficult and not feasible for the associations to recruit and maintain a staff model that is significantly responsive to their broad mandate. The gaps could, however, be ably addressed by adopting the practice of out-sourcing as need arises. The other option internal resourcing from within the staff of their members, would be rather expensive because of travel costs and unreliable because of extra load and conflict in the chain of command between the NALA and parent employer.

**Conclusion**

Meaningful involvement of LAs in development and cooperation policy requires input and action from two sides. That is the policy and decision-makers at national level and development partners on the one hand; and LAs and their representative national associations on the other hand. LAs and NALAs should therefore be ready and able to fulfil a proactive and leading role in this process. Different aspects are key when it comes to the development of meaningful LAs involvement.

In order to effectively lead their members through the engagement process, NALAs must be well equipped in terms of leadership, technical and managerial capacity. Both UAAU and ULGA have shortfalls in meeting the outlined capacities, though not in equal terms. Elevating their capacity does however require proper planning and mobilisation of human and financial resources. Nonetheless, it is possible and important for the capacity enhancement undertaking to start within the framework of existing structures and resource envelop. Such re-organization will be critical is setting stage for the mobilisation of external support.



## Annexures

### UGANDA LOCAL GOVERNMENT ASSOCIATION'S SWOT ANALYSIS

#### Strength

- Large constituency 134 districts LGs and over 800 LLGs in Uganda<sup>2</sup>, represented by all District Chairpersons, District Speakers Chief Administrative Officers and Sub County Chairpersons, which guarantees inclusiveness of the voice of local governments in the national policy and development agenda
- Existence of an elaborate structure formed by different committees supported by a strong secretariat, which allows for participation in decision making through definite electoral and appointment processes
- Existence and functional for over 22 years starting as Uganda Local Authorities Association (ULAA) and ULGA in 2004, and facilitated with well laid down operational policies, which provides the required leverage in terms of experience and acceptance as active partner in the Lg development agenda at National, regional and International levels as the representative voice of Local Governments
- Developed a brand supported by key investments assets like its own ULGA House that accommodates the Secretariat, which is equally fairly equipped/tooled to deliver on the Association's mandate
- Availability of funding from EU/UNCDF and other partners

#### Weakness

- Funding uncertainties due to fluctuation of membership subscriptions and development partner support. E.g. Contributions (in form of subscriptions) from members is continuously declining (standing at only 14.7% realization<sup>3</sup>) leading to dependence on mainly donors/development partners. This funding is not sustainable in the long run and affects the association activities that may not be in line with the funding agency priorities.
- Weak mechanisms for effective membership mobilization and active involvement in ULGA programs. The operationalization of the Regional outreach administrative structures faces limitations resulting from inadequate staff and budget to invest in relevant interventions.
- ULGA continues to struggle with the effective implementation of its Communication strategy which limits its proper visibility especially at the local levels.
- 50% of the 21 staff provided in the structure are present, presenting challenges for effective service delivery.
- There is need for ULGA to put in place human resources development planning mechanism and integrate skills acquired in training into the work environment. ULGA also needs to support implementation of DINU programme- this has helped bridge the funding gap partnerships with Civil Society entities like ACODE, NGO Forum and Action Aid Uganda. embrace an internal assessment system that rewards people and helps to keep them in the organisation with opportunities for on-going learning, career development, and advancement.

#### Opportunities

- Formulation of the Local Government Sector provides an avenue in which issues affecting LGs (member of ULGA) can present, discuss and resolve issues affecting the sector.
- Support and committed partnership of the Ministry of Local Government, which has now made provision for a Subvention to ULGA.
- Interest from many development agencies that are willing to work with LGs through their Association e.g. Democratic Governance Facility, and VNG International IDEAL Programme, which are in the pipeline for implementation within the calendar year 2020.
- Opportunity to position itself as a co-ordination platform for non-state actors' interventions in the Local Government space to ensure efficient utilization of resources for the maximum benefit by and for all its member Local Governments
- Existence of the LG Consultancy group, would help to not only help generate income for the association but also help reduce on the costs of procuring consultancy services. This consulting group needs to be funded and reactivated
- Redefinition of its agenda and strategy with the evolution of the Cities and Urban Development agenda
- Global and Regional Policy frameworks that profile Local Governments as the center for development co-operation and effective service delivery

### **Threats**

- Recentralization
- The emerging phenomenon of the City that holds implications on future of ULGA's membership – cities result in the continued redefinition of and dwarfing of the District
- Staff turn over
- Existence/ Emergence of splinter groupings and entities that disunite the voice of Local Governments i.e. ULGA, UAAU, District Speakers, ALGAOU, and now Sub County Chairpersons
- Competition from Civil Society and Non-State Actors that fill the vacuum otherwise not filled by ULGA and yet rightly falls under ULGA's mandate e.g. ACODE a research and think tank has leveraged from the ULGA partnership to cross into the advocacy capacity building for local Government space, and so has CSBAG.

## URBAN AUTHORITIES ASSOCIATION OF UGANDA SWOT ANALYSIS

### **Strength**

- UAAU is Legally registered as a company limited by guarantee and with the NGO board;
- UAAU has been in existence and functional for over 60 years (since 1959);
- Existence of a functional governance structure formed by different committees supported by a strong Secretariat;
- Large membership that include 8 Cities, 34 Municipalities, 100 Municipal Division Councils, 19 City Divisions and 587 Town Councils;
- Good representation from the above membership that bring together all Mayors, Speakers, Town Clerks and Finance Officers;
- Presence of a team of urban practitioners who keep on working with the Secretariat to represent, answer, prepare position papers for lobbying Central Government and Development Partners;
- It is a strong advocacy voice for urban authorities in Uganda;
- Has qualified and committed staff;
- Availability currently of funding from EU/UNCDF to support implementation of DINU programme (for northern Uganda LAs)- this has helped to bridge the funding gap;
- Cordial working relationship with Central Government, the Development Partners and the sister Association ULGA (an association of District Local Governments).
- The member urban authorities appreciate capacity building support that UAAU provides. There is evidence that the capacity building has yielded desired results overtime;

### **Opportunities**

- High urbanization growth rate the country is experiencing, can together with central government harness growth of Towns and Cities;
- Existence of the decentralization sector provides an avenue in which urban issues (affecting UAAU membership) can be presented, discussed and resolve issues affecting the sector;
- Existence of investors and many potentials

### **Weakness**

- Has no permanent home in any of the cities or municipalities. Has since inception been given offices in Kampala City Council building on mutual understanding and strong support of the mayor.
- 40% of the staff provided in the structure is presently filled.
- Contributions (in form of subscriptions) from membership are continuously declining leading to dependence on donors.
- The funding available from the membership contribution is not enough for UAAU's planned activities effectively.
- Lack of visibility in the intra- agencies. The many things the Association does are not well known, appreciated, not popularized as the docket of Information Officer/PRO is vacant.
- There is little publication of works by the Association as the research desk and PRO are not well funded
- Limited implementation of advocacy strategy.
- Limited understanding of urban leaders of the "urban concept"
- Lack of a clear mechanism of supporting urban Authorities to raise local revenue sustainably

### **Threats**

- High turnover of staff mainly resulting from late or none payment of salaries (staff having outstanding arrears of up to 6 months of unpaid salaries);
- The number of current Development Partners supporting UAAU are limited. Hence currently there is limited resource envelope both from domestic and development partners. UAAU has no long-term guarantees for funding;
- Operations depend on available funds (envelop size)