“What Makes Markets Tick?”
Local Governance and Service Delivery in Uganda

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Introduction

THE DECENTRALIZATION and privatization of government services are rapidly becoming key features in popular strategies to remedy problems of governance in both developed and developing countries (Rondinelli and Cheema 1983; Rondinelli 1992; Parry 1997). In developing countries the push for privatization comes from different sources; partly as a result of experiences with fiscal difficulties of sustaining services, and in part as a response to the pressure of structure adjustment programs. Rondinelli (1983, 1992) identifies four approaches to decentralization, namely: deconcentration, delegation, devolution and privatization. The first three approaches describe the process whereby central government shifts responsibility to a greater or lesser degree to sub-national levels. Privatization, private sector involvement in service provision, gives responsibility over services, previously performed by the public sector, to private organizations such as trade organizations, religious groups or business firms.

A key thesis for the proponents of decentralization is that, when those closest to where decisions are made are empowered to make decisions and given ownership of results, better decisions will be made. The fundamental claim is that increased efficiencies should follow and the quality of services improved. Decentralization and/or privatization of government services has elicited conflicting arguments for private-sector involvement in service provision. The debate centers around the extent to which decentralization reforms in broad terms have a significant effect on performance of publicly managed services.

This research is occasioned by UNDP’s growing concern and interest in the relationship between decentralization and good governance, and its consequent effect on sustainable human development. The entry point of this research is the market as a devolved service from urban councils to lower councils and to the private sector. The research seeks to contribute to the debate in four main ways. First, it examines the conditions under which the reforms are implemented. Secondly, it identifies the range of organizational arrangements through which public and private bodies collaborate in the provision of a particular service. Thirdly, it offers some evaluation of the performance, in practice, of publicly and privately managed services in contributing to key elements of good governance and the achievement of sustainable human development goals. Fourthly, it contributes to the debate concerning the
efficacy of privatization of specific services by drawing lessons from the emerging forms of partnerships at the local levels between urban councils, private sector and market vendors.

Decentralization reforms in Uganda, follow a long period in which the institutional links between the center and locality had weakened to such an extent that neither could control the other or ensure access for the other to its resources. Thus, the failure of the government provided social goods and services, in the 1970s and 1980s, has largely been attributed to the limited and often fragmented nature of local involvement (Langseth 1996). Local governments had no major functions, little financial resources and practically no political autonomy. The trend towards devolution of power from central government to local authorities which started in the 1980s, is aimed at increasing the extent of local participation in the policy-making process, strengthening local capacity for resource mobilization and power sharing in the provision of social goods and services.

In Uganda, urban councils have taken advantage of the decentralization reforms by contracting out certain services allowed to them to the private sector in an effort to increase local revenue mobilization and enhance efficiency in delivery of local services. There is already evidence that in specific areas, the privatization of markets has produced some measure of “success” (Nsibambi 1995). Certain key indicators of success as outlined by UNDP stipulate the need to establish a positive correlation among the following measures: efficient and democratic structures, equity and power alleviation. While these indicators remain key to the study, they are analysed within defined contextual boundaries. Here, success is measured in relative terms and within a defined socio-economic and political context that includes the following:

1. Political, socio-economic conditions prior to decentralization/privatization;
2. The organizational relations between different levels of government and the internal structures of the units involved in service delivery;
3. The various elements that constitute the redistribution of resources and responsibilities;
4. Levels of efficiency and effectiveness (resource mobilization and utilization, minimization of costs).

We have chosen to focus on documentable parameters of success and we understand success as the improvement in the quality and quantity of services delivered, improvement in the organizational and political structures of management. Our basic argument is that the test for alternative arrangements for the provision of services must be based on how efficiently and effectively they produce and deliver services. Here, we present a simple case study, based on the empirical evidence of changes in the governance of Jinja Central Market. The conditions under which these changes have occurred are characterized by the implementation of the decentralization reforms in Uganda.
Methods

The methods for this study involved both document review and field research. Qualitative data collection through the use of in-depth interviews, participatory observations and group discussions and a quantitative survey formed the basis of the field research. The study was carried out over a period of three months, in Jinja Central Market (JCM), Jinja Municipality. Initially, the study was planned as a comparative study based on a “success” case study and control. Since all rural and urban markets have been decentralized/privatized, a comparative study was not possible. Thus we decided to have a before and after case study, focusing on one market--Jinja Central Market. We examined the conditions prior to privatization and the conditions over the last two years after the market was contracted out to the private-sector.

Data Collection

Data collection was divided into two phases. The first phase concentrated on gathering exploratory data on the administration and management of the market before and after decentralization. The second phase focused on establishing the conditions for “success” by gathering empirical evidence of change and/or improvement in the process of administration, management as a result of private sector involvement.

Data for the first phase of study was generated through a review of existing documents, supplemented with a rapid assessment, applying both group discussions and extensive unstructured interviews with key informants. Group discussions, mainly organized in the market around departmental committees, generated substantial information on the situation of the market prior to decentralization, and changes in the management structures and their benefits subsequent to the privatization of the market. In addition key informants interviews were held with the following people:

1. The Town Clerk Jinja Municipality;
2. The Assistant Town Clerk Jinja Central Division
3. The Chairperson LC3 Jinja Central Division and LC1 Chairperson Aldina Village
4. Individual members of the Jinja Central Market Vendors Association
5. Officials from the Health Department Jinja Municipal Council
6. Officials from the Law Enforcement Department Jinja Municipal Council
7. The Deputy Treasurer Jinja Municipality
8. The Market Master and the Director of GOKAS the private firm

Interviews with the above people generated useful descriptions and analysis of events that have characterised the administration of Jinja Central Market before and after decentralization.

Data for the second phase of the study was collected using quantitative methods, applying a semi-structured questionnaire. The questionnaire was administered to 91 vendors who were selected using stratified random sampling methods. The market population was stratified on the basis of existing department (13), a list of vendors occupying different departments was obtained from chairperson of the committee of which 7 vendors were randomly selected.
Lastly, in order to understand the conditions, processes and procedures involved in the successful management of markets, a consultative meeting/workshop on market management and decentralization was held in Jinja. At the workshop different stakeholders—key staff from the municipal council, the vendors, Local Council (LC) members and private firm, presented papers on their experiences with decentralization of markets, followed with discussions and suggestions towards making the market more dynamic and profitable. The study was able to build upon this interactive process of all stakeholders to supplement other data.

Uganda’s Political Content

Uganda’s experience with decentralized form of local governance, is not new. British rule of Uganda, as a British Protectorate was on the basis of what came to be known as indirect rule. The colonial system of administration relied upon traditional local chiefs to run the local government system. At independence in October 1962, the country inherited a dual system of local government. The country was divided into 13 administrative units: four kingdoms (Buganda, Ankole, Toro, Bunyoro) which had a federal status and nine districts. The kingdoms had council ministers who with their assemblies ruled their areas of jurisdiction with considerable autonomy. The districts had district councils with the central government exercising considerable control over them through district commissioners. Notwithstanding the dual system, the district and kingdoms had local authorities which were by and large directly elected and accountable to the people. In addition, they enjoyed corporate status; they locally raised substantial revenue in addition to central government grants and employed their own staff (Lubanga 1996).

In 1996, following a political crisis concerning the issue of local autonomy between the Buganda Kingdom and the Central Government; the independence Constitution of 1962, which provided for autonomous local government was abrogated. Under the new constitution of 1967, Uganda was declared a republic and a unitary state, political and administrative power was centralized. The kingdoms assumed district status and under the Local Government Act of 1967 all district councillors were to be nominated by the Minister of Local Government which, in real terms, substantially reduced their political power and administrative capacity (Tidemand 1994).

The centralization of political power under the 1967 constitution, was further entrenched during Amin’s period, 1971-1979, as the regime consolidated the position of central government vis a vis the periphery. A commission of inquiry into Local Government in 1987, noted that while the regime had provided for an increase in local government units, the militarization of the local government system stifled local initiative and compromised local participation. Locally based organizations or associations were construed as potential threats to the regime and were therefore either co-opted or banned outright. The state positioned itself as the motor of development and provider of services, leaving no room for the active participation of non-state institutions in the development process (Semboja and Therkelsen 1995).

The failure of government to provide social goods and services, during this period and in the immediate aftermath of Amin’s overthrow, has largely been attributed to the limited and
often fragmented nature of local involvement (Langseth, 1996). Local government have no major functions, little financial resources and practically no political autonomy. Experiences with financial constraints in providing services, led the government to solicit community participation in service provision and sustainability. The methods adopted to petition community participation, however, were coercive and authoritarian. A good example of “coerced community contributions” was Amin’s policy popularly known as “Keep Uganda Clean”. The campaign to “Keep Uganda Clean” involved special days which were designated by government when people were required to leave their offices and other places of normal work to join in organised communal work. The work, mainly involving garbage collection in and around towns was organised and manned by soldiers. Those who resisted the state led initiative in community participation were flogged publicly and in some instances imprisoned.

In 1972, Amin declared what came to be referred to as his “economic war” to combat rampant inflation and the rise in prices for food and other commodities. This policy had important consequences for “markets”, their operation and their centrality to people’s everyday life. Extreme economic hardships and the scarcity of the most basic provisions, created a dual economic system driving economic transactions underground and into a periphery economy. Illegal trade which came to be popularly known as Magendo became the order of the day as price controls were imposed in shops and markets to keep the price of basic foodstuffs within reach of the city inhabitants. As a consequence of low prices, food supplies into the cities dwindled. The army mounted searches in markets for those vendors suspected of hoarding goods; merchandise were confiscated and some vendors were flogged publicly (Gombay, 1996).

The ousting of Amin in 1979 did not fundamentally alter the system of local governance or reduce people’s preoccupation with individual survival strategies. Within a period of six years (1979-1985), Uganda experienced five changes in government leadership. Subsequent regimes were principally pre-occupied with political survival, and lacked the political will and capacity to initiate fundamental political change or attempt to build structures of local participation in service delivery. A report of the Commission of Inquiry on the Local Government (1987) noted that during the period 1980/85, local authorities were starved of central government grants. Only a small proportion of the central government budget, between 1.6 percent and 4.3 percent, was allocated to local authorities. Similarly, Gombay (1996) noted that by 1980, central government transfers which formed the main source of revenue for Kampala City Council had stopped all together. Urban councils presided over “ghost towns”, characterised by a lack of essential services such as, running water, or properly maintained streets or buildings and devoid of economic activity other than magendo business, through the informal sector (Kanyeihamba, 1988; Obbo, 1991). For purposes of highlighting the plight of markets during this period, it is important to note that in 1985, Jinja market, our case study, was looted and burned down by the armed forces.

The Obote II regime, which lasted the longest after the fall of Amin, did not effect any meaningful changes to the existing political structures at the local level. Attempts to revitalise local political structures through the introduction of the mayumba kumi village system (Tidemand, 1994) were unsuccessful. The Commission of Inquiry on Local Government
noted that the *mayumba kumi* system mainly played a security function that focused on settling local disputes. The failure of *mayumba kumi* system as a model for local participation has been attributed to a number of factors, namely; the rent seeking behaviour of officials at the local level, involved in the distribution of essential but scarce commodities particularly, sugar, salt and soap; and as a result its entrenchment of the patronage system in support of the ruling party--the Uganda People’s Congress (UPC), which was unpopular in most of the Southern part of the country.

Since 1986, when the National Resistance Movement (NRM) government led by President Museveni took over power after five years of guerrilla war, Uganda has undergone dramatic political and economic transformation (Villadsen and Lubanga, 1996). Faced with a shattered economy and political disarray the National Resistance Movement (NRM) government embarked on a steady process of economic and political liberalization (World Bank, 1993; Apter, 1995; Harvey and Robinson, 1995; Khadiagala, 1995; Lubanga and Villadsen, 1996). Progress in political liberalization is evident in a major reconstruction of politics and administration. The most significant current change in the country’s transformation is the government’s decentralization program.

The Environment for Decentralized Governance in Uganda

Since 1993, and through the enactment of several laws, presidential decrees and a new constitution, the NRM government has worked towards dramatically changing the framework within which its local governments operate. Initially introduced in broad terms when the NRM assumed political power, the process of decentralization is more currently manifest in the shifting of power and authority away from the center to local political and administrative units combining elements of devolution and privatization. Given that decentralization has deep implications for service delivery, the framework for decentralization that has been established in Uganda is worth describing in some detail, together with legal and policy aspects that enhance community participation, service delivery and partnerships.

The government has taken significant measures to develop institutions and procedures which allow for the autonomous decision making, by local councils. The formalization of the process of decentralization through a series of legal instruments constitutes one of the most ambitious attempts to increase local democratic control and increase in administrative effectiveness. This particularly evident in the country’s constitution of 1995 and the Local Government Act of 1997. The powers of Local Councils (LCs) are enshrined in the constitution and underpinned by legal provisions. Article 176 (2b) provides for legislation that reinforces the salience of decentralization in local government restructuring. It also embraces the role of local councils and the consolidation of power among local people to manage their own local affairs.

The LCs are expected to spearhead grassroots development. A departure from the past practice, where district councillors were elected by an electoral college, the new constitution provides for the election of the chairperson and members of the district councils through universal adult suffrage. The district Chairperson is the political head of the district. In city or municipality or towns the Chairperson carries the title of a Mayor.
The current structure of the local council system in Uganda represents a hierarchy of local representation. The basic unit of local government is the district and is governed by the District Local Councils, referred to as LC 5. Districts, consist of sub-counties LC 3 and sub-counties consist of parishes and these are similarly governed by parish councils, known as LC 2. The parishes consist of the smallest political unit, governed by the village councils, known as LC 1. Power originates from the village (LC 1) in both rural and urban areas. All people resident in a jurisdiction area constitute a council at the respective level. At all levels from LC 1 to LC 5, there is an executive committee. These committees consist of line officials: Chairperson, a General Secretary, and Secretaries for Women, Finance, Security, Youth, Information, Mass Mobilization, Social Services and Education. The committees have statutory power to make decisions pertaining to the development of their local areas, to administer local justice through LC courts, and to mobilize local involvement in development projects.

The different local government levels and city or municipal councils or town councils are a corporate body and enjoy a substantial measure of autonomous local decision making. Local administrative and technical staff are answerable to local councils, and not central government line ministries. The power to appoint persons to hold or act in any office in the service of a district or urban council, including the power to confirm appointments, to exercise disciplinary control over personnel is vested in the district service commission. Urban councils through the District Service Commission now appoint Town Clerks who are supposed to serve as the administrative heads of the urban councils. The Town Clerk is responsible and subject to the general direction of the Mayor or Chairperson and the Council.

The current program of decentralization which is being refined and operationalized by the Decentralization Secretariat has now been implemented in all the 45 districts of the country. The objective of the reforms is to create a local government system that is “democratic, participatory, efficient and development-oriented.” The specific objectives of the decentralization policy and programs are as follows:

1. To transfer the real power to the districts and thus reduce the load of work on remote and under resourced central officials;

2. To bring political and administrative control over services to the point where they are actually delivered; thereby improving accountability and effectiveness, and promoting people’s feeling of “ownership” of programs and projects executed in their districts;

3. To free local managers from central constraints as long term goals allow them to develop organizational structures tailored to local communities;

4. To improve financial accountability and responsibility by establishing a clear link between the payment of taxes and provisions of services they finance; and

5. To improve the capacity of local councils to plan, finance and manage the delivery of services to their constituencies.
By empowering local communities to take charge of their affairs through local institutions of self governance and resource mobilization, the decentralization program in Uganda is expected to build democratic government structures that are responsive and accountable to the public, and promote capacity building at the local level. As a corollary, administrative charges under decentralization are intended to promote capacity building at the local level, bringing decision making closer to the people. The introduction of local choice into the delivery of social services promises to enhance sustainability of development projects by fostering a sense of local ownership. It is assumed that progressively, decentralization will create conditions that are conducive for local decision making rooted in local opinions and local circumstances (Langseth, 1996).

Decentralization in Practice: The Case of Jinja Market

Background

Historically markets have been valued for their contribution to the revenue of municipal and/or town councils. In a country where almost 69 percent of the population depends on agriculture for their livelihood and where there exists confined opportunities in the non-trade sector of the economy; markets have been increasingly expanding in the urban areas. The market, as the “garden” of the town, provides a strong link between the predominantly rural agricultural sector and the quasi-urban sector. In urban areas, markets have especially been of great importance in the lives of ordinary people. Both the urban and rural populations principally depend on agricultural markets for their livelihood. To an increasing degree, markets cater for the consumption needs of the segments of the population. In addition, the markets generally collect marketable surplus from farmers and transport this residue to consumers, thereby determining the nature and volume of demand as well as prices. Furthermore, markets enable producers to tailor resource allocation and production systems to meet the needs of the consumer; they provide farmers with assured market for their produce at reasonable prices, foster competitiveness among traders as well producers thus commercializing agriculture.

Jinja Central Market was established by Jinja Municipal Council in 1932. At that time the market was housed in a small structure which catered for approximately 50 vendors. Over the years the population has grown in excess of available space. Currently, the market has 6,000 stalls, most of which are co-shared by as many as three different vendors per stall. This puts the market population at approximately 18,000 vendors. Almost 30 percent of the Jinja municipality population are employed in the market. Jinja central market could be referred to as the “Wall Street of Jinja,” representing the only vibrant aspect of a relatively moribund Jinja town. At first glance, the transactions in the market appear to be relatively simple forms of exchange, but they represent more complex social, commercial interactions and production variables.

The centrality of the market in the lives of the vendors and population of Jinja is vividly manifested in the fact that the average vendor resides approximately five kilometers away from the market. The importance of the market which is characteristically a “melting pot” of different interests is its representativeness. There is a wide variety of commodities ranging
from vegetables grown from the urban wet-hinterland, small islands within the neighbouring Lake Victoria to voluminous amounts of produce from neighbouring districts and countries. In addition, the spectrum of vendors reflects the diverse ethnic background almost representing over 15 of some of the ethnic groups in the country.

The Structure of Jinja Central Market

Jinja central market is enclosed with a solid wall that contains six exits. There is a total of 12 separate departments in the market and traders are categorised according to the type of merchandise they sell. There is a department for bicycle spares, one for hard ware, a meat department, two vegetable departments (A and B). There is also a new and second hand cloth department as well other departments that deal in dried (smoked) and fresh fish. Water is crucial for sanitation in the market. Currently there are two operating stand pipes in the market. One is situated in the meat department, another is located in the old cloth department. Toilet facilities for men and women are located close to the two main gates.

The Administration and Management of Jinja Market

The management and administration of markets in Uganda was codified in the Protectorate Government Market Ordinance which was passed in 1952 and amended to become the Markets Act 1964. The Act delegated the authority and control over markets to district administration and municipal or town councils, according to where they were located. The Act states that: *no person or authority other than the administration of a district, a municipal; or a town council or board shall establish or maintain a market….the administration may establish and maintain markets within the area of its jurisdiction and shall control and manage such markets or shall vest their control and management in such persons or authority as it may deem fit.* The Market Act outlined the various duties to be performed by the administration. These include:

1. Regulating the use of markets and market buildings, keeping order, preventing obstructions, and maintaining cleanliness therein or in the approach thereto;
2. Determining the goods which may be sold in any markets;
3. Prohibiting, or requiring vendors to obtain permits for sale of:
   - any specified kind of livestock within any specified area surrounding a market lawfully established not exceeding twenty miles from the boundary of the market;
   - any specified kind of goods within any specified area surrounding a market lawfully established not exceeding three miles from the boundary of the market: provided that no rules which have been or are hereafter made for the purposes described in this paragraph
shall apply to the sale of goods (1) in a store in respect of which a trading license has been issued under the provisions of the Trading Act; or (2) in a municipality or town, if the municipal or town council or board has made or hereafter makes by-laws for the regulation of hawkers;

4. Requiring that goods brought into markets for sale be sold by public auction, and imposing and providing for the collection of a fee payable on amount realized;

5. Imposing stallages, rents or tolls and fixing the amount and providing for collection thereof;

6. Fixing the days and the hours during each day on which a market may be held and preventing the sale and purchase of goods in the markets on any days or at any hours except those fixed;

7. Prescribing the weights, scales and measures to be used in the sale of any particular produce and regulating the use thereof;

8. Requiring the demolition, reconstruction, closing or moving of markets;

9. The examination of produce or articles of food;

10. Fixing the maximum price demanded on the sale by retail of any article of food;

11. Providing for the appointment of inspectors, market-masters, and other officials, and regulating their powers and duties; and

12. Generally for carrying into effect the purposes of the market Act:

Until 1993, Jinja market was under the exclusive control of Jinja Municipality; managed and administered through the departments of public health, engineering, law enforcement and the treasury. Simultaneous with decentralization, the administration of Jinja Central Market became a devolved function of Jinja Central Division (LC 3). A summary of roles and responsibilities of the different stakeholders are included in Table 1.

In 1993, following the retrenchment of council workers under the national structural adjustment program; the municipality decided upon contracting out the function of collection of market dues and rents. Another important compounding factor towards the contracting out of the market was the poor and inefficient system of revenue collection that was existing then. "Privatization" was considered the best way possible to increase revenue and decrease local authorities recurrent expenditures. Here, the term privatization describes the management transformation in the form of management contracting. Under this system, GOKAS, a private contractor firm, manages the system of revenue collection on behalf of the council. GOKAS did not incur full financial costs for the market, but was required to commit its own capital in form of one-month advance payment of the tendered amount of money. Thus, the current system of market administration and management promotes a co-management system involving
more stake holders than there was previously (Jinja Municipal Council, Jinja Central Division, GOKAS private Firm, KKM private Firm and the Vendors).

Changes in the Market after Decentralization

The study found a general consensus among the key informants that there was considerable improvement in service delivery since the privatization of the market and the devolution in the administrative system in the market. Findings from the market survey show that 64 percent of the informants were of the opinion that privatization of markets was a positive
undertaking. A number of beneficial changes in the market were registered by 70 percent of the respondents interviewed. Only 20 percent were of the opinion that no positive change had occurred since privatization. On the basis of empirical indicators of the change, the following areas constitute some of the most significant improvements: management, sanitation and water, security, physical infrastructure, relationship within the market and increased revenue collection.

Indicators of Improvement in Performance

Changes in Revenue Collection

Quantitative findings of the study show that there is a considerable improvement in the method of revenue collection and the amount of revenue collected (see Table 2 & 3). Most vendors, 67 (76%) were of the opinion that the methods of tax collection were more humane and transparent than before.

Table 2. Percentage Distribution of Vendor’s Opinion towards Due Collection Methods after Decentralization

<table>
<thead>
<tr>
<th>Due Collection Procedures</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>67</td>
<td>76</td>
</tr>
<tr>
<td>Not Changed</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Worsened</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

N = 88

Similarly, 74 percent of the respondents were of the opinion that the majority of vendors paid their dues more willingly than in the past. In other words, there is increased cooperation between the tax collectors and the tax payers which has streamlined the tax collection exercise. In the past, due collection was said to be characterized with coercion. Currently, new methods of tax collection that rely on a process of negotiation have realized a considerable increase in revenue collection. By withdrawing the municipal authorities from the task of tax collection bottlenecks which infringed on the dues collection (red tape bureaucracy, corruption, embezzlement and inefficiency) have been removed. Quantitative findings of the study show that there has been an increase in market revenue (see Table 3). At the base year of privatization 1994/95 Financial Year, Jinja municipality recorded Shs. 153,598,727 as revenue from markets. After decentralization, the municipality reported a 27 percent increase in market revenue collection, showing a figure of Shs. 194,814,660. The increase in revenue is more attributed to the methods of revenue collection and close supervision, rather than associated with an increase dues and rent; these have remained constant.

Jinja market specific financial data also reveals a decrease in recurrent expenditure. Before privatization, the municipality had 53 employees to run Jinja Central Market, including market masters, tax collectors, law enforcement personnel and group employees. According to the Town Clerk, the municipality used to receive a gross revenue of Ush. 9 million from Jinja market; 50 percent of this revenue went to cover salaries and wages for the market
employees; 20 percent went to settling the water and electricity bills. Presently, the council receives a monthly net revenue of Ush. 10.6 million from GOKAS. Meanwhile, GOKAS has managed to reduce the number of employees by 75 percent of the original number to thirteen employees only. These include a market master, six gate tax collectors and six supervisors.

Changes in Market Management

Results of the vendor survey show that the management of the market has greatly improved. The majority of the vendors, 80 percent, indicated that the general management of the market had improved as shown in Table 4.

Table 4. Percentage Distribution of Vendor’s Opinion about Market Management after Decentralization

<table>
<thead>
<tr>
<th>Observed Change in Management</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>71</td>
<td>80</td>
</tr>
<tr>
<td>Not Changed</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Worsened</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

N = 89

Group discussions with market vendors indicated that market management had improved as a result of the introduction of a participatory approach to organizational arrangements and management within the market.

The vendors through the Association and different committees, are in a better position to influence management, covertly or overtly depending on the situation. Through division of duties, GOKAS, the private firm to which the market is contracted, recognizes the important role played by the committees and the association.

Changes in the Sanitary Conditions of the Market

Discussions with members of the market committees revealed that sanitary conditions in the market had greatly improved. The committee members described the sanitary conditions before decentralization as appalling. The vendors noted the improved hygiene in the market, in particular, they were duly proud of the functioning toilet system; which they claimed to be the cleanest in the entire municipality. In addition, vendors mentioned that the market now

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Market Revenue</th>
<th>% Increase Adjusted to Inflation Factor of 3% per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994/95</td>
<td>153,598,727</td>
<td>-</td>
</tr>
<tr>
<td>1995/96</td>
<td>194,814,660</td>
<td>23.1</td>
</tr>
<tr>
<td>1996/97</td>
<td>202,640,000</td>
<td>0.99</td>
</tr>
</tbody>
</table>
had two running water stand pipes, operated by GOKAS, for which vendors pay a small fee towards maintenance. The toilets are being managed by another private firm called KKM. An overwhelming majority of vendors interviewed 94.4% were of the opinion that sanitation facilities (water and toilets) in the market had improved as shown in Table 5.

Table 5. Percentage Distribution of Vendor’s Opinion on Changes in Sanitary Facilities (Toilets and Water Supply)

<table>
<thead>
<tr>
<th>Observed Changes in Sanitary Facilities</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>84</td>
<td>94</td>
</tr>
<tr>
<td>Not Changed</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

N = 89

Most of the problems experienced in the market prior to its privatization were attributed to common problems associated with state managed services; corruption, inefficiency and inter-alia a lack of accountability. The absence of functioning toilet facilities in the market, for example, was due to a failure on the part of the municipality to settle a large accumulated water bill with the National Water and Sewerage Corporation.

Interviews with vendors also reveal that there has been improvement in waste management. Out of 89 respondents interviewed, 57 (64%) noted that waste management in the market had improved (see Table 6), illustrated by cleanliness of the market and garbage disposal. The market is swept regularly by the vendors and garbage is deposited in garbage collection bins placed at strategic and accessible points outside the market.

Table 6. Percentage Distribution of Vendor’s Opinion on Changes in Refuse Collection in the Market

<table>
<thead>
<tr>
<th>Observed Changes in Refuse Collection</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>57</td>
<td>64</td>
</tr>
<tr>
<td>Not Changed</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Worsened</td>
<td>21</td>
<td>24</td>
</tr>
</tbody>
</table>

N = 89

Changes in the Property Security at the Market

Prior to privatization, the municipal council law enforcement personnel were supposed to take care of the traders’ goods. However, they only guarded their offices and left the merchandise unattended, hence rampant thefts were common place. Presently, it is the Vendor’s Association in charge of providing security in the market, and a large percentage of the respondents (77%) indicated that security services had greatly improved and none stated that the security situation had worsened as indicated in Table 7.
Table 7. Percentage Distribution of Vendor’s Opinion Towards Changes in Security at the Market

<table>
<thead>
<tr>
<th>Observed Changes in Security</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>70</td>
<td>77</td>
</tr>
<tr>
<td>Not Changed</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Worsened</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

N = 91

What has Made Jinja Central Market Successful?

The success in Jinja market can be attributed to the (1) participation of vendors in the strategic and daily management process of the market; and (2) presence of a strong and legitimate partnership between the local council, vendors’ association and GOKAS the private firm.

Participation of Vendors in Market Management and Service Delivery

The key criteria applied in assessing the effectiveness of participation of stakeholders especially the vendors in market management included:

1. Availability of organizational structure for participation involving all the vendors through their association. Each vendor can therefore contribute to the decision making and together they make a large political voice of approximately 8,000 members;

2. Increasing the opportunities for the vendors to represent their interests or grievances. A complaint solving structure has spontaneously developed involving the political organs at both LC IV and LC III, the council administration, and GOKAS. The vendors association can approach any of these as the situation may require;

3. The extent of involvement of stakeholders in planning and implementation of changes and reforms that take place in the market; and

4. The involvement of other parties in the decision-making processes and establishment of clear roles and responsibilities of each stakeholder.

It is important to emphasize here that vendors constitute the biggest group of stakeholders in the partnership and their political voice is through the vendor’s association which has a membership of approximately 8,000 members. The association draws its membership from the different departments. Each department is managed by a committee. There is no differentiation among the different categories of vendors, particularly the vulnerable groups (children, women the aged, disabled and the youth). This is because the disparities among vendors are relative but not overwhelming.
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THE VENDORS ASSOCIATION

The Jinja Central Market Vendors Association (JCMVA) was founded in 1978. Its formation represents the first initiative towards the promotion of the rights and interests of vendors. The association, formed during a period of economic uncertainty and political strife, is all the more remarkable given the prevalent culture of arbitrariness and coercion had penetrated all levels of leadership; starting from the market gate keepers, through tax collectors to market masters. Vendors were not entitled to a fixed stall. Pitches were allocated on whim by the market master and his stooges. Rising insecurity countrywide during this period affected vendors too, who under the auspices of the association, made contributions towards hiring guards to safeguard their goods. In spite of the momentum for collaboration among the vendors, it was not until 1992 that the association was officially registered by the Uganda registrar under No. 268.

According to Chairman Mr. Philip Mabunda Bwambale, there are no words to express the noble role the association has played in advancing the interest of vendors. In his words:

The association is the mother of all organizations in the market. We allow people to come together if they have a purpose to create development in some way. We have always encouraged working groups to be formed for purposes of development. It is only through unity, commitment and good planning that our traders can develop socially, economically and politically.

The association is based on democratic principles with elections every two years. Its original objective was to protect the traders and their property against theft.

MAJOR CHARACTERISTICS OF THE ASSOCIATION

Membership to the association is mandatory for all vendors operating in Jinja central market. Currently, the association has a membership of approximately, 8,000 paid up members. Subscription fees is Shs. 1000 (US$ 1) for every two years. The association is run according to a constitution, which is generally supported and accepted by all vendors. The constitution calls upon vendors to participate in communal work for the well being of the market. Other sections of the constitution relate to the management of the association itself. The constitution stipulates that the association shall be governed through a hierarchy of councils and committees beginning at departmental level, proceeding to the central executive. The association has 13 committees, consisting of (1) Foods A (dry) committee; (2) Open space (fruits, vegetables etc.) committee; (3) Olds clothes committee; (4) Gunny bags committee; (5) General merchandise B committee; (6) Fresh fish committee; (7) Gates 1 and 2 committee; (8) Foods B (fresh) committee; (9) Dry fish committee; (10) New clothes committee; (11) General merchandise A committee; (12) Hard ware committee; and (13) Chicken, offal and meat committee.

These committees represent different interests since each department represents vendors who deal in different categories of goods. In addition, the committees are ethnically diverse, covering the full spectrum of ethnic groups which compose the general urban population of Jinja, i.e., Soga, Ganda, Nyankole, Samia, Nyoro, Gishu, Padhola. While there were no
cases of tribalism and sectarianism reported, a major limitation is the fact women are not well represented on the committees which are predominantly male. Over 76% of our respondents agreed that women were under represented in the market. The low representation of women is attributed to gender roles: the necessity of staying home in the evenings and, their inability to engage in the security duties of patrolling the markets by night. In some committees women do not have any interest at stake because of the nature of the department involved. For instance, there are no women in Jinja market who deal in fresh fish, meat and offal. Generally speaking access to membership to a committee is by open vote (where voters line behind the candidates). Voting within the market coincides with the Local Council style of voting. Each committee is composed of 7 members elected every after two years through voting (lining up behind the relevant vendors). The seven members of each of the thirteen departments form the council at the market level. These from among themselves elect the executive of the Jinja Vendors Association.

However, women are eligible for most of the posts and it is not uncommon to have women occupying the position of chairperson - the department of general merchandise serves as a good example. Similarly, the vice chairperson for the dry fish committee is also a woman. In addition, there is a position of secretary for women affairs within the market.

COMMITTEES AT WORK

The committees have had overwhelming success, 77.2 percent of the vendors interviewed in Jinja central market expressed knowledge of existence of departmental committees and further enlisted their participation in the committees’ activities. Only, 3.3 percent of the respondents did not know whether committees existed at all.

Attendance of committee meetings was one of the primary indicators of participation in market management. During the market survey, vendors were asked about their attendance of committee meeting. Out of 84 respondents 75 (89%) stated that almost all (80%-100%) vendors attended meetings; 6 (7%) stated that about half of the vendors attended meetings and 3 (4%) mentioned that less than half of the vendors attended meetings. Indeed this represents actual participation as opposed to relative participation. There was no evidence of disparity in participation by gender, since 35 (69%) of the 51 respondents were of the opinion that women’s participation in meetings was equal to that of their male counterparts.

On transparency and accountability, it was noted that Jinja market vendors were generally result oriented people. For instance, most vendors were of the opinion that there was no better method of showing accountability other than performing one’s duties. Hence delivery was the most acceptable indicator of performance. Out of 78 respondents, 57 (73%) of them, were of the opinion that as long as their leader performed the expected duties, they were satisfied. On sanctions against poor or non-performance of committee members, there was consensus among most respondents, 67 percent of the respondents, claimed that poor performers were unanimously voted out or replaced.
WHAT HAS INFLUENCED THE PROFILE OF THE JINJA MARKET VENDORS ASSOCIATION?

The profile of the association has been predominantly shaped by both macro-and micro-level elements within the wider political and economic environment. The macro-environment here refers to objective factors, namely decentralization reforms and the influence of the local council system on overall governance. Micro environment here refers to those germane to the organizational arrangements within the market, namely the increasing roles of committee leadership in decision making, planning, implementation of policies along with the growing number of vendors and construction of stalls/pitches.

The Local Council system introduced by the NRM government has had considerable influence on the present structure of the Association. The devolution and delegation of roles from the association to individual executives of departments reflects the governing structure of the Local Council system. The LC system is conservatively based on locality and leadership respectively. Likewise, vendors who deal in particular sets of goods are localized in one section of the market just like a local council village. These vendors constitute a department from which a group of executives is elected.

Internal factors have also impacted the profile of the association. Initially the objective of the association was to provide security and protect the vendors from arbitrary eviction and relocation of vendors from stall to stall by municipal authorities. This role has expanded, in addition to providing security, to the settling inter-vendor disputes, and the promotion of welfare activities among vendors. The number of departments in the market has increased to include: gunny bags, general merchandise A, hardware and gate 1 & 5 which were formed after 1986. While the association remains at the apex of the administrative organization, its responsibilities have become increasingly diffused among the various committees. Only in the instance where a problem is beyond the capacity of the committee, is it referred to the association which accordingly refers it to GOKAS the private contractor or to the municipality authorities.

TRANSPARENCY AND ACCOUNTABILITY

The principal aim of decentralization and/or the privatization of services is to orient service delivery processes more clearly towards the demands of service users. The activities of service providers should therefore be guided by the interest and demands of the users, and ultimately remain responsive to those demands. Decentralization of Jinja market has enhanced transparency (openness) and accountability in financial processes through institutionalized checks and balance.

The leadership is held accountable though a process of checks and balances organized around a series meetings of service users and providers. The annual general meeting is held once a year and is attended by the vendors, a representative from the council and a representative from the private firm (GOKAS).

Similarly, it was noted that the system used to tender out the market to a private firm is a transparent one. Under the decentralization framework, every district and later every
municipality is obliged to establish a tender board\(^1\) that meets whenever there is need to award a tender. The membership of the tender board consists of ordinary members of the community. The chairperson is elected by the members of the board instead of being appointed as was the case before decentralization. In the case of Jinja Central market, the procedures for identifying the eligible company for the management of the market were set off by the tender board which advertised the tender in the newspaper inviting bidders. In addition, adverts of the tender were posted on the notice boards of the district council and municipal council. These were printed out in both English and local language to allow for greater accessibility to the information for the individuals or firms who wished to tender for the market. On the closing date, the council received seven applicants, including: the Vendors Association, GOKAS, an Association formed by the previous Market Revenue Collectors and other four private firms. Applications were opened in the presence of the applicants and the chairman of the tender board signed the applications immediately after they were submitted, to ensure that there were no fraudulent practices. Applications were assessed at two levels. The technical officers at the municipality scrutinized the applications first to rule out any fraud, examined the past performance of the applicants, tax record, innovations by applicants and attainment of the reserve price. This was followed by letters of recommendation to the tender board. The tender board made the final decision after carefully studying the tender documents and interviewing some of the applicants. A decision was made as to the winner of the tender on the basis of criteria developed by the council i.e. a company with a reputable tax record and one that is a legal entity.

**The Partnership**

Another factor that explains the success of Jinja Market is the element partnership. The market is now a “melting point” of various interests (see Figure 1). The major players in the market politics are the following: vendors/traders (service users), GOKAS a tender (service sub-providers), and LC 3 (service providers). Prior to decentralization there were two major players; the vendors and the municipal authorities who had an on-going conflict of interest. The relationship was one of a bad landlord who taxed highly, collected the rent without maintaining the premises which were occupied by a tenant who was permanently in arrears. Changes in the governance of the market are characterized by an emerging partnership among the service users and providers. Participation in decision making has lessened the arbitrariness associated with tax collection. The complimentarity of interests is evident in the decision of duties and responsibilities within the market. It could be argued that, previously, the market was governed but not managed. However, with the devolution of powers, a clear separation of duties, obligations and rights under a legitimate framework has facilitated the convergence of interests among the different stakeholders. The GOKAS, the contractor, has entered a memorandum of agreement with the municipal council. Under the agreement, duties and rights of each party are clearly spelt out. GOKAS is a legal entity charged with collection of revenue and provision of minimal services, while the municipality is just a custodian of the service, vendors inclusive. In addition, the Local Government Act 1997, clearly spells out functions and services that are retained at the municipal level and those that are devolved by the municipal council to the division (LC 3) level. Furthermore, the Act,
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The local government in Uganda has developed a formulae for equitable distribution of revenue or resources between the two levels. It states that a minimum of 30 percent of the total revenue collected and remitted by all municipal divisions shall be distributed as a grant to division councils. The revenue is to be remitted on a monthly basis, if the council fails to remit funds due to a division for two consecutive months, the division council may retain the amount due it. The division councils are required to distribute 25 percent of what they retain and receive from municipal councils to village councils within its jurisdiction, and ten percent is to distributed among the parish or ward councils. It is against this background that the partnership is underpinned by legal provisions.

The market partnership is vividly manifested in the roles of three partners (LC 3, vendors Association and GOKAS). The Vendors Association entrants or new applicants for stalls,
takes care of security and keeps the keys to the gates of the market, and takes care of the security of the market. The LC 3 is the local custodian of public funds for improvement of services in the market. It therefore goes without saying that there is compatibility of roles.

On the relationships between the different stakeholders in the partnership, majority of the respondents stated that the relationship was good. Of the 91 respondents interviewed, 53 (58%) stated that the relationship was very good, 22 (24%) stated that it was fair, 15 (16%) stated that it was non-existent, while 3 (3%) mentioned that it was poor. In particular the vendors appreciated the role played by the GOKAS and LC1 in the partnership. In many genuine words a good number of vendors praised GOKAS in this manner: “GOKAS is tolerant, if you tell them about garbage, they immediately come and remove it. We pray and wish that they take up the whole municipality; .... We know that GOKAS can repair and maintain the town.” They mentioned that the overall context of operation is now just and democratic. A round table approach has been adopted towards solving conflicts. Previously the approach was confrontational. Traders were normally terrorised and no negotiations were allowed. The council had overall powers. One committee member recalled:

The municipal council used to treat us as thieves, illegal persons and wanted to do away with us. They shot at us and people were hurt, others were imprisoned. Presently, they have cooled off, we took action through the association; we came together and went to see the mayor they allowed us to stay. This was after decentralization.

The findings show that the municipality and GOKAS the private contractor more readily discuss issues with the vendors than they did previously. Discussions with the vendors confirmed that no change is introduced in the market without the consultation and/or endorsement of the Vendors Association. Following decentralization, and specifically the privatization of the market, vendors have a greater say in the organization and operation of the market. In addition, vendors constitute the largest and better organised segment of the electorate in town, hence leaders cannot choose to ignore their opinion. Secondly, the Vendors Association holds the keys to the “garden” and in many ways this serves a big measure of control over the municipality and GOKAS. The vendor’s political leverage within the partnership is enhanced by their sheer numbers and control over a vital service within the city. The key players in the market politics find that it is in their interest to sustain the partnership. To all stakeholders the market is considered to be their “garden”; a major source of their livelihood. Thus, a joint sense of ownership over the service which has emerged marks a departure from previous practice which was characterised by an atmosphere of competition, rivalry, coercion and exploitation.

Similarly, the LCs are quite useful. Most vendors recognize the role played by LCs. Findings from the market survey show that 14 out of 22 (60%) respondents were of the opinion that the involvement of LCs in market politics was good. One respondent was of the opinion that the whole spectrum of leadership is accessible unlike before decentralization. Therefore, it goes without saying that the three players in market politics represent a vibrant partnership.
LOCAL GOVERNANCE AND SERVICE DELIVERY IN UGANDA

Lessons Learnt and Conclusions: The Experience of Private Participation

Much of the recent literature on decentralization of decision making suggest that significant benefits accrue when decision making is brought closer to those most affected by decisions. As a popular strategy for remedying problems of governance, the benefits of decentralization in broad terms include greater responsiveness to citizens, improved decision making based on more accurate information and better knowledge of local conditions, and improved efficiency in service delivery - especially when the provision of services is transferred to the private sector (Rondinelli and Nellis et al. 1984).

For the promise of decentralization and the privatization of public services, in particular, to be realised as important strategies for service delivery requires a careful examination of the context in which changes are taking place. Precisely because the measurement of performance of decentralization is extremely complex and controversial, defying universally agreed upon set of criteria, compromises have to be made to understand (a) the conditions and context of decentralization reforms; (b) the changes that have in fact occurred as a result of decentralization; and (c) the range of these changes and their consequences.

The framework for this study was provided by four related objectives. The first was to investigate and document the conditions under which changes in service provision (markets) have occurred. Second, to identify the range of organizational arrangements through which private and public bodies collaborate in the provision of a particular service. Third, to assess the performance, in practice, of a privately managed service in contributing to key elements of good governance and in broad terms, sustainable human development goals at the local level. Fourth, to contribute to the debate concerning the efficacy of the privatization of a specific service, drawing on the evidence of emerging forms of partnership at the local level. Furthermore, the study was guided by the questions raised by the UNDP’s interests in conditions under which decentralization contributes to good governance and the achievement of sustainable human development. These questions were answered through the examination of the related documents and literature in addition to an empirical study of Jinja Central Market.

In the case of Jinja Central Market, there is a strong established practice of private sector involvement and of community and user-group participation in service provision. There are also clear trends towards partnership arrangements in the management of the market. Principally, private involvement in market management has occurred in planned ways as government has increasingly devolved powers to local government units under decentralization and also as a pragmatic response to forces of circumstances—the need for increased revenue collection and reduction of recurrent budget expenditure by the municipal council.

The evidence obtained suggests that the privatization of market management (a form of decentralization) has positively contributed to significant changes in specific areas of market management, namely; revenue collection and generation, market management, sanitation, water and security, areas which had ironically eluded the local authorities.

The most significant lessons that can be drawn from the study is that privatization can significantly improve service delivery and contribute to poverty alleviation and sustainable
human development. But, the success of any strategy to privatize/decentralize service provision is contingent however on the following conditions: democratic organizational structures and processes; a clear distribution of duties, obligations and rights under a legitimate framework; the complementarity and compatibility of interests, roles rights and obligations; participation arrangements of all the main stakeholders in decision making and joint sense of ownership of the service, collaborative and amicable partner relationship and orientation of service delivery to the demands of service users. It is also evident that decentralization/privatization may turn unpopular activities such as revenue collection into well understood and supported functions in environments where the different stakeholders’ roles are well established and recognized.

The organizational structures that exists in the market include the vendors association and departmental committees which enable all business interests to participate in the internal decision making processes. In addition, the regular consultative and general meetings are channels which facilitate effective communication between the partners. In this way the needs, problems and interests of all the stakeholder are effectively addressed.

A common feeling among all stakeholders is that the market is their “garden.” Thus, there is complementarity and compatibility of interests, roles, responsibilities and rights which have drawn different stakeholders into a strong vibrant partnership. It is also worth noting that privatization of market management has enhanced the power of the vendors association. It has helped to protect vendors from unfair treatment by the other partners. The development of a strong Vendors’ Association has created a system of checks and balances in market management which has improved transparency and accountability of service providers.

In summary, this research contributes to the debate concerning the efficacy of private sector involvement in service provision. The data gathered on the practical experiences of different stakeholders in Jinja market, suggests that privatization of services has resulted into improved service provision and better quality of services. The research has also linked the issue of good governance and service provision by providing evidence that highlights factors other than ownership that are important determinants of performance: operational autonomy, democratic political structures, and political-institutional environment that is supportive of partnership arrangements.

The research proposes that changes in the governance of Jinja Market, arising from the implementation of decentralization reform that facilitated its contracting to the private sector, have resulted in a marked improvement of service delivery. Good governance has similarly contributed to the stability and reliability in employment and incomes particularly of the low income groups who almost solely depend on the market for their survival.

ENDNOTE

1 The Decentralization Secretariat organizes courses in tendering procedures and contract management for elected members of the tender board local authorities and district technical staff.
REFERENCES


