Decentralized Governance in the EAC Countries: Decentralization Policy Objectives; Local Government Structures and Strategies; and Service Delivery Challenges

A presentation by Ministry of Local Government
Introduction

• Uganda’s National Resistance Movement (NRM) Government adopted decentralization in 1992 in fulfillment of its earlier promise during its guerrilla struggle (1981-86) to democratize Ugandan society and to improve social services provision in the country.
National Devt Context

• Uganda’s overall development goal is to eradicate poverty and to enable her people enjoy a high standard of living.

• To that end, Government of Uganda is pursuing a broad development agenda whose components include:
  – Macro-economic reforms,
  – Promotion of increased productivity and exports,
  – Public service reforms, and
  – Decentralization.
National Devt Context.....

- This policy is enshrined in the Constitution and the basic elements and structure are laid out in the Local Governments Act (LGA).
- Uganda’s decentralization policy provides a legal and institutional framework for achieving international and national commitments including MDGs.
Decentralization Policy and Its Objectives

• The main objective of the decentralization policy in Uganda is to
  – democratize society;
  – bring about good governance;
  – improve service delivery;
  – reduce poverty and
  – bring about sustainable development.
Decentralization Policy.....

• Decentralization is envisaged not only as a means to empower the people but also as a framework for implementing other Government policies aimed at improving the quality of life and welfare of the people.
Decentralization Policy.....

• Decentralization is also seen as a pathway for enhancing local democracy, promoting transparency, accountability, integrity and representation in the management of public affairs.

• It has been used as a vehicle for implementing major Government policies and programmes such as:
Decentralization Policy.....

- Universal Primary Education (UPE) which aims at putting every primary school age going child to school;
- Primary Health Care (PHC) which is designed to provide basic better access to medical services in rural areas and
- Plan for modernization of Agriculture (PMA) which is designed to transform agriculture from a largely subsistence undertaking to a commercial one.
Decentralization Policy.....

• These programmes are today being implemented successfully by the Local Governments because;
  – the latter are composed of democratically elected representatives who are closer to the people and have a clear mandated to initiate and implement local development plans that reflect local priorities which are arrived at through active participation by the local population.
Objectives of Decentralization

1. Transfer real power to Local Governments and thus reduce the workload of remote under-resourced central officials;

2. Bring political and administrative control over services to the point where they are actually delivered, and thereby improve accountability and effectiveness, and promote people’s feeling of “ownership” of programmes and projects executed in their local governments;
Objectives of Decentralization

3. Free local managers from central government constraints and enable them to develop effective and sustainable organizational structures that are tailored to local circumstances.

4. Improve financial accountability and responsibility by establishing a clear link between payment of taxes and provision of services.

5. Improve the capacity of local authorities to plan, finance and manage the delivery of services.
Objectives of Decentralization

- These objectives have largely been met but their implementation has given rise to other needs and new challenges which need to be progressively addressed.
- Although decentralisation has hitherto been primarily associated with service provision, experience suggests that it is essential to link it to poverty reduction as well, in order to make a real difference in people’s overall wellbeing.
Decentralisation Objectives..

• Decentralisation is also an instrument for shifting attitudes, developing and deepening skills and competencies, and engaging multiple stakeholders in the development process.

• The implementation of the decentralization policy has given rise to a number of experiences some of which indicate that it is not enough to strengthen institutions and to increase access to services if this is not accompanied by increases in people’s incomes.
Decentralisation Objectives..

• In recognition of this fact and the need to sustainably address poverty in communities the policy has been refocused to promote Local Economic Development (LED) to enhance people’s incomes and expand the tax base for local governments.
Key Powers Decentralized

- Political Powers
- Financial Powers
- Administrative Powers
- Planning Powers
- Legislative Powers
- Judicial Powers
Achievements of Decentralization

• Over the past years Government has realized significant achievements in the implementation of the decentralization policy in the legal, political, administrative, fiscal and institutional aspects of the policy.
Achievements of Decentralisation......

• Evidence generated through annual sector reviews and the review of the decentralisation policy itself indicates that the quality of service provision has significantly improved over time.

• The decentralisation programme is anchored in a strong legal framework recognised by all government ministries and agencies, and all development partners, as the primary vehicle for promoting democracy, enhancing service provision and reducing poverty
Achievements of Decentralisation......

• Local Governments now have broader powers to deliver basic services, plan, and budget, make local laws and implement projects to modernize our communities.

• Progress has also been made in developing regulations, manuals and guides for financial management, planning, Local Governments public accounts committees, internal audit, book keeping, personnel management, legislation, records management and information management.
Achievements of Decentralisation......

• Government recognized the fact that decentralization requires resources to progress.

• Local Governments now have a higher share of the recurrent and development resources of our nation.

• Total transfers to Local Governments since the financial year 1993/1994 of the fiscal year 2007/2008 have increased from Ug.Shs. 31 billion to Ug.Shs. 1,100 billion this financial year.
Achievements of Decentralisation......

The fiscal transfer system is built around 4 main areas, namely:

- Unconditional grants;
- Conditional recurrent grants;
- Conditional (sectoral and non-sectoral) development grants; and
- Equalization grants.
Achievements of Decentralisation......

• The Government formulated the Fiscal Decentralization Strategy (FDS) that allows local governments some flexibility and/or discretion to reallocate resources between and within sectors during planning and budgeting process and aims to improve resource allocation, planning, budgeting and budget execution.
Proportion of Unconditional Grant to Total Transfers, budget data (Billions Ushs)

Financial Year

Amount (Billions of UGX)

Unconditional Grant
Conditional Grant
Equalization Grant
Total Transfers
Achievements of Decentralisation......

• The increased grants have enabled local governments deliver a wide range of services.

• However, the high percentage of earmarked funds has reduced the discretionary autonomy of local governments over the use resources in areas where need is most felt.
Achievements of Decentralisation......

• To further finance service delivery improvements, Government has negotiated and established a number of development programmes which the Ministry of Local Government is currently coordinating and overseeing and Local Governments are at the forefront of implementing them.
Local Government Structures

- Currently the local government system comprises:
  - 80 districts,
  - 98 town councils, 1
  - 3 municipal council,
  - 5 city divisions,
  - 34 municipal divisions,
  - 900 sub-counties,
  - 5,500 parishes and
  - 45,000 villages (all with elected councils.)

- The local governments are responsible for implementing the government policy of poverty reduction through the delivery of services in all the key Priority Programme Areas (PPAs) of government.
Structure of LGs

- 80 Districts (incl. 1 City),
- 13 Municipalities, 5 City divisions, 34 MC divisions
- 900 Subcounty Councils, 92 Town Councils
- 5,500 parishes/wards, and 45,000 Villages
Service Delivery Strategies and Initiatives

– Human Resource Capacity Building Programs currently going on in areas of financial management and planning in most local government.

– Local Revenue Enhancement plans have been developed by most Local Governments.
Service Delivery Strategies and Initiatives

– Development of reasonable planning capacity using HPPGs
– Improvement of the procurement process through the establishment of a procurement and disposal units, especially at the district level.
– Harnessing of the potential of the LCs as vehicles for accelerating economic activity and delivering development.
Service Delivery Strategies and Initiatives

– Improving procurement and utilization of public funds through the establishment of the Local Government Accountability Committees.

– Strengthening Local Courts as tools for delivering affordable justice to the local population. These courts are respected, easy to access and have significantly offloaded pressure from Civil Courts.
Constraints and Challenges to previous Initiatives at Local level

• Manifested in the areas of;
  – human resource management and development,
  – planning and resource allocation,
  – policy analysis and formulation,
  – financial management and audits,
  – unfair balance in allocation of funds to Local Governments *vis-à-vis* the devolved responsibilities,
Constraints & Challenges to previous Initiatives at Local level ....

– local revenue decline, management and sustainability of social investments,
– little focus on Local Economic Development by Local Governments,
– unique issues for conflict areas in the North and North East and finally,
– mainstreaming of the Cross cutting issues like Environment, HIV-AIDS and Gender in LG plans and programmes.
Constraints...  

• Furthermore, service delivery efforts are not matched by commensurate wealth creation strategies to enhance people’s purchasing power and material wellbeing.  
• Government has redirected the decentralisation policy making the Local Governments agents of Local Economic development in their localities.
Constraints.....

- Statistics constitute the bedrock of development planning.
- The generation and use of reliable statistics for local planning and development needs to be given emphasis in the entire planning and budgeting process so as to produce realist development plans.
Deepening Decentralization and Service Delivery

• The above challenges are largely transitory and they form the main agenda for deepening the decentralization process.

• Strategies have been put in place to address the above issues in the Decentralization Policy Strategic Framework (DPSF).

• A ten year Local government Sector Investment Plan (LGSIP) has been developed to address issues outlined in the DPSF.

• Government of Uganda and Decentralization Donor Development Partners contribute resources for implementing investments in the LGSIP.
Deepening decentralization

- The Objectives of the LGSIP are:
  - mobilizing resources for implementation of the decentralization policy;
  - ensure that resources are channeled to core programmes and activities to support the implementation of the decentralized programme;
  - coordinate effective delivery of services at the local level.
Deepening decentralization...

- Under the LGSIP, key thematic areas of focus for the LG sector include:
  - Local revenue enhancement;
  - Resource allocation to LGs;
  - Human resources development/management;
  - Accountability and transparency;
  - Service delivery;
  - Institutional reforms;
  - Legal harmonization;
  - Urbanization & physical planning.
Deepening decentralization...

- The mandate investment areas for the Local Government sector in the LGSIP, together with their respective aims/goals include:
  - Local Service Delivery
  - Political Decentralization
  - Administrative Decentralization
  - Fiscal Decentralization
  - Good Governance
  - Local Economic Development-
Strategies for strengthening decentralized Governance & service delivery

- Capacity building for both political and technical officials in Local Governments.
- Financing Local Governments
- Restructuring Local Governments
- Advocacy for Local Governments
- Policy Reforms
- Coordination, guidance, monitoring and inspection of Local Governments
- Technical support
Strategies for strengthening ...

- Improving systems and procedures:
  - The Fiscal Decentralization Strategy (FDS)
  - The Integrated Financial Management Systems (IFMS)
  - Result Oriented Management (ROM)
  - Reforming the procurement system in Local Governments
  - Local Government Information and Communication System (LoGICS)
Strategies for strengthening ...

- We have increased external audits of Local Government accounts.
- For the first time, since 2003, in the history of Local Governments in Uganda, all Local Governments produced final accounts which were audited by the Auditor General.
- This is one way in which we can ensure transparency and accountability in the use of resources.
The strategic role of the Ministry in future

- Strengthening the capacity of Ministry of Local Government
- Policy Reforms
- Ensuring Sector Coordination
- Advocating for Local Governments at policy level
Conclusion

• The Ministry of Local Government played a strategic role in putting in place a legal framework as a foundation for a strong local government system.

• The Central Government, through the Ministry of Local Government plays a critical role in the process of empowering Local Governments. Empowered Local Governments are the engine to improved service delivery, good local governance and poverty reduction.