



IMPLEMENTATION FRAMEWORKS FOR THE EALGF STRATEGIC PLAN (2015-2020)

February 2016

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FOR THE EALGF STRATEGIC PLAN
(2015-2020)**

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FOREWORD

It gives me great pleasure to present the framework for the operationalization of the East African Local/ Sub-National Government Forum (EALGF) strategy for 2015-2020. In maximising on the potentials of local/sub-national governments in economic development, provision of social services, environmental services, and security of private property; the operational frameworks leverage existing local/sub-national government institutional arrangements to improve outreach to the citizens. More specifically, the recommendations relating to local/ sub-national government structures that champion regional integration, decentralization and cross border trade, facilitation of wide stakeholder involvement, governance mechanisms that promote efficiency and accountability, and delivery of services to the local communities at affordable prices.

While governments in the region have demonstrated goodwill in transferring funds to local/ sub-national governments based on predictable arrangements, the resource envelopes cannot meet citizen expectations. More innovative ways of raising resources for the delivery of decentralised functions, most of which are aligned to the SDGs, have to be harnessed. All the Partner States concur that diversification of economic activities is the most viable option. And to do this, there must be a strong linkage between local/sub-national governments with the national, EAC regional and international frameworks. The EALGF creating these linkages has to be institutionalised. This will provide the platform for transposing regional and international commitments into local/ sub-national government development agenda. In the medium to long term, competitive initiatives shall be introduced to track the momentum of local economic development. The regional award schemes shall be adopted to track and sustain the momentum of the involvement of local/ sub-national governments in the regional and global agenda for the purpose of social and economic well-being of all citizens. This should be held annually or at such intervals that may be agreed upon by the Partner States.

May I take this opportunity to thank local/sub-national government ministers, national associations of local/sub-national governments in the region and all stakeholders whose contributions have made it possible to formulate these implementation frameworks. The good practises in the region should go a long way in improving the quality of services at the local level.

Last but not least, may I, on your behalf thank UNDP for sponsoring this study. We look forward to their continued support as we entrench regional integration in the local/sub-national government agenda.



.....
Hon. Mwangi Kiunjuri, MGH

Cabinet Secretary for Devolution and Planning, Republic of Kenya and
 Current Chairman East African Local/ Sub-National Government Forum

ACKNOWLEDGEMENT

Whereas more stable structures for wide stakeholder participation in local/sub-national governments exist in Partner States, the linkages with regional integration remain weak. The proposed Implementation Frameworks build on the East African Local/ sub-national government Forum (EALGF) strategic plan 2015-2020. Through wide stakeholder consultative process, a number of proposals on the implementation frameworks have been designed for LED, sustainable local/ sub-national government financing and citizen participation in decision making processes under the chairmanship of Kenya.

We would like to thank the different national players for their effort in making the proposals that culminated in the key frameworks in LED, local/ sub-national government financing and citizen participation in decision making processes. In particular, we would like to thank the ministers of local/ sub-national governments, a number of who, though new in the office, provided the guidance for making this report a reality. We remain indebted to the permanent/principal secretaries and senior staff of national government sector ministries coordinating issues on local/ sub-national government, local/sub-national government staff, national associations of local/sub-national governments and parastatals for their foresight and the good work they are doing at the local level. May I single out the following staff in Partner States who coordinated and managed national consultation processes and validation of the report findings to situate the appropriate EALG implementation frameworks.

Burundi	Kenya	Rwanda	Tanzania	Uganda
Niyonsaba Theophile Bukebuke Parfait Hattungimana Pomtien	Isaac Githui Micah Kilonzo Julius Ndegwa Korir Kiprotich Laura Chao Judy Oduma	Yves Bernard Ningabire Ntahobari Noël	Kimaro Moses Habraham Shamumoyo Baraka Dismus	Eng. Paul Kasule- Mukasa Gertrude Rose Gamwera

We look forward to their continued support in the implementation of the various recommendations in this report.

Lastly, I take this opportunity to thank Dr Margaret K. Chemengich for putting together this implementation framework with the assistance of Eliazer Babu Muga.



.....
Mwanamaka Mabruki, CBS
 Principal Secretary,
 Ministry of Devolution and Planning, Republic of Kenya

MESSAGE OF THE CHAIRMAN, COUNCIL OF GOVERNORS, KENYA

The Council of Governors in Kenya joins local/sub-national governments in the EAC region in agitating for the strengthening of the local economic pillar to meet citizen expectations of improving their welfare. Our success in reaping useful benefits from the expanded opportunities arising from regional markets and globalisation lies in our shared efforts and approaches in leveraging our resource endowments and heritage. This will allow us to build up the requisite economic and social capacities for improved future economic prospects. The EALGF provides us with that unique opportunity of leveraging inter-governmental frameworks in regional integration to spur development at the local level.

In addition to strategic transformational leadership, adoption of strong governance tenets stand to improve returns from the use of available resources on development. Visionary planning anchored on symbiotic partnerships across central and local/sub-national governments, different stakeholder's promises dividends over shorter timelines. Inspirational local level leadership will motivate citizens, investors and donors to commit adequate resources to economic activities that will generate employment opportunities and tax revenues for delivery of common services. Local/sub-national governments have rightfully been recognised as the new frontiers for development with the potential to address poverty and improve the well being of all citizens. Harnessing our cultural and social heritage entrenches citizen participation critical in the identification and implementation of socio-economic activities with maximum impact on welfare gains.

Given that central government transfers are likely not to meet budgetary requirements in the local/sub-national government priorities, alternative resource mobilisation options have to be explored. Increased taxation is not the solution. Diversification of economic activities provides the better option. Businesses thrive in peaceful friendly environments. In this regard, we need to put in place harmonised policy and regulatory frameworks, supportive infrastructure and immigration regulations to facilitate cross border trade and investment.

I look forward to continued regional dialogue on matters of local economic development.



.....
Hon. Peter G. Munya, MGH
H.E. The Governor, Meru County, and
Chairman, Council of Governors, Republic of Kenya.

EXECUTIVE SUMMARY

Introduction

In light of the global understanding that local/sub-national Governments are the future anchors of development, the EAC Partner States are increasingly taking affirmative action to localise the regional and global development agenda. In that regard, a number of collaborative efforts of local/sub-national and central governments are in place. These include establishment of mechanisms for the full and effective participation of citizens, local and sub-national governments in public expenditure allocation as well as new forms of financing of local development. In spite of their centrality in economic development, local/sub-national governments are not directly linked to regional and international initiatives which now act as anchors of development. The East African Local/ sub-national government Forum (EALGF) established in 2011 is the new initiative to integrate regional integration commitments in the local/sub-national government development agenda.

The overriding objective of the EALGF is to ‘Mainstream East Africa Local/sub-national Government Forum at the EAC Policy Organs’ that serve to establish policy dialogue on political links with the EAC and strengthen institutional frameworks to ensure local/ sub-national government is placed at the centre of development in Eastern Africa. Further, it will provide the platform for bringing together key stakeholders from local/sub-national and national governments, towards strengthening good governance, advancing the harmonization of national policies and ensuring the ability of local/sub-national governments to meet their responsibilities. This will constitute part of the process of broadening local governance within the sphere of the East African Community. The EALGF should be leveraged and harnessed with flexibilities that allow for organic growth of decentralised governance structures while taking into account the unique social-cultural beliefs and evolving administrative structures in each Partner State.

The global agenda on local governance and development is evolving, with new emphasis on local level access to basic services and infrastructure. Local governance aims at promoting growth and employment generation through local economic development; environmental sustainability and climate change management. This process addresses disparities in geographical dispersions, urban-rural, gender, participatory and fiscal decentralization inequalities. Consequently, it will be possible to address food security and manage fragility, conflict and post conflict environment. Local/sub-national governments offer the best opportunity for the timely and responsive delivery of local public services as well as the pursuit of local economic development.

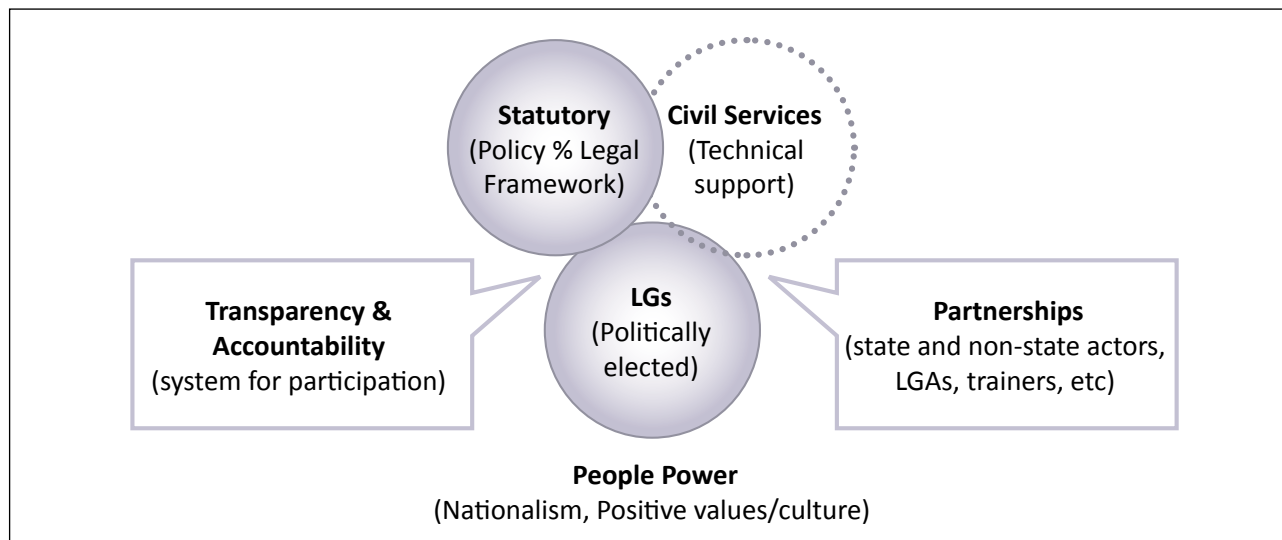
The EAC Partner States through their respective constitutional and legislative frameworks have adopted decentralisation as the central anchor of their local governance structures. A combination of deconcentration and delegation dominate the forms of decentralisation in Rwanda, Tanzania and Uganda while Kenya has focussed on devolution. With the enactment of the decentralisation law, Burundi shall operate from a combination of deconcentration and delegation form of decentralisation with commune as the basic unit of decentralisation. The linkages between the local and central government is undertaken through structured institutionalised coordination mechanisms within the respective national administrative structures.

The policies adopted by the five Partner States focus on the need for efficient, effective and accountable local/sub-national governments that deliver services to the local communities at affordable prices. However, the breadth and depth of decentralization regimes reflect on the political will, institutional structures and adequacy of local level capacities and citizen competences to implement fully-fledged decentralized local/sub-national government functions. Broadly, Partner State decentralized functions cut across:

- Provision of social services such as education, health and housing;
- Planning; infrastructure development and maintenance;
- Waste management and environmental conservation;
- Facilitate local economic development; and
- Security of property.

The lessons learnt from devolved governance structures of EU and South Africa complemented with EAC Partner State successes stories, an appropriate decentralization Framework is presented in Box A and Figure A. Figure A: Proposed Decentralisation Framework

Figure A: Proposed Decentralisation Framework



Source: CGLF-UNDP, 2012. *Local Governments in Eastern Africa*

Box A: Requirements for the Implementation Framework on Decentralisation

1. Constitutional underpinnings for decentralisation
 - a) Decision on suitable mode of decentralisation –either or a combination of:
 - i. Political,
 - ii. Administrative (Deconcentration, Delegation, Devolution),
 - iii. Fiscal
 - b) Policy and legal framework on strategies, laws and regulations that govern decentralisation in respective local/sub-national governments;
 - c) Decentralised structures and coordination mechanisms, indicators to be observed in delineating the units;
 - d) Service charters detailing responsibilities of the different decentralised units and relationships between the different stakeholders and players;
 - e) Standardised staffing, responsibility and resource sharing formulae;
 - f) Guidelines on policy coherence at local, national and regional levels
 - g) Short and long term plans
2. Governance principles of good practices and guidelines;
 - a) Governance & Democracy at the local level
 - b) Power and Responsibilities of Local /sub-national governments
 - c) Administrative relations/partnerships between local/sub-national governments and other spheres of Government; and external relations.
 - d) Wide stakeholder involvement mechanisms
 - e) Financial and Human Resources of Local/sub-national Governments
3. Accountability mechanisms
 - a) M&E frameworks
 - b) Stakeholder responsibilities
 - c) Transparency, information access
 - d) Feedback mechanisms

Box A: Requirements for the Implementation Framework on Decentralisation

4. Institutions
 - a) Adaptation to changing environment in programming and staffing;
 - b) Coordination mechanisms;
 - c) Competitive staff hiring and procurement
 - d) Human resource development
 - e) Partnerships to leverage local and external competences
 - f) Operational platforms
 - g) Buy-in by the different stakeholders for inclusive participation
 - h) Institutional frameworks targeting employment generation, creation of an economic base,
 - i) Urban planning to zone different economic sectors;
5. Programming
 - a) Priority setting mechanisms-building inputs from the different stakeholders along the decentralised structures;
 - b) Linkages and integration of local level priorities with national, regional and global agenda;
 - c) Integration of select economic activities in the local/sub-national programmes;
 - d) Integrated programming recognising private sector, NSAs contributions
 - e) Phased approach to decentralisation;
 - f) Transferring resource for decentralised functions to the operational levels;
 - g) Incorporating welfare programmes at the grass root level;
 - i. Affirmative action targeting the vulnerable and disadvantaged
 - ii. Ring-fencing resources for welfare programmes
6. Cultural underpinnings-to entrench ownership

Role of Local/ Sub-National Governments in Economic Development

The national governments have demonstrated good will with regard to both policy adoption and resources allocated for decentralization. To the extent possible, wide stakeholder participation in local economic development is institutionalised in the decentralised units at the national level. However, the resources at the disposal of local or sub-national governments are inadequate to meet the full array of national development demands.

Though small, incremental positive achievements in local economic development have been registered with the operationalization of decentralisation across the different local/sub-national governments in the region. These include increased production and value addition, intra-regional trade and investment and enhanced service delivery.

While good attempts have been made to address welfare aspects in the majority of the Partner States, the economic issue remains weak. Nevertheless, Kenya provides good lessons in the area of economic development. A number of targeted business support mechanisms have been initiated in different counties. These include the formation of business development groups and cooperatives from which businesses are operated. Other key support mechanism include the policy and legal frameworks for credit access, institutional arrangements in entrepreneurship development and capacity building on select enterprises institutionalised at the county levels. Affirmative action in procurement, national youth/women/enterprise funds, provision of start-up capital for different business enterprises.

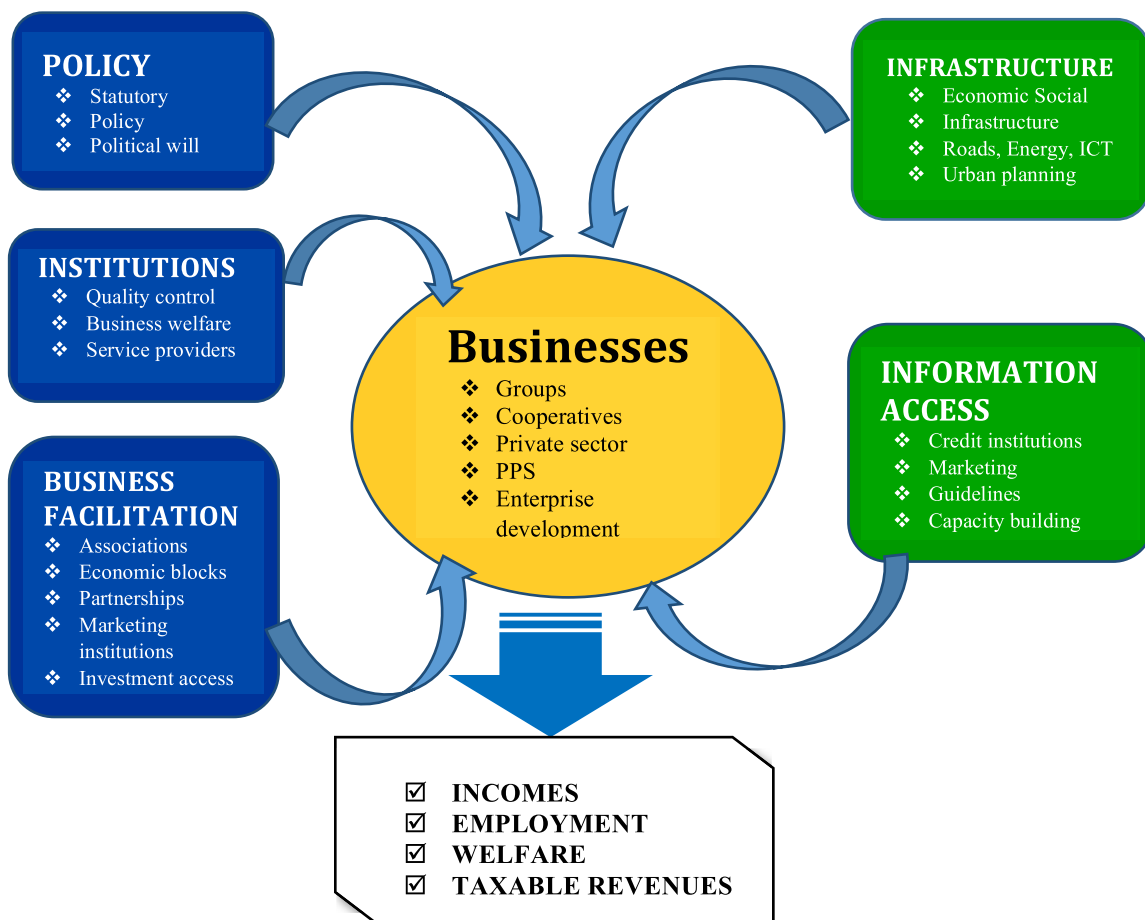
The generic business enterprises in the EAC region include horticulture, irrigation schemes, bursaries, sand harvesting, and stalls for beach operators. The welfare programmes that include cash transfers and medical cover to the elderly and the vulnerable are administered at national level.

All the EAC Partner States have invested in key support infrastructure including road networks, rural electrification, street lighting, ICT connectivity, new air ports, setting up talent academies among others for purposes of creating conducive business environment.

Broadly, the challenges of LED in the region cover inaccessibility and inadequacy of services and the ability of the local/ sub-national governments to develop and coordinate local stakeholder engagement mechanisms. Service delivery differ depending on urban or rural location with services in the rural areas being associated with poorer quality as well as untimely and uneven distribution.

The key interventions include capacity building and institutional development for enhanced efficiency. Networks shall provide key lessons learnt and continued legislative and political support. Strategic programming while maintaining focused visioning create opportunities to leverage regional and international markets. The scale up activities of the private sector and civil society in promoting advocacy for inclusive service delivery shall go a long way in adopting an integrated regional development approach for programming. LED will also benefit from structured urbanisation programmes, transparency and strong accountability mechanisms. This was enhanced with elaborate stakeholder participation anchored on democratic process in order to appreciate divergent views, open communication channels inclusive of institutionalise civic programmes. The diversification of economic activities for job creation and expanded tax base created the foundations for forming stronger partnerships with private sector from within and outside local/ sub-national governments and the region. Holding regular perception surveys to monitor successes of Local/sub-national Government service delivery would complement strengthened M&E Frameworks.

Figure B: Implementation Framework on LED



Decentralisation is a long term process, requiring high level investment. Legal and political frameworks alone may not be adequate. Effectiveness of local/sub-national governments as agents of development derives from strong coordination and power sharing between the national and local/ sub-national governments in programming and implementation while benchmarking international commitments. Further, the process also stands to benefit from defined functions, political will and effective leadership and strong institutions to anchor responsibility and accountability mechanisms. The strength of the national and local/sub-national partnerships lies in operating from legal and regulatory frameworks with full participation of key stakeholders. A strong legal framework that diversifies economic activities forms the basis for resource mobilisation to sustain development, employment and income creation. Figure B gives a generic frameworks for implementation of LED with detailed activity summary in Box B.

Box B: Requirements for the Implementation Framework on LED

1. Political support
2. Policy and regulatory frameworks
 - a) Defining policies and regulatory frameworks; priority sectors; and possible business enterprises at the local level while leveraging available resources;
 - i. Natural based sectors- agriculture, fisheries, mining, livestock development
 - ii. Service sectors- tourism, transport, finance,
 - b) Providing the enabling environment for different stakeholder participation in economic activities;
 - c) Strengthening the services sectors including adaptation and localisation of relevant financial frameworks for access to credit;
 - d) Adoption of trade and investment facilitation frameworks;
 - e) Sustainable environment management;
 - f) Predictable access to resources;
 - g) Systems and processes;
 - h) Integrated planning
3. Access to basic and support infrastructure-roads, electricity, water, ICT
4. Urban planning for human settlement, industry locations and service delivery
5. Institutional structures
 - a) National and local level support institutions- on access to credit, technical regulations and standards, training and capacity building, service delivery
 - b) Business linkages in the national, regional and global value chains;
 - c) Organised business mechanisms
 - i. Business groups and cooperatives;
 - ii. Credit access and arrangements in entrepreneurship development;
 - iii. Access to enterprise specific services;
 - iv. Capacity building frameworks -on select enterprises either institutionalised or in partnerships
 - v. Harnessing peace and security within the locality, national and regional level;
 - d) Formation of economic blocs
 - e) Leveraging national, regional or international organisations to perform local functions
 - f) Business associations and coalitions;
 - g) Political representation
 - h) Democritisation
6. Symbiotic partnerships with private sector, CSOs and other NSAs
 - a) Attraction of local and foreign investment
 - b) Adoption of relevant technology to enhance production and productivity;
 - c) Commercialisation of agriculture and mining sector;
 - d) Promotion of fully integrated sector/product specific value chains
7. Marketing arrangements
 - a) Market structures
 - b) Industries for value addition
 - c) Linkages with regional and global markets
 - d) Data bases
8. Service delivery arrangements
 - a) Health
 - b) Education
 - c) Water
 - d) Environment services
9. Information access
 - a) IT platforms
 - b) Defined media for information access
 - c) Sensitisation arrangements
10. Welfare support frameworks and programmes targeting:
 - a) Disabled, disadvantages and the marginalised
 - b) Providing critical health insurance schemes, education and training for the appropriate skills,
 - c) Subsidy for access to critical inputs and services in the productive sectors
11. Accountability mechanisms
 - a) Community level
 - b) Local/sub-national government level
 - c) National level
 - d) Regional and international levels

Public Participation in Decision Making Processes

Inclusive and participatory governance is guaranteed by national constitutions and regional treaties. Stakeholder participation guarantees ownership and better uptake of development initiatives and institutionalised accountability. Public participation comes in the form of political representation, direct public/citizen involvement, in which representation is achieved through organized groups/associations, and sector memberships across the different socio-economic sectors. These processes enhance political ownership of the development agenda at the local level.

Planning and programming in the EAC Partner States starts with community plans presented by community development committees at the village level before presentation to higher decentralised units and subsequently consolidated at the local/sub-national government level for approval. There are elaborate and structured participation that ensure representation to the lowest levels in the village, including the disadvantaged and the marginalised citizens. Citizen participation in Burundi will be institutionalised with the enactment of the decentralisation law.

Rwanda and Tanzania present good frameworks for public participation at various levels of decentralisation. In Rwanda, the systems are structured and the service charters spell out the types of stakeholder involvement and reporting made at all levels. Rwanda has gone an extra mile to implement an elaborate framework for monitoring public participation. These include various public perception surveys such as the annual Citizen Report Cards (CRC) and Rwanda Governance Score Cards (RGS), the monthly community work (Umuganda). Others include the annual open accountability days at all levels of local government, the Joint Action Development Forum (JADF)¹, national accountability day with donors, private sector and government under the chairmanship of the country's President commonly known as National Dialogue (Umushyikirano). In addition, online forums facilitate wider local/ sub-national government information exchange on the programmes approved. Intervention programmes, constitute the annual programmes approved by the Council after wide stakeholder participation.

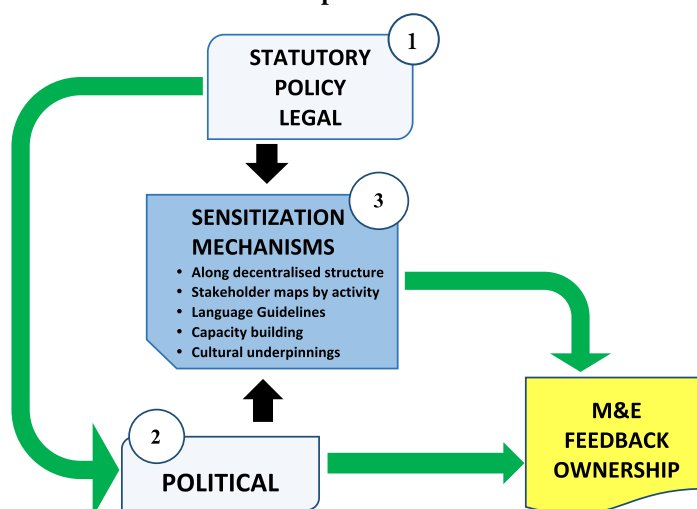
The Tanzania public participation systems align the committee representations in urban, district, township and village assemblies in which related issues are discussed and cleared starting from the grassroots. Accountability is core to the public participation in decision making processes and its ensured through Gender Responsive Budgeting tools and practices, including monitoring systems to track performance of interventions such as sector gender budget statements, utilised by the two legislatures, MoF and local government. Adequate financing is imperative if interventions to address gender gaps are to be effectively implemented.

The critical challenges encountered in local/sub-national government public participation emanate from undue influence, though very isolated, from the executive and the political class, unstructured inter-phase systems, limited clarity on division of responsibilities between local and central governments in some sectors, disconnect between national and local visions where integrated development planning is concerned, as well as limited institutional linkages, limited citizen empowerment, capacity constraints, lack of resources for publicity and weak civil society and limited accountability by some members in authority.

Operating from documented public participation guidelines promote the power of action to foster economic opportunities in pursuit of sustainable development. The proposed public participation Guidelines/Tool Kits should ensure democratic and inclusive selection of community representatives reflecting diversity, clarity of the objective of the meeting, credible and balanced information preparation for well facilitate different stakeholder meetings with feed-back mechanisms, modalities of capacity building, adequately planning and budgeting for the events. For maximum effect, the different consultations should be embedded in the budgetary and planning cycles.

The tools for citizen engagement include civic education, advocacy, elections and referenda, technical assistance, public debates and social audits. The mechanisms of engagement cover information access, campaign and lobbying, research, setting up websites, consultations, petitions, dialogue and partnerships. Some of the critical considerations in designing an implementation on public participation are presented Figure C and Box C.

¹ This is a multi-stakeholder dialogue platform meant for joint local planning, coordinated resource allocation, monitoring and evaluation.

Figure C: Implementation Framework on Public Participation**Box C: Requirement for the Implementation Framework on public Participation (Inclusive Democracy)**

1. Policy and legal anchor
2. Structured consultation mechanisms
 - a) Mapping of stakeholders and social networks to establish representation across diversity to ensure inclusivity, sector specificity, for consensus building;
 - b) To a large extent use decentralised frameworks for planning and budgeting workshops while building consensus from the lowest levels;
 - c) Standard and regular locations of consultations;
 - d) Choice of participants to take on board and mode of participation, subject matter,
 - e) Committees and forums;
 - f) Service charters
3. Use of local language for consultation and communication sensitive to;
 - a) Community cultures;
 - b) Statutory requirements-gender, disabled and the marginalised;
4. Leveraging technology- faster access and appropriateness;
5. Dedicated consultations for each subject area for critical select stakeholders;
6. Use of different media for consultation, communication, monitoring and feedback;
 - a) Print and electronic media
 - b) Social media
 - c) Online communication
 - d) Visitations
7. Capacity building mechanisms
 - a) Civic education,
 - b) Advocacy
 - c) Technical assistance
 - d) Public debates and social audits
8. M&E
 - a) Perception surveys
 - b) Reports
9. Adoption of an appropriate tool kit for public participation anchored on culture and administrative framework

Local / Sub-National Government Financing

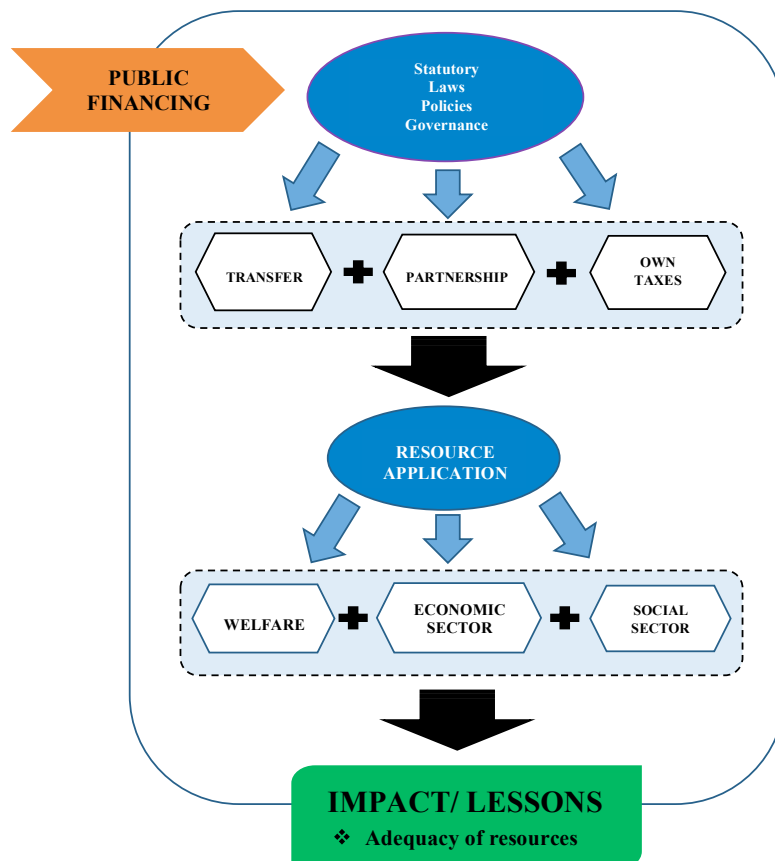
The method of financing local/sub-national government activities is tied to the decentralization model under implementation in each surveyed country. Across the EAC Partner States, the central government is the principle revenue mobilizer, with minimal residual revenue collection powers at the local level. Local/sub-national governments receive defined transfers. Fiscal decentralization is yet to fully take root. Nevertheless, as decentralization matures, alternative financing modes have to be explored across the region to support expanding citizen expectation.

The main challenge lies in the proportion of national revenues allocated to local/sub-national government development. Other challenges include inadequate local revenues, misappropriation of funds, delays in central government transfers and inadequate capacities of Local/Sub-National Governments to collect revenue. Urbanisation, spreading very fast in the region, without proper planning, is a unique challenge. It creates an ever-increasing demand for public services, new public infrastructure, and its maintenance. These are exacerbated by economic adversities and impacts of frequent natural disasters caused by breakdowns in the efficient operations of liberalised market, insecurity and climate change. Borrowing for implementation of local/sub-national government activities is limited in all the countries.

Good practices for local/sub-national government financing of pooling resources in Mexico, issuance of bonds in Philippines, zoning on basis of resource endowment in South Africa (Gauteng province) and state federations in India results in vesting in more autonomy to local/sub-national governments in matters of development in territories of their jurisdictions in addition to the centrally assigned powers and functions. The adoption of good principles of sustainable resource mobilisation strategies depend on effective, transparent and accountable tax systems. Building a coherent overall tax system requires that the mobilisation of own local revenue contributes to improved local services. These among others include enhanced suitable legal systems and institutions for local/sub-national governments to manage local economic development, fiscal autonomy supported by productive taxes and modern tax administration systems. In cases where there are gaps, Technical Assistance (TA) is provided to complement capacity building activities, public sector investments in infrastructure to support economic activities. To further ramp up capacities, partnerships with private sector and donors is leveraged in investment and provision of services. Most important is accountability to the taxpayers in form of accessible and affordable quality services.

There is also the need to build effective global, regional and national partnerships to leverage appropriate markets and resources; strengthen long-term financing through domestic and international private sources and mobilize domestic resources at both local/sub-national and national levels. Leveraging national and international best practices in local/sub-national government financing, the proposed framework is presented in Figure D with descriptions in Box D.

Figure D: Local/Sub-National Government Financing



Box D: Requirements on the Implementation Framework on Local/Sub-National Government Financing

1. Policy and legal anchor aligned to decentralisation model;
2. Defined national and local level revenue sources, allocation and sharing formulae
 - a) Taxes, fees, charges, grants, royalties
 - b) Mechanisms for integrating CSR, PPPs
 - c) Revenue assignment formulae at national and local/sub-national government levels;
 - d) Synchronised national and local/sub-national government budgeting and expenditure cycles;
 - e) Private sector and NSAs participation;
 - f) Mechanisms for debt financing;
 - g) Public investment
 - h) Subject to legal backing, special purpose vehicles can be established to manage local level investments;
 - i) Resource application should be guided through a policy framework;
 - j) Separate formulae for financing of cities and those carrying regional infrastructure
3. Transparent and accountable tax systems
 - a) Professionalise management and application of tax and other development revenues;
 - b) Define a service charter that matches local needs with institutional frameworks and revenue-generation tools;
 - c) Consistent harmonised tax systems at national and local/sub-national government level
 - d) Balance between local and central tax legislations;
 - e) Tax administration systems- modern, data bases and compliance systems;
 - f) Leverage national systems for enhanced compliance;
 - g) Accountability to tax payers;
 - h) Predictability of tax revenues;
 - i) Target more reliable taxes, eg property taxes;
 - j) Taxpayer education
4. Efficient use of public resources
 - a) Sharing formulae between recurrent and development
 - b) Distributions of resources to match decentralised functions
 - c) Competitive procurement and hiring
 - d) Remunerations to match inputs
5. Diversification of economic base beyond national and regional catchment areas to scale up taxable income;
 - a) Lobby for more resources to localise the implementation of regional and international commitments;
 - b) Invest in business development at the local level,
 - c) Integrate business in welfare programmes for enhanced sustainability;
6. Investing in basic and accessory infrastructure supportive of the delivery of key social services and unlocking investment in economic activities;
7. Peer learning

Award Schemes for best performing Local/Sub-National Governments

Most regions have adopted competitive mechanisms to motivate and reward best achievers. In the majority of the cases the reward schemes are anchored on democratic local governance and development agenda. The regional award scheme aims to sustain the momentum of the involvement of local/ sub-national governments in regional and global agenda for the purpose of promoting the social and economic well-being of all citizens. The EAC Partner States of Burundi, Rwanda, Tanzania and Uganda implement national competition frameworks consistent with the maturity of their decentralisation frameworks. Kenya is yet to set up a system of competition for recognising best performing counties.

In benchmarking international good practice, the proposed award schemes operate from similar principles of local significance and value; technical significance, transferability ease of documentation, cost/benefit analysis, efficiency, originality and durability. These translate into contributions for meeting national, regional and multi-lateral aspirations; building sustainable institutions and institutional frameworks, policies and programmes, delivery capacities, empowerment and information access and accountability. A Tentative implementation framework is presented in Box E.

Box E: Requirements for the Implementation Framework on Local/Sub-National Government Regional Award Scheme

1. Existence in the country of local/sub-national government award schemes;
2. Annual work plans;
3. Anchor evaluation criteria on the operational decentralised system;
4. Key indicators to monitor
 - a) Fiscal adequacy and autonomy
 - Central government transfers
 - Own resources
 - Other resources
 - b) Service delivery
 - Social services
 - Environment protection
 - Public safety
 - ICT facilitates services
 - Standards
 - Welfare
 - c) Inclusive participation
 - Stakeholder mapping
 - Information channels
 - Community mobilisation
 - d) Institutions
 - Laws, policies, standards and guidelines
 - Governance
 - Linkages with central and regional programming
 - Staffing
 - Capacity building
 - Sustainability
 - e) Economic development
 - Economic diversification and value addition
 - Economic activities
 - Land management
 - f) Infrastructure development
 - Economic infrastructure
 - Urbanisation and urban planning

Institutionalization of EALGF

The activities falling under the core functions of the local/sub-national governments are cross-cutting and currently being addressed through a number of EAC Sectoral Councils. Participation in the Sectoral Councils is at national level. The local/sub-national governments are not represented, yet the whole burden for the domestication and most importantly the localization of policies adopted at the regional level lies in the local and sub-national governments. In the proposed set up, the EALGF creates the opportunity for their representation at regional level. It provides the leadership and a platform for closer regional cooperation and joint collaboration to strengthen decentralization. Thus, through this Forum, the local/sub-national governments will assume their rightful roles as the key entry points for sustainable local development including meeting the Social Development Goals (SDGs) and other regional and global obligations. The Forum ensures that the interests of the local/sub-national governments form the constituent agenda of the respective EAC Sectoral Councils as well as monitoring the implementation of the regional commitments. However, the Forum has no technical platform that, on a regular and permanent basis, would technically assist in articulating the interests of local governments at the EAC policy and programming level.

A functional EALGF Secretariat will facilitate the mainstreaming of the local/sub-national government sector within the institutional framework of the EAC. The EALGF will also provide the framework for the timely implementation of harmonised regional commitments, standardisation and benching of international best practices, creation of trade and investment opportunities, information dissemination, and partnerships among others. Continuous monitoring and evaluation including identification of learning lessons shall guide collective implementation of regional and international commitments at the national level. The institutionalization of the EALGF is presented under Box F.

Box F: Implementation Framework for the Institutionalization of EALGF

The establishment of the EALGF shall be agreed on after Partner States consultations and appropriate approval through the EAC governance structure. Key consideration shall include establishing the objectives and activities to be performed by the Secretariat; vision and mission and values; budgets in meeting stakeholder expectations. This will necessitate the undertaking of a study to recommend on the institutionalization mechanisms of EALGF, EALGA and ministries in charge of local/sub-national governments.

ACRONYMNS

AAA	Accra Agenda for Action
ABELO	Association Burundaise des Élus Locaux
A-CBG	Agricultural Capacity Building Grant
AfDB	African Development Bank
ALAT	Association of Local Authorities of Tanzania
ALGA	Association of Local Government Auditors
ALGAF	African Local government Action Forum
ASDG	Agriculture Sector Development Grant
AU	African Union
BIF	Burundi Franc
CFCIB	Association of Industrial Companies of Burundi
CBT	Cross – Border Trade
CCIs	Cross Cutting Issues
CDF	Constituencies Development Fund
CDWs	Community Development Workers
CEC	County Executive Committee
CG	Central Government
CIDB	Country Industrial Development Bill
CIDP	County Integrated Development Plans
CIOPD	Comité Interministeriel d’Orientation et de pilotage de la décentralization (Interministerial Steering and Orientation Committee on decentralization)
CIDP	County Integrated Development Plans
CLGF	Commonwealth Local Government Forum
CLLD	Community-Led Local Development
CM	Common Market
CNFAL	Local Actors Training National Centre
COG	Council of Governors
COMESA	Common Market for Eastern and Southern Africa
COMTRADE	Common Format for Transient Data Exchange
CPP	Consumer Protection Policy
CRA	Commission on Revenue Allocation
CSF	Civil Society Foundation
CSOs	Civil Society Organisations
CSR	Corporate Social Responsibility
CU	Customs Union
CWLGC	Common Wealth Local Governance Conference
DAS	District Administrative Secretaries
DC	District Commissioners
DDP	Deeping Democracy Programme
DLCC	District Local & Country Councils
EA	East Africa
EAC	East African Community
EACPS	East African Community Partner States
EALGA	East African Local Government Association
EALGF	East African Local government Forum
EAPH	East African Public Health

EBG	Extension Block Grant
ECF	Extended Credit Facility
EDPRS	Economic Development and Poverty Reduction Strategy
EU	European Union
FDI	Foreign Direct Investment
FDP	Finance Decentralization Policy
FES	Friedrech Ebert Stiftung
FoA	Freedom of Association
FoI	Freedom of Information
FONIC	Communal Investment National Funds
GDP	Gross Domestic Product
GFLD	Global Forum on Local Development
GFOAs	Government Finance Officers Associations
GIZ	Gesellschaft fur InternationaleZusammenarbeit
GNP	Gross National Product
GoB	Government of Burundi
GoK	Government of Kenya
GoR	Government of Rwanda
GoT	Government of Tanzania
GoU	Government of Uganda
GSW	Government Spending Watch
GTF	Global Taskforce
HDA	Housing Development Authority
HR	Human Resource
HRD	Human Resource Development
HSDG	Health Sector Development Grant
IA	International Association
IAPP	International Association Public Participation
IC	International Centre
ICMD	International Centre Municipal Development
ICT	Information Communication Technology
IDP	Integrated Development Plan
IEDC	International Economic Development Council
IFI	International Finance Institutions
IGRTC	Inter-Government Relations Technical Committee
IMF	International Monetary Fund
IPPF	Infrastructure Project Preparation Facilities
ISD	Inclusive Service Delivery
ISTEEBU	Institut de Statistiquesetd'EtudesEconomiques du Burundi (Burundi Institute of Statistics and Economics Studies)
JADF	Joint Action Development Forum
KAM	Kenya Association of Manufacturers
KGF	Kampala Global Forum
KHRC	Kenya Human Rights Commission
KNCC	Kenya National Chamber of Commerce and Industry
KRAs	Key Result Areas
KSG	Kenya School of Government
LA	Local Authority
LAMG	Local Authorities Major Group

LD	Local Democracy
LED	Local Economic Development
LG	Local Governments
LGA	Local Government Association
LGAF	Land Governance Assessment Framework
LGCD	Local Government Capacity Development
LGCF	Local Government Consultative Forum
LGCSCI	Local Government Councils Score-Card Initiative
LGF	Local Government Finance
LGHR	Local Government Human Resource
LGSC	Local Government Service Charters
LGSIP	Local Government Sector Investment Plan
LLA	Local Level Associations
LLG	Lower Local Government
LODA	Local Administrative Entities Development Agency
LRG	Local and Regional Governments
LVBC	Lake Victoria Basin Commission
M&E	Monitoring and Evaluation
MASE	Maritime Security Programme
MCEAA	Ministry in Charge of East African Affairs
MCF	Ministry in Charge of Finance
MCH	Maternal Child Health
MCI	Ministry in Charge of Industry
MCIF	Ministry in Charge of Infrastructure
MCLG	Ministry in Charge of Local Government
MCP	Ministry in Charge of Planning
MCT&C	Ministry in Charge of Trade & Commerce
MD	Municipal Development
MDB	Multilateral Development Banks
MDG	Millennium Development Goals
MEACA	Ministry of East Africa Community Affairs
MED	Medium Enterprises Development
MINALOC	Ministry of Local Government
MOUs	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NA	National Associations
NCDs	Non-Communicable Diseases
NDIS	National Decentralization Implementation Secretariat
NDS	National Decentralization Strategy
NDSF	National Decentralization Stakeholders Forums
NGO	Non-Governmental Organization
NLUA	National Local Umbrella Associations
NSAs	Non-State Actors
NTBs	Non-Tariff Barriers
O&M	Operation and Maintenance
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister
OSBPs	One Stop Border Posts

PC	Performance Contract
PCDC	Community Development Communal Plans
PES	Public Expenditure Survey
PFM	Public Finance Management
PP	Public Participation
PPPs	Public Private Partnerships
PPT	PowerPoint
PRA	Participatory Rural Assessment
PSA	Public Service Award
PSF	Private Sector Foundation
PSO	Private Sector Organization
RA	Regional Administration
RALGA	Rwanda Association Local Government Authorities
RAS	Regional Administrative Secretaries
RC	Regional Commissioners
RD	Research Design
RDB	Rwanda Development Board
RECs	Regional Economic Communities
RGB	Rwanda Governance Board
RI	Regional Integration
RRA	Rwanda Revenue Authority
SACCO	Savings and Credit Cooperative Organisation
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SFC	Scottish Funding Council
SIPD	Sustainable Industries Development Policy
SMEs	Small and Medium Enterprises
STI	Science Technology and Innovation
STR	Simplified Trade Regime
TA	Technical Assistance
TIF	Tax Incremental Financing
TTI	Think Tank Initiative
TVET	Technical and Vocational Education and Training
UAAU	Urban Authorities Association of Uganda
UGAS	Uganda Government Award Scheme
UK	United Kingdom
ULGA	Uganda Local Government Association
UN	United Nations
UNCF	UN Cooperation Framework for Romania
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
URA	Uganda Revenue Authority
UAAA	Uganda Urban Authorities Association
VAT	Value Added Tax
WB	World Bank
WHO	World Health Organization
WSDG	Water Sector Development Grant
WTO	World Trade Organisation

1.0 Background

There is growing global evidence that local/sub-national governments are agents of local development. This takes place through collaborative efforts with central governments, regional and international organizations and key stakeholders in matters of human, social and economic development. Due to their proximity to the people, local/sub-national governments offer the best opportunity for the timely and responsive delivery of public services at local level with the following benefits:-

- Easier outreach/sensitization and activity implementation;
- Greater potential for international and regional linkages that stimulate development; and
- Wider stakeholder engagement in economic activities that improve general wellbeing of the population.

The global agenda on local governance and development is evolving, with emphasis on local level access to basic services, local economic development, public participation, local financing, social stability and environment sustainability. Towards the realization of this agenda, the (EAC Partner States) have adopted decentralization models through their respective national constitutions and operational legislations. Further, the key National Visions and strategies of development recognize decentralisation as an operational means for efficient delivery of the strategic development goals. These key national visions include Burundi Vision 2025, Kenya Vision 2030, Rwanda Vision 2020, Uganda Vision 2040, and Tanzania Vision 2025.

Box 1.1: Objective of the EALGF

The overriding objective of the EALGF is to 'Mainstream East Africa Local/ subnational government Forum at the EAC Policy Organs' that serves to establish policy dialogue on political links with the EAC and strengthen institutional frameworks to ensure local/ subnational government is placed at the center of development in Eastern Africa. As the process of regional integration deepens, the Forum will provide a platform of bringing together key stakeholders from local/sub-national and national governments, towards strengthening good governance, advancing the harmonization of national policies and ensuring the ability of local/sub-national governments to meet their responsibilities, as part of the broadening local governance within the sphere of the East African Community.

At the continental level, AU Vision 2063, regional treaties (EAC Treaty, COMESA Treaty) and global commitments, (SDGs 2030), Commonwealth declarations) provide the basis to drive development and service delivery. In particular the African Charter on Values and Principles of Decentralization, Local Governance and Local Development prioritises inclusiveness, local accountability and utilization of local opportunities to facilitate opening of local economic opportunities and improve popular access to public services such as health and education at the local level in Africa. However, there are no effective collective efforts meant to materialize the agenda on local governance and development in a coherent or harmonized way at the regional level.

In spite of the existence of the East African Local/ Sub-National government Association (EALGA), regional programmes and institutions, local/sub-national Governments in EAC are not directly linked into the EAC or any other regional or international frameworks. To bridge this gap, the East African Local/sub-national Government Forum (EALGF) established in 2011 is to foster cooperation and networks with participating countries. This will promote greater efficiency in local/sub-national governments by contributing to the debate on the policies affecting the region. The Forum further aims at maximizing the effectiveness of local/ sub-national government actions pertaining to decentralization, local/sub-national government financing, service delivery and Local/sub-national government capacity enhancement. The net effect being that of improved citizen welfare from enhanced local economic development benefiting from improved local governance, regional integration, cross border trade and related engagements.

Mission and Vision of the EALGF Strategy for 2015-2020

Vision

To unite local/sub-national governments and stakeholders of Eastern Africa through their representative bodies in working for a society that promotes the social and economic well-being of all citizens through just and democratic local governance and development.

Mission

To build strong self-sustaining local/sub-national governments through advocacy and lobbying of National Governments in the context of:

- a) Creation of governance systems with constitutional and statutory devolution of powers;
- b) Provision of leadership and a platform for closer regional cooperation and joint working arrangements that strengthen decentralization;
- c) Provision of the key entry point for sustainable local development meeting the Vision 2030, SDG goals, AU Vision 2063, the Munyonyo Declaration 2013, Common Wealth Local Governance Conference (CLGF) Resolutions; and
- d) Other Development Agenda in the region.

In line with the EAC rotational chairmanship in the management of the regional integration agenda, Tanzania and Uganda chaired EALGF in the first two years respectively. During the chairmanship of Uganda, the Strategic plan 2015-2020 was developed. This was adopted in the EALGF meeting held in Nairobi in October 2014. The Plan is founded upon the following five Key Result Areas (KRA) which support implementation of decentralization and local development in the East African region:

- i. Policy dialogue;
- ii. Local Economic Development;

- iii. Local/ sub-national government Finance;
- iv. Inclusive service delivery; and
- v. Local Democracy

The above mentioned Strategic Plan, commendable though, could not be easily translated into action as it lacked an operationalization framework of the key result areas. Thus, to bridge this gap, Kenya took up the responsibility of designing the implementation frameworks during its chairmanship. However, due to time constraints, it (Kenya) prioritized the design of the implementation frameworks for three key result areas namely local economic development, local/ sub-national government finance and inclusive democracy. A fourth result area, though not in the strategy, was the design of an award scheme criteria for the best performing local/ sub-national governments in the regional level. In the same vein, views on the institutionalization of EALGF were also obtained during the field consultations. It was assumed that the remaining two key result areas of the EALGF strategic plan, namely those pertaining to Policy Dialogue and Inclusive service delivery shall form part of the work to be performed by next EALGF chairman, i.e Burundi.

In line with the EAC Treaty, anchored on people centred and market based interventions; this report explores the social dimensions, support and operational frameworks and external interaction links to generate the appropriate impact of local/sub-national governments' activities on sustainable development. In particular, it captures the roles of the different stakeholders at the local level in economic development. In addition, the report explores the roles of the citizenry and their effective participation through appropriate institutions and support frameworks (infrastructure, policies and regulations, diverse resource endowments among others) to take advantage of the opportunities that come with expanded regional and global markets.

Through a consultative process, the views from different stakeholder institutions in the public sector, private sector and civil society across the five EAC Partner States on status of decentralisation and operational frameworks with benchmarks against regional and international good practices have been synthesized to inform the recommendations for:

- a) Integrating national visions/priorities, regional and global commitments in Local/ Sub-National Governments' development initiatives;
- b) Exploring sustainable alternative local/sub-national government financing options;
- c) Strengthening the frameworks for public/citizen participation in local level decision making process;
- d) Mainstreaming Local/sub-national governments in the EAC framework; and
- e) Establishing an awards schemes for best performing local/ sub-national governments;

In benchmarking national, regional and international good practices, specific proposals have been made under each of the key result areas of: Local Economic Development (LED), local/sub-national government financing, public participation in decision making, and a reward scheme for best performing decentralized governments. The status of decentralisation in each of the Partner States with valuable learning lessons is presented in chapter 2. Chapter 3 covers Local Economic Development initiatives, linkages with regional and international obligations and proposed interventions to mitigate the challenges experienced during the implementation local/sub-national government. In chapter 4, the report covers the current sources of local/sub-national government revenues and alternative sustainable funding mechanisms to meet the high community expectations. In building on existing participatory processes, chapter 5 highlights the tool kit to enhance stakeholder participation in local/sub-national decision making processes. Chapter 6 makes proposals on the EALGF award scheme with Chapter 7 concluding and making recommendations on way forward including annexes on the implementation plans.

STATUS OF DECENTRALISATION IN THE EAC PARTNER STATES

2.1 Introduction

Though Africa has embraced decentralisation as an approach to governance and development, requisite capacities remain a challenge for implementing decentralized policies. The low levels of economic activities, outside agriculture, in the local/ sub-national governments limits the potential for raising adequate funds to finance diverse development activities. This is further compounded by limited Public-Private-Partnerships (PPPs) to generate investment resources, diversification of economic activities, employment opportunities and linkages to regional and international markets.

In this report, the World Bank definitions¹ of the different forms of decentralisation have been adopted. These entail the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations and/or the private sector. They also inform the political, administrative, fiscal, and market decentralization practices; in which-

Political decentralization gives citizens or their elected representatives more power in public decision-making. This takes the form of inclusive democracy or public participation in decision making processes. It is often associated with pluralistic politics and representative government, but it can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies.

Administrative decentralization — redistributes authority, responsibility and financial resources for providing public services among different levels of government. This is practised in the transfer of responsibility for the planning, financing and management of certain public functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities.

The EAC Partner States are operating from one or a combination of the three major forms of administrative decentralization consisting of deconcentration, delegation, and devolution, where:

Deconcentration — redistributes decision making authority and financial and management responsibilities among different levels of the central government. It merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries.

Delegation — where central governments transfer responsibility for decision-making and administration of public functions with discretionary powers of decision making to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it.

¹ <http://www.ciesin.org/decentralization/Entryway/siteindex.html> - of 15.02.2016

Devolution — in which governments devolve functions, transfer authority for decision-making, finance, and management to quasi-autonomous units of local/ sub-national governments with corporate status; over legally recognized geographical boundaries over which they exercise authority in the performance of their duties. Typically, devolved units have to justify their autonomy by raising substantial own revenues. Generally, they have independent authority to make investment decisions.

Fiscal decentralization — can take the form of: a) self-financing or cost recovery through user charges, b) co-financing or co-production arrangements through which the users participate in providing services and infrastructure through monetary or labor contributions; c) expansion of local revenues through property or sales taxes, or indirect charges; d) intergovernmental transfers that shift general revenues from taxes collected by the central government to local/ sub-national governments for general or specific uses; and e) authorization of municipal borrowing and the mobilization of either national or local/ sub-national government resources through loan guarantees. In many developing countries local/ sub-national governments or administrative units have the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority.

The EAC Partner States are implementing one form or the other of decentralization, anchored on a combination of policy, legislation and constitutional provisions. A combination of deconcentration and delegation of responsibility sharing dominate the forms of decentralisation in Rwanda, Tanzania and Uganda with the district as the basic unit of decentralisation. Kenya implements devolution with the county as its basic unit of decentralisation. With the enactment of the decentralisation law, Burundi shall operate under a combination of deconcentration and delegation form of decentralisation with commune as the basic unit of decentralisation. While the justifications for decentralisation differ, the policies adopted by the five Partner States (Annex 2.2) are similar. The focus of decentralisation is anchored on the need for efficient, effective and accountable local/sub-national governments that deliver services to the local communities at affordable prices. At operational level (Annex 2.2), there are Partner State sector specific policies and strategies, laws and regulations that govern decentralisation in respective local/ sub-national governments.

2.2 Principles of Decentralization

The key principles informing the EAC Partner State decentralization policies are largely drawn from the Commonwealth as outlined in the Aberdeen Agenda² (endorsed by Commonwealth Heads of Government in 2005 in Malta and reaffirmed in 2007 in Kampala) and the UN Habitat Decentralization Framework (2007). These principles cover governance and democracy, power and responsibilities, administrative linkages/relationships between central and local/ sub-national governments, and local/ sub-national government capacities and competences (Table 2.1). Though not all EAC Partner States have ratified the African Charter on the Values and Principles of Decentralization, Local Governance and Local Economic Development adopted by African Heads of States in their Summit held in 2014 in Malabo, Equatorial Guinea, the principles contained therein are anchored in the African realities. The governance principles on decentralisation are aimed at political stability, unity, and access to services to different levels of governance structures in line with their capacities and competences.

Table 2.1: Principles of Good Governance

Key Elements of Decentralisation	Principles of Good Practice/ Guidelines
A. Governance & Democracy at the local level	<ul style="list-style-type: none"> ◆ Representative and Participatory Democracy- covering how citizens participate in election of leaders/ representatives of the LG’s; nature of democratic electoral system of LG representatives; extent of historical (country specific) issues/ factors that influenced system of governance. ◆ Local officials and the exercise of their office – specifically clearly outlined roles and responsibilities for purposes of accountability and performance management

² Principles : 1) Constitutional and legal recognition for local democracy 2) Political freedom to elect local representatives 3) partnership and cooperation between spheres of government 4) defined legislative framework 5) Citizens participation in local decision making 6) Open local government – accountability 7) open local government – transparency 8) Scrutiny of the executive 9) Inclusiveness 10) Adequate and equitable resource allocation 11) Equitable services 12) Capacity building for effective leadership

Key Elements of Decentralisation	Principles of Good Practice/ Guidelines
B. Power and Responsibilities of Local Authorities	<ul style="list-style-type: none"> ◆ Subsidiarity- existence of defined legislative framework; partnerships (relationships) between different spheres of Government ◆ Incremental Action- with regard to extent of functions devolved top-down; the balance between allocated functions and capacity of LGs to deliver on their mandates
C. Administrative Relations between local Authorities and other spheres of Government	<ul style="list-style-type: none"> ◆ Legislative Action -on the LG structures entrenchment in national legislation (constitution or Act of Parliament); ◆ Empowerment-on how freely do LGs exercise their powers within provisions of relevant laws; extent and depth of consultations with LGs and LGAs during policy and legislative reforms. ◆ Supervision and Oversight-existence of statutory provisions on appointment, suspension or dismissal of LG executives and officials; clear reporting structure; performance management measures/ systems implemented by LGs.
D. Financial and Human Resources of Local Authorities	<ul style="list-style-type: none"> ◆ Capacities and HR of LGs- the role of the CG, LGAs, private firms, institutions and development collaborates in capacity development. ◆ Financial Resources of LGs - extent of financial autonomy of LGs; sustainability/ reliability and adequacy of available (current and potential) revenue sources; and mix between local revenues (taxes, levies) and other revenues (CG transfers, borrowings, donors, etc.)

Source: UNCF/UNDP, (2012). *Local/ sub-national governments in Eastern Africa*

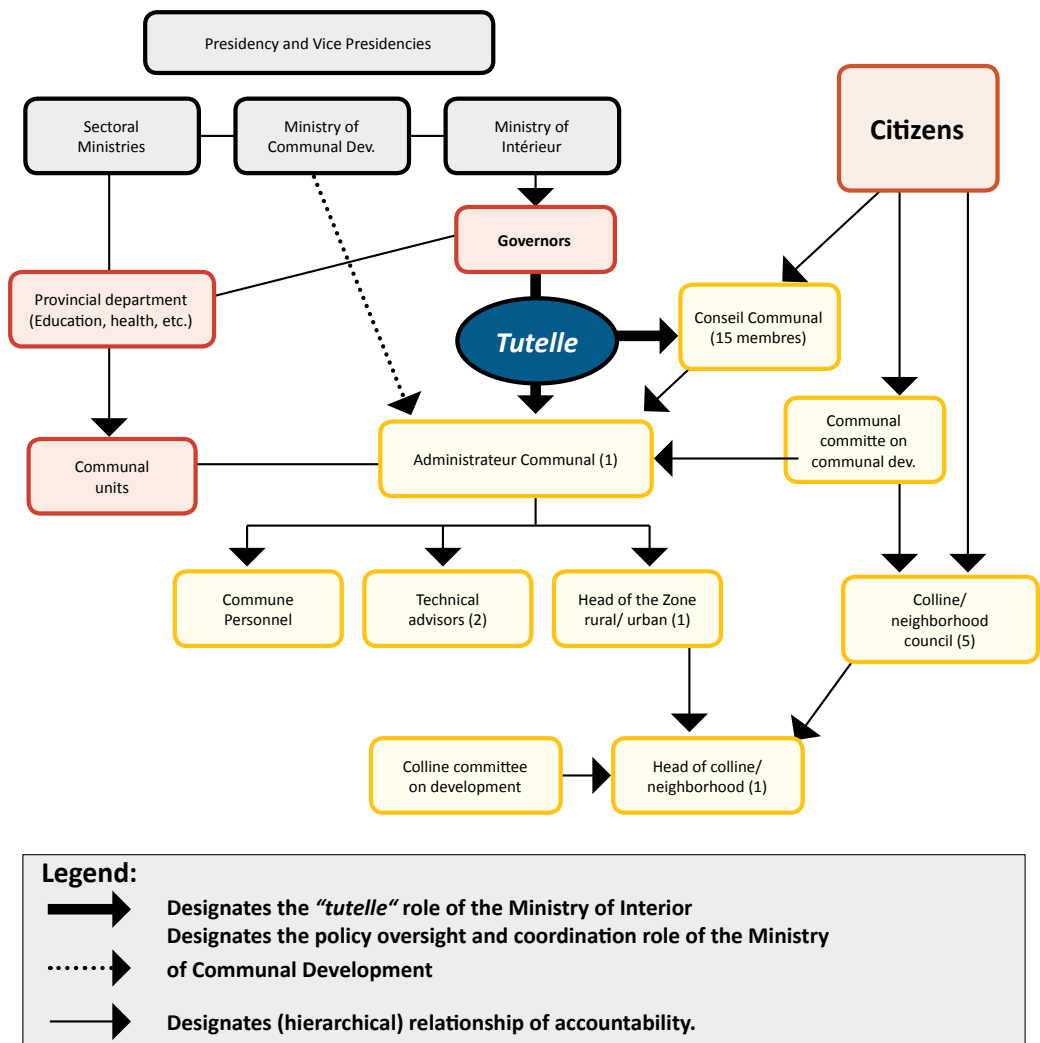
These principles are consistent with the scope of the African Charter on Values and Principles on Decentralization on Local Government and Local Development covering decentralisation, local governance and local development. The principles are underpinned by the core values of community spiritedness and community well-being, solidarity, respect for human and peoples' rights, diversity and tolerance, justice, equality and equity, integrity, civilism and citizenship (UCLG Africa, 2015). The net effect of decentralisation being the promise of prosperity espoused in The Africa We Want under Agenda 2063.

2.3 Decentralised Governance Structures

The effectiveness of local/sub-national governments in delivering their mandates is also linked to its governance structure and coordination mechanisms. The decentralization governance structures in Rwanda, Tanzania and Uganda have a strong linkage with sector ministries in the central government, with wide stakeholder representation at each decentralized level while building on some form of the principle of subsidiarity. The functions are implemented under delegated authority. Inbuilt within the governance structures are mechanisms of accountability. The sovereignty of Kenya is exercised at two levels namely: National Government and County Government. Each of the two levels of government has an executive arm, a legislature and access to an independent judiciary. The legal framework for the decentralisation structures is in place and counties are progressively implementing lower levels of decentralisation.

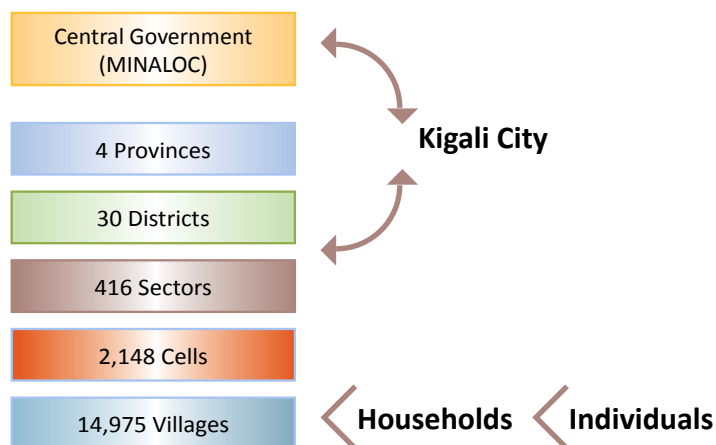
Figures 2.1-2.5 present the administrative and devolved governance structures of decentralisation across the EAC Partner States.

Figure 2.1: Republic of Burundi Fiscal Decentralization and Local Governance



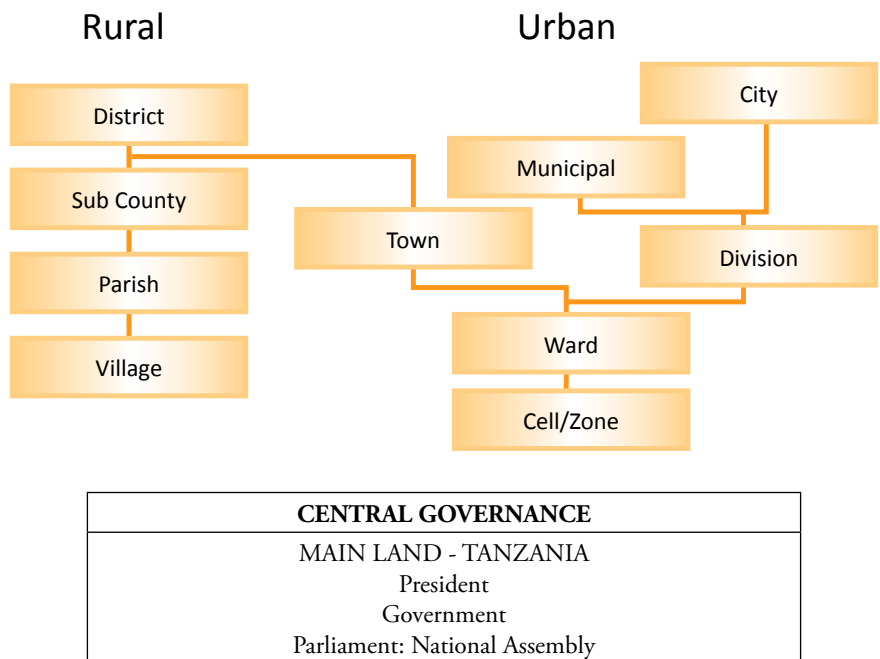
Source: World Bank Republic of Burundi Fiscal Decentralization and Local Governance

Figure 2.2: Rwanda Decentralisation Structure



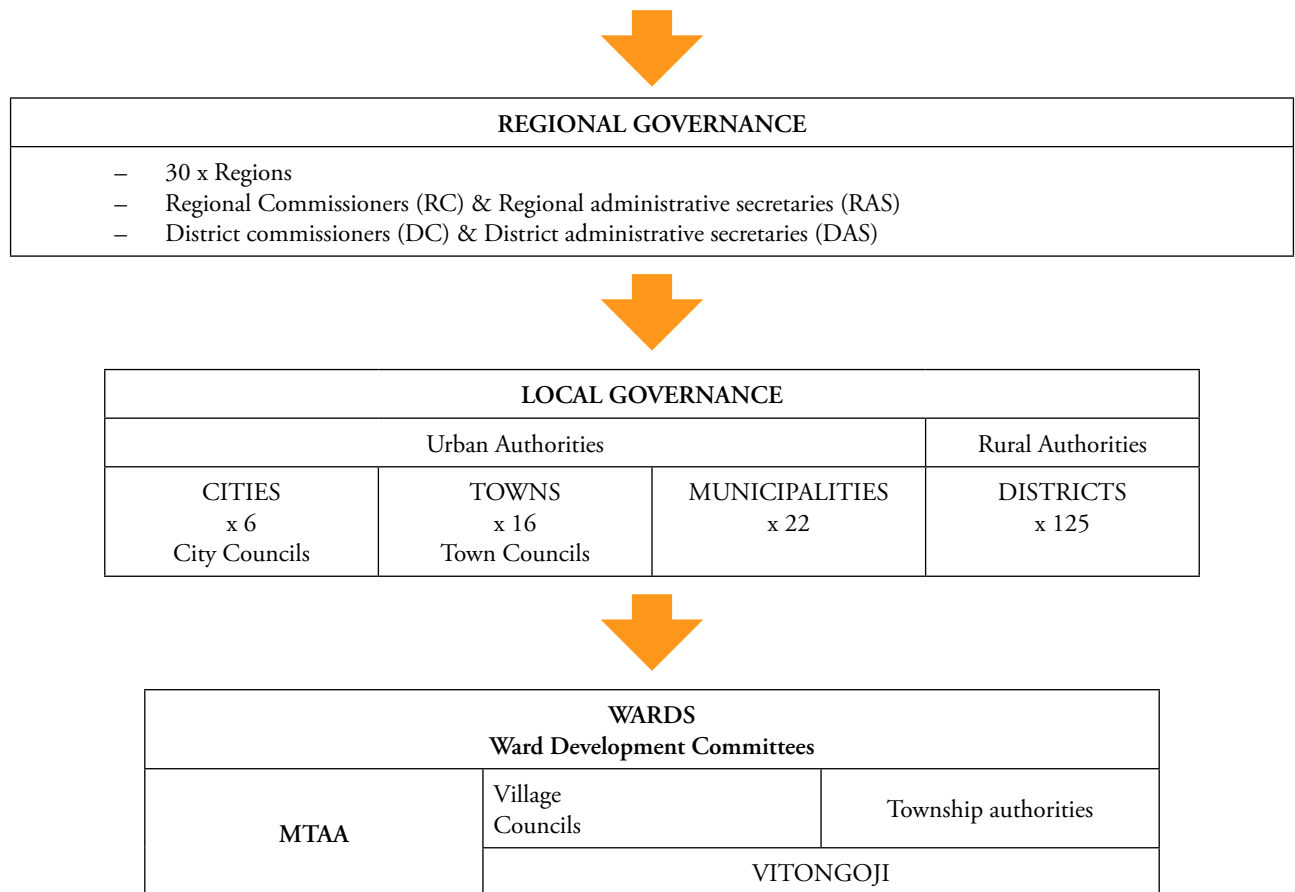
Source: UNCF/UNDP (2012): Local/ sub-national governments in Eastern Africa

Figure 2.3: Structure of Local Government in Uganda



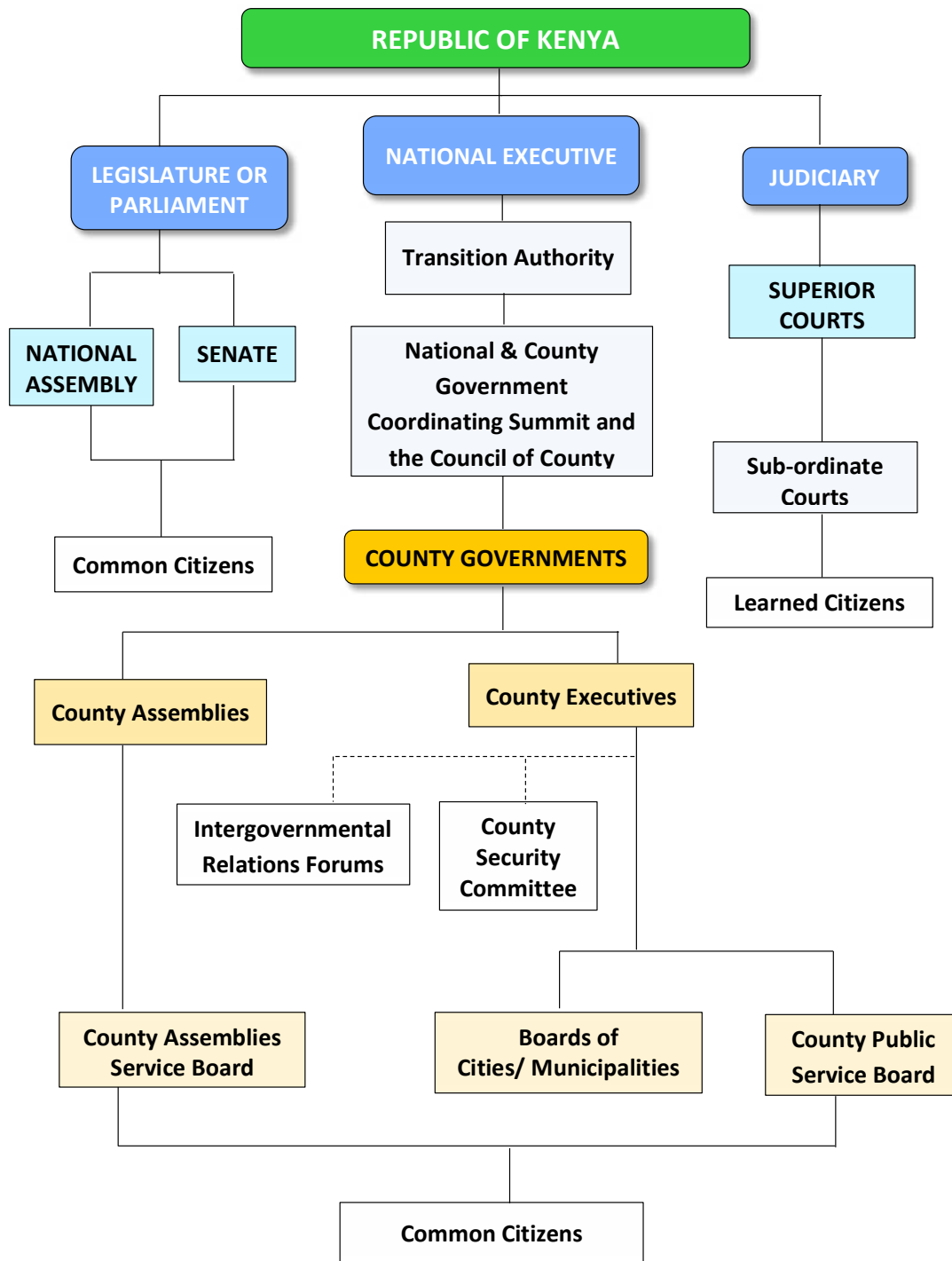
Source: UNCF/UNDP, (2012): Local sub-national governments in Eastern Africa

Figure 2.4: Tanzania Decentralisation Structure (Tanzania to update structure)



Source: Adapted from Peltola, 2008

Figure 2.5: Kenya Devolution Governance Structure



2.3.1 Decentralisation of Institutional Coordination Mechanisms

The linkage between the local/sub-national and the central government is undertaken through structured institutionalised coordination mechanisms (Table 2.2). The Rwanda decentralization institutional framework provides for both national and Local Government coordination mechanisms. These are the National Decentralization Stakeholders Forums, Program Steering Committees, National Decentralization Implementation Secretariat (now incorporated in Rwanda Governance Board), Decentralization Cluster and Decentralization Focal Points in Ministries. At the provincial and local level Local government Consultative Forums.

Table 2.2: Decentralisation Coordination Mechanisms

Country	Coordinating Institutions	Functions
Burundi	ABELO Ministry of Communal Development CIOPD FONIC CNFAL	<ul style="list-style-type: none"> ◆ Advocacy, capacity building, representation of Communes ◆ Define the strategic orientations that guide the execution of decentralisation, follow up implementation and maintaining coherence between national decentralisation policy and sector policies; ◆ Coordination of funds for investment in commune projects; ◆ National Investment Councils ◆ Sensitise local authorities on decentralisation tools
Kenya	Ministry of Devolution and Planning Summit COG Secretariat County Assemblies Forum CRA Transition Authority Regional Coordinators IGRTC Controller of Budget Auditor General	<ul style="list-style-type: none"> ◆ Policy coordination ◆ Inter-governmental relations ◆ Harmonisation ◆ County policies and legislations ◆ Revenue allocation ◆ Oversee transfer of devolved functions ◆ Coordination of county and central government functions ◆ Organise and implement decisions of Summit ◆ Budget Monitoring ◆ Financial management and compliance
Rwanda	Ministry of Local Government RGB LODA NCBS (National Capacity Building Secretariat) RALGA Provincial Governors Housing Development Authority	<ul style="list-style-type: none"> ◆ Policy formulation, policy implementation resources mobilisation, capacity building, and monitoring and evaluation; ◆ Policy coordination ◆ Local government governance, decentralisation and promotion of media development ◆ Coordinate LED/Local development issues ◆ Coordination, implementation ◆ Coordination ◆ Rural settlement
Tanzania	Ministry in charge of Local Government ALAT	<ul style="list-style-type: none"> ◆ Policy coordination ◆ Advocacy and Lobbying ◆ Provides avenue for twinning of cities and build capacity ◆ Information provision ◆ Award Scheme ◆ Representation
Uganda	Ministry of Local Government Local Governance Commission Uganda Urban Authorities Association ULGA Uganda Road Fund Authority Private Sector Foundation	<ul style="list-style-type: none"> ◆ Policy Coordination ◆ Revenue sharing ◆ Coordination of urban authorities ◆ Coordination of local authorities ◆ Responsible for road infrastructure ◆ CSR activities

Source: Partner States

Uganda decentralisation structures work through committees and forums to ensure institutionalization of both wide stakeholder participation and coordination of national and local/ sub-national governments development programmes. In addition to policy making, the central government sets sector specific priorities which are cascaded to the local level and form the basis for District Development Plans. Local level and grass root priorities form integral part of the district plans. Citizen participation in decision making process in Uganda are structured along

the lines of decentralised government, with each level performing delegated responsibility. These are validated from district to national level through the appropriate budgetary committees before firm implementation commitments are made. At the national level, both the civil society and private sector work closely with the government ministries and departments in providing advocacy for government development policies. The unique organisation coordination structure in which two distinct associations separately coordinate urban-cities and rural-municipalities' local/ sub-national governments.

Kenya's decentralised structures are exercised at two levels of government – National and County Governments. County governments are independent and engage citizens in most government processes. The Council of Governors Secretariat and County Assemblies Forum coordinate County Government affairs. The coordination of the county and national governments has been institutionalised through the Summit, in which policy issues across the different levels of government (national and county) are harmonised. The Transition Authority had the mandate of managing the smooth transfer of devolved functions to the counties. The Commission on Revenue Allocation (CRA) handles revenue allocation and Council of Governors (CoG) manages joint approaches and coordination of implementation of devolved functions. The Inter-Government Relations Technical Committee (IGRTC) coordinates implementation of the Summit resolutions.

The Tanzanian Local Governments coordination mechanisms are firmly entrenched in the Ministry in charge of local government. In addition standardised institutional mechanisms at the district, local authorities and villages ensure common governance approaches across the country. There is structured representation of ALAT, ensuring oversight and ensuring citizen participation in decision making processes. The Association of Local Authorities of Tanzania (ALAT) lobbies both the central government and private sector to advocate for citizen rights and opportunities to facilitate twinning with other cities. The stakeholders' participation is coordinated through sector ministries at the centre. In addition, ALAT holds annual general meeting for its members in which the Local Government Minister (OPM) is invited. It is at that level that ALAT presents its views on both general and specific issues impacting on Local/ Sub-National Governments.

With the enactment of the decentralisation law in 2015, the decentralised functions in Burundi shall be operationalised in accordance with the new law, while leveraging the means available at the local, provincial and national levels. In addition to advocacy, the Association Burundaise des ÉlusLocaux (ABELO) in Burundi lobby communes for financial contributions, National Government for the transfer of National competence and funds to the Local Governments and capacity building in the communes. The FONIC manages the coordination of investment in the commune projects while CNFAL sensitises local authorities on decentralisation tools. New institutions may come into operation.

The effectiveness of the institutions that support decentralization may be enhanced by securing the independence of support institutions.

2.4 Roles Played by Local/Sub-National Governments

As presented in Table 2.3, policy formulation and advisory services are the dominant responsibility of national governments while the local/sub-national governments are largely charged with programme implementation and service delivery. The statutes give the local/ sub-national governments' full mandate, power and authority to deliver services to their residents and citizens. However, the breadth and depth of decentralization regimes reflect on the political will, institutional structures and adequacy of local level capacities and citizen competences to implement fully-fledged decentralized local/ sub-national government functions. On average, the Local/Sub-National Governments in the region have the mandate to provide a number of services to the citizenry within their jurisdictions, (Annex 2.3) broadly categorised into:

- Provision of social services such as education, health, housing;
- Planning; infrastructure development and maintenance;
- Waste management and environmental conservation;
- Facilitate local economic development; and
- Security of property;

Table 2.3: Relationships/Linkages of functions at the different levels of administration

Partner State	Number and Levels of administration	Functions performed
Burundi	National level	<ul style="list-style-type: none"> ◆ Policy, coordination, resource mobilisation, capacity building and sensitisation
	Local Govt 18 Provinces 1 City 119 Communes 575 Zones 2908 Collines/Hills	<ul style="list-style-type: none"> ◆ } Functions at the decentralised levels operationalised with entry into force of the new act on decentralisation
Kenya	National level	<ul style="list-style-type: none"> ◆ Policy formulation, regulatory function, capacity building and financial facilitation
	County govt level: 47 Counties 290 sub-counties 1450 Wards	<ul style="list-style-type: none"> ◆ Programming and implementation ◆ Service delivery ◆ Economic activities ◆ Infrastructure maintenance ◆ Legislation ◆ } Programming and Implementation
Rwanda	National level	<ul style="list-style-type: none"> ◆ Policy formulation, implementation guidelines and manuals for decentralized units, capacity building and M&E ◆ Supporting and facilitating local/ sub-national governments
	Local govts/Districts	<ul style="list-style-type: none"> ◆ Localise Local economic development against local needs ◆ Planning and Coordination, of service delivery and data collection at sector level ◆ De-facto information centres ◆ Civic empowerment ◆ Political guidance
	4 Provinces 30 Districts 1 City	<ul style="list-style-type: none"> ◆ Coordination ◆ Plans/implementation ◆ Implementation
	128 LA Sector 2,148 Cell	<ul style="list-style-type: none"> ◆ Implementation ◆ Implementation of District Plans ◆ Service delivery ◆ Cell for needs assessment, prioritization and mobilization of community participation
	14,975 Village	<ul style="list-style-type: none"> ◆ Community mobilisation ◆ Umudugudu building cooperation, collaboration and solidarity at community level ◆ Data collection ◆ Provide daily security reports
Tanzania	National level Local level	<ul style="list-style-type: none"> ◆ Policy making ◆ Maintenance of law, order and good governance; ◆ Promotion of economic and social welfare of the people within their areas of jurisdiction; and ◆ Ensuring effective and equitable delivery of qualitative and quantitative services to the people within their areas of jurisdiction
	125 Districts 16 urban councils 22 rural councils, 6 townships Registered villages	<ul style="list-style-type: none"> ◆ Reprioritisation to align with national priorities and financial capacities ◆ Project consolidation/council plans ◆ Project appraisal ◆ Town Plans ◆ Village plans ◆ Project identification/Ward plans ◆ Village preferences

Partner State	Number and Levels of administration	Functions performed
Uganda	National level/Ministry:	<ul style="list-style-type: none"> ◆ Policy, Regulations and Advise through guidelines, supervision and mentoring, TA ◆ Coordination and M&E of LG activities ◆ Accountability of resources in LGs ◆ Establishment of systems to facilitate monitoring
	111 District/1City /24Municipality	<ul style="list-style-type: none"> ◆ Administration, Planning, Finance, ◆ Institutionalize stakeholder participation at all local levels of governance ◆ Quality and affordable service provision ◆ Environment management ◆ Preservation of property
	1100 Counties Sub county/Town/ DivisionParish/.....WardsVillage/.....Cells	<ul style="list-style-type: none"> ◆ Programming ◆ Budget conferences and priority setting ◆ Community mobilisation, planning

Source: Various Partner State policy documents

2.5 Lessons from Decentralisation

The institutionalization of Local/Sub-National Governments within the national administrative structures (Table 2.3) has taken root in all the Partner States. At operational level (Figure 2.6 and Annex 2.5), Rwanda and Uganda provide good learning lessons to the extent that standardised staffing, responsibility and resource sharing formulae are well laid out.

Equally, local/ sub-national government programming in Rwanda brings on board development support from NGOs, civil society and donors to ensure that there is no duplication of effort and wastage of resources. Similarly, governance issues in matters of representation stand out in Rwanda and Kenya where representation go through competitive elective processes.

Invoking cultural values in development packaging underpins Rwanda's decentralised programming and accountability structures. In Kenya, citizen representation is well spelt out in the Urban and Cities Act. However, Rwanda's vetting process is more elaborate since persons with past criminal records cannot hold elective posts. Tanzania's decentralised framework is anchored representation to enhance community participation, ensure accountability and provision of services that match demand. Decision making still remains at the centre. With minor improvements, stakeholder representation is comprehensive in most of the Partner States. Burundi's representation should improve with adoption of the law on decentralisation. In the meantime, independent citizen participation in communes has contributed to effective prioritisation of community activities funded at the local level.

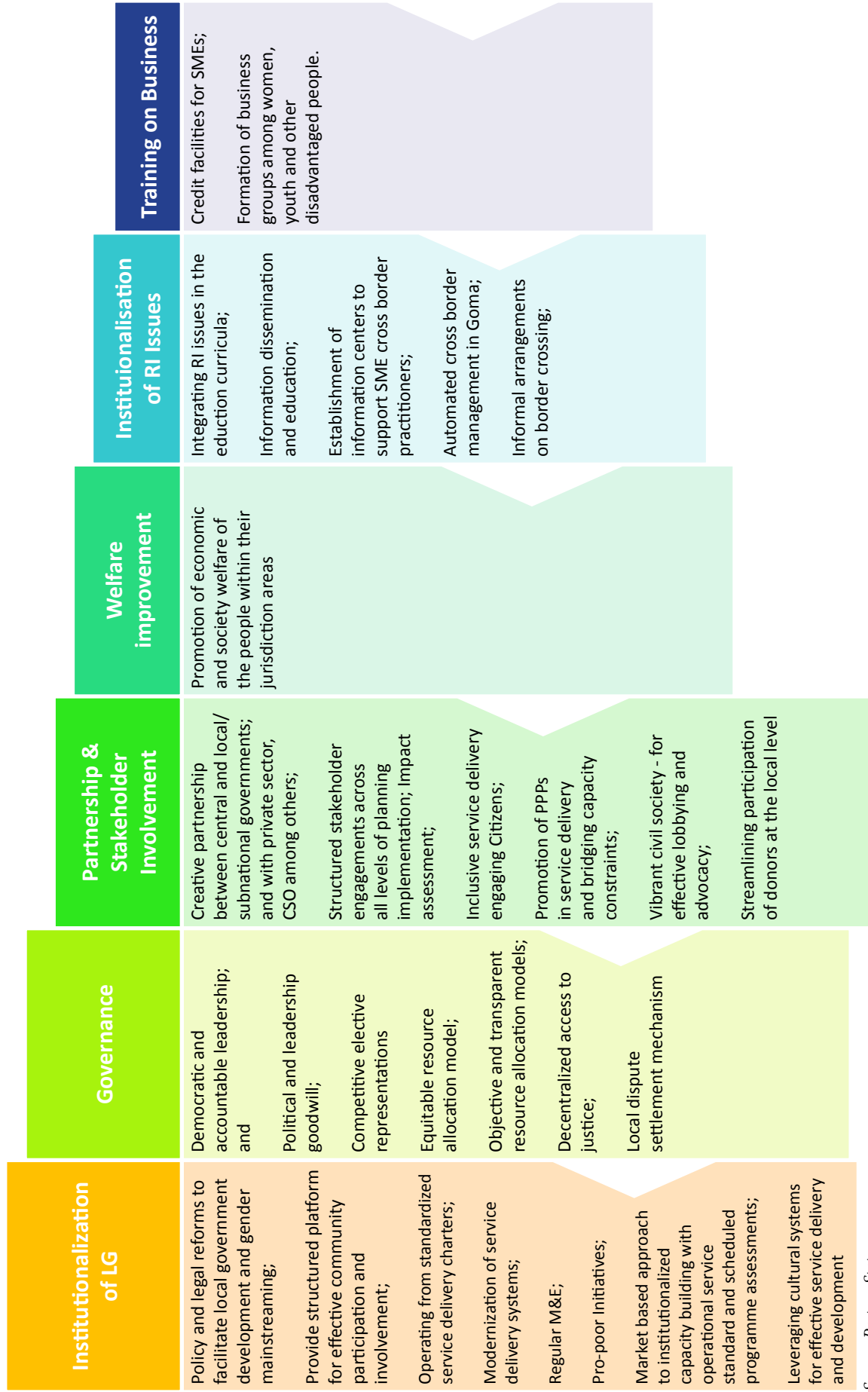
Box 2.1 provides key learning lessons on decentralisation. The institutional and governance structures in the EAC Partner States lay the foundations for local economic development.

Box 2.1: Learning Lessons

Unique learning lessons are provided by the successful devolved governance structures of EU and S. Africa. The EAC Partner States equally have best practices that can be adapted. A number of operational interventions providing valuable lessons include:

- Institutionalization of Local/sub-national Governments, governance practices,
- Partnerships and stakeholder involvement,
- Welfare improvement,
- Expansion of local level economic activities,
- Attempts on institutionalization of Regional Integration (RI) issues,
- And capacity building, skills development including training on businesses.

Figure 2.6: Lessons from decentralisation



Source: Partner States

LOCAL ECONOMIC DEVELOPMENT (LED)

Chapter 3

3.1 Introduction

Economic development remains a top agenda for local/sub-national governments in the EAC region. It is the appropriate level of local governance where poverty reduction and wealth creation issues can be addressed with the participation of the citizens. The EAC Partner States individually and collectively aspire for improved citizen welfare through diverse strategic interventions as espoused in the national constitutions and visions as well as multilateral agreements and regional treaties. The supportive policy and legal frameworks are in place.

Local Economic Development in the context of this study refers to the capacity of a local or regional community to make optimal use of the existing and potential endowments to meet the expectations of its citizens. It explores the social dimensions, support and operational frameworks and external interaction links to generate the appropriate impact of local/sub-national governments' activities on sustainable development. This will entail adoption of a strategically planned, locally driven partnership approach to enabling employment growth, poverty reduction and quality of life gains through improved local economic governance. Participants would develop strategies, tools and approaches to improve conditions for job creation and inclusive economic growth.

The global agenda on local governance and development is evolving, with emphasis being placed on local level access to basic services and infrastructure. In addition the global governance agenda also incorporates promotion of growth and employment generation through local economic development, environmental sustainability and management of climate change. In the process addressing geographical, urban-rural, gender, participatory and fiscal decentralization inequalities, food security; managing fragility, conflict and post conflict environment. This according to World Bank (2010), is a collaborative process between all levels of government and non-governmental organizations that build up economic and social capacity of an area to improve its economic future and quality of life. It is a process of building strong adaptive economies driven by local assets and realities, a diverse industry base and a commitment to equal opportunity (IEDC, 2010).

Governments which devolve more power and authority to the local level stimulate faster development. The cases of UK and South Africa are good examples. In the UK, the shifting of more power to the local level in Scotland and Wales highlight (Devo Next, 2015) benefited from key governance principles of clarity and effectiveness of decision making processes, accountability and a unified and streamlined system that avoids duplication of efforts and waste of resources. In addition to provision of adequate resources to support devolution in S. Africa, Gauteng province success story arises from the zoning of the province on the basis of resource endowment. This allows for optimizing utilization of such resources within the devolved levels by leveraging the key strengths of each location. Gauteng remains the powerhouse of South Africa with regard to self-sufficient in mobilizing its local resources.

The local economic development agenda across the EAC Partner States is reflected in the social character of the different communities in the region. While the national governments have demonstrated goodwill with regard to both policy adoption and resources set aside for decentralization, resources at the disposal of these governments are inadequate to meet the full array of national development demands. Local/sub-national governments have to look for alternative mechanisms to finance the delivery of development within their localities. The solution lies in strengthening the local economic component with the resultant effect of diversifying economic activities to generate job opportunities, expand consumption basket and broaden the tax base. This calls for strong local/sub-national governments, with adequate capacities and resources to expand the economic activities; trade and investment linkages with regional and international markets for welfare improvements. Leadership remains the anchor upon which such sustainable development can be assured.

3.2 Role of Local/sub-national governments in Local Economic Development

Local/sub-national governments engage on a wide range of sectors across economic, social, environmental and cultural activities by providing the enabling environment for the citizens, communities, civil society and private sector participation in economic development and access to services. In particular, leveraging available local, regional and international resources to facilitate the expansion of the productive capacities through entrepreneurship, partnerships and markets leading to employment generation and enhanced incomes and welfare and poverty reduction (GoR, 2012).

3.2.1 Policy and Regulatory Environment

With the advent of globalisation and regionalisation, national policies and regulatory frameworks are both standardised and internationalised during the domestication processes. National and local/sub-national government sector specific policies and legislations are presented in Annexes 2.1 and 2.2. Other business supporting legislations, taking on board peculiar country specific requirements, have been enacted across the different countries.

3.2.2 Cross Border Support Mechanisms and Economic Activities

There are a number of unique national and regional projects which go a long way in addressing the welfare of the people of East Africa. At regional level (EAC, COMESA, SADC), these include policies on mainstreaming climate change and mitigation programmes at the national planning to build economic and social resilience with potential positive impacts on agriculture. The business support programmes in Kenya (2011-2015) and Tanzania (2013-2019) leverage regional integration in improving the business environment. Policy and regulatory reforms in compliance with regional obligations have spurred private sector investments leading to expanded production and employment creation as well as creative innovations and entrepreneurship in diversifying products and services. Uganda 'growth programme' targeting commercialization of the agriculture sector is creating inroads in diversification into agri-businesses for the micro-enterprises.

Meanwhile, consistent transport facilitation programmes have significantly reduced the transit time through the Northern and Central Corridors from 14 days in 2005 to 3 days in 2014; while the dwell time at the port of Mombasa has reduced from 13 days in 2005 to 5 days in 2014 and Dar es Salaam Port from 18 days in 2005 to 9 days in 2014. Rwanda's facilitation of cross border trade enables SMEs and over 40,000 individuals to cross Goma border with DRC daily while transacting trade in basic goods and electronic products. Equally important is Rwanda's leading role in creating one of the most attractive and conducive environment for business. For instance, today you can register your business company in Rwanda only in one day (24hr) as registration is done online. Moreover, Rwanda provides some tax holidays for business starters as an incentive for the diversification of its tax base. There is also a support scheme at District level under which business creation spirit is stimulated through entrepreneurs mentorship through Business Development Centers and security or collateral provision availed to support entrepreneurs from poor backgrounds or those without collateral through the Business Development Fund.

Border counties in Kenya, for example Kwale and Busia have established information centres and markets at select borders for the purposes of facilitating trade. These are complemented with Single Border Posts eliminating duplication of efforts in customs and migration operations. Similarly, Burundi benefits from substantial cross border trade with neighbouring countries.

In the social sector, the health services continue to benefit from the East African Public Health Laboratory Network, funded by World Bank, which supports the creation of requisite regional diagnostic and surveillance capacities beyond EAC region to monitor communicable diseases. Similarly, the Regional Electoral Support Programme, supported by EU, has enhanced democratic governance and political integration in the East African Community. Other cross border programmes and initiatives, focusing on strengthening regional integration with potential impact on local/ sub-national government development include: targeting sensitisation, peace and security, migration, trade and transport facilitation, climate change, financial sector deepening, and negotiations.

3.3 Key Economic Activities

Though small, incremental positive achievements in local economic development have been registered with the operationalization of decentralisation across the different local/sub-national governments in the region.

3.3.1 Production and Value Addition

Agriculture remains the predominant economic activity in the rural areas across all the EAC Partner States. In areas endowed with minerals and other natural resources, mining contributes substantially to community economic activities. As such matters of environmental sustainability and management of climate change call for stringent attention to conformity with international obligations and national mitigation policies.

To improve productivity and production, strategic targeted interventions by the local/sub-national governments include mechanisation, distribution of subsidised fertilizer and seed, fruit processing, fisheries, livestock upgrading and access as reported in Jinja in Uganda, Baringo, Kwale, Isiolo and Kitui in Kenya; and Rulindo and Rubavu districts in Rwanda. The case of Tanzania is unique, in that large scale farming of rice and sugar production continues to impact on the local economies through integration of out growers into respective industries in which the plantations have been established. Similarly, the large mining industry in Tanzania promises good prospects for rural economic development. Kwale and Kitui counties in Kenya hope to benefit from mineral resources once the mining act is passed by parliament.

The bulk of the industrial activities across the East African Community (EAC) countries are located in the urban cities. Otherwise, Small Medium Enterprises (SME) based businesses and informal activities dominate the rural economies. Increasingly, services sectors, concentrated in urban areas, contribute to proportionately high levels of Gross Domestic Product (GDP) across all the EAC Partner States. In particular, the hospitality industry is widespread with better representation in local/ sub-national governments.

Besides, deliberate local/sub-national government development strategies entail zoning for purposes of leveraging resource endowments for development. In the majority of the cases, the predominant activities in the zones cover, agriculture, tourism, fisheries, livestock development, regional transport, industrial development, cross border trade and mining. These practices cut across the urban areas in particular. In the case of other commercial/industrial activities, the private sector investments are predominant; with both local and central government investing in business friendly environment (policies, regulations, incentives, marketing, information access, utilities among others).

In order to improve the welfare of the population, there is need to diversify and integrate economic activities across the national, regional and global value chains. Local businesses are essential to a stable and diverse local economy, with potential to create jobs and tax revenues to sustain local level activities. In this regard, local/sub-national governments have prioritised and set aside resources for institutional development, planning and programming, infrastructure development, capacity building in business development, loans for start-ups and exploration of markets.

In the majority of the cases, cooperatives and special groups constitute the institutional structures for bulking and trading. In addition private sector investments and key PPP partnerships also create business opportunities. Other support mechanisms include investment in security and welfare programmes. Going forward, there is need to upgrade rural centres to consolidate urbanization essential for industrial activities.

3.3.2 Intra-EAC Investment

With the improved domestic and regional business environment the private sector is increasingly expanding its investments across the region. This has been occasioned by the adoption of the EAC CU Management Act (2004 Rev 2009) as national legislation and continued domestication of Common Market (CM) Protocol and Annexes (2012), the Model Investment Code, into the respective national and local/sub-national government investment and trade legislations. Rwanda and Kenya have established information centres in support of the Simplified Trade Regimes (STR) to facilitate SME traders on cross border trade.

Businesses and economic activities operating within the local/sub-national government catchment areas is minimal and SME based. Large scale private sector investments are domiciled in urban and peri-urban centres with minimal impact on local/sub-national economies. The local/sub-national governments have intensified investment conferences to attract both local, regional and international investors.

Apart from border and urban districts/counties, there are challenges in exploiting the full potential of regional and international opportunities for both institutions and citizens. Not all local/sub-national governments have fully leveraged cross border initiatives to expand and diversify socio-economic activities. In particular, there are challenges tapping into intra-regional transport corridors and trade facilitation instruments and related capacity building programmes.

According to EAC Trade Report, 2013, the private sector across all the Partner states have responded positively to the opportunities available in the region (Table 3.1). The main investments are in agriculture, real estate, manufacturing and services, infrastructure and ICT and green energy. The foreign investors are equally doing good business. The region has benefited from job creation arising from the investments.

Table 3.1: Intra-EAC and FDI Flows 2011-2013

Partner State	Sources	2011		2012		2013		Percent Change (2013 over 2012)	
		No. of projects	Values	No. of Projects	Values	No. of Projects	Values	No. of Projects	Values
Burundi	Tanzania	1.00	7.68	4.00	1.86	4.00	19.97	0.00	973.7
	Uganda	-	-	-	-	1.00	1.03	-	-
	Kenya	3.00	23.28	-	-	1.00	5.79	-	-100.0
	Rwanda	0.0	0.0	3.0	2.3	5.0	4.2	66.7	-
	Rest of the World	14.0	111.9	15.0	75.8	11.0	37.7	-26.7	-32.2
	Total	18.0	142.9	22.0	80.0	22.0	68.7	0.0	-44.0
Kenya	Tanzania	1.0	0.6	1.0	25.1	2.0	66.5	100.0	4086.7
	Uganda	0.0	0.0	1.0	6.4	0.0	0.0	-100.0	0.0
	Rwanda	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
	Burundi		0.0	0.0	0.0	0.0	0.0	-	0.0
	Rest of the World	84.0	840.7	68.0	549.6	61.0	857.7	-10.3	-34.6
	Total	85.0	841.3	70.0	581.2	63.0	924.2	-10.0	-30.9

Partner State	Sources	2011		2012		2013		Percent Change (2013 over 2012)	
		No. of projects	Values	No. of Projects	Values	No. of Projects	Values	No. of Projects	Values
Rwanda	Tanzania	4.0	36.0	1.0	0.6	2	2.50	100.0	-98.4
	Uganda	0.0	0.0	1.0	1.0	3	0.95	200.0	0.0
	Kenya	7.0	17.5	3.0	6.6	5	9.10	66.7	-62.4
	Burundi	1.0	1.4	0.0	0.0	0	0.00	-	-100.0
	Rest of the World	48.0	344.0	71.0	466.0	51	632.3	-28.2	35.7
	Total	60.0	398.9	76.0	474.9	61	644.85	-19.7	19.1
Tanzania	Kenya	29.0	50.2	23.0	82.2	27	57.03	17.4	63.6
	Uganda	0.00	0.0	2.0	10.9	0	-	-100.0	0.0
	Rwanda	0.0	0.0	1.0	3.7	1	1.76	0.0	0.0
	Burundi	0.0	0.0	1.0	3.5			-100.0	0.0
	Rest of the World	797.0	7124.6	274.0	1889.4	276	2783.60	0.7	-73.5
	Total	826.0	7174.8	301.0	1989.8	304	2842.39	1.0	-72.3
Uganda	Tanzania	2.0	1.4	2.0	1.3	2.0	0.7	0.0	-8.8
	Kenya	20.0	85.1	14.0	71.8	14.0	64.8	0.0	-15.6
	Rwanda	3.0	11.7		0.0	2.0	1.8	-	-
	Burundi					1.0	0.5	-	-
	Rest of the World	155.0	349.8	208.0	725.5	322.0	1248.5	54.8	107.4
	Total	180.0	447.9	224.0	798.6	341.0	1316.2	52.2	78.3

Source: EAC Trade Report 2013 & Investment Agencies of Partner States

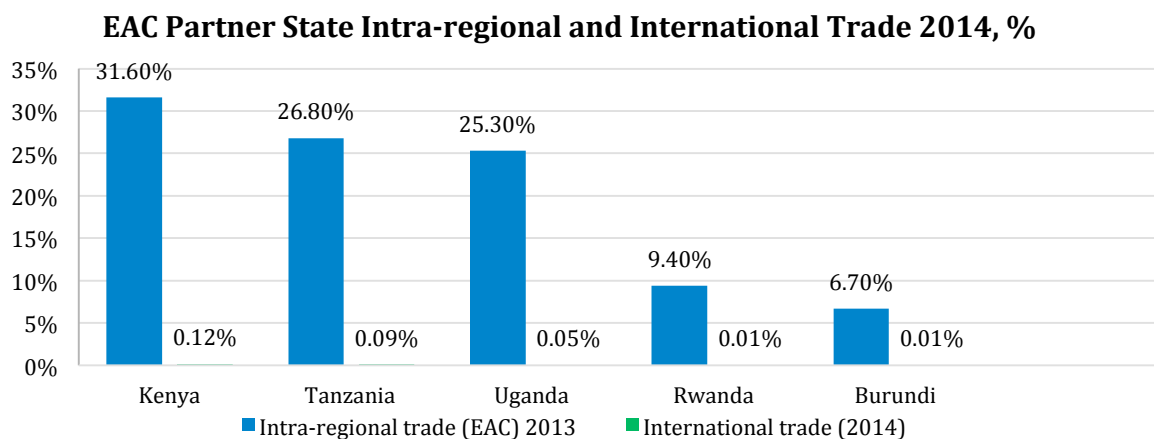
3.3.3 Intra-EAC Trade

Despite the fact that regional integration creates markets and opportunities for expansion of economic activities, the Local/sub-national Governments are not fully informed of the operational regional frameworks and their potential in eradicating poverty in their communities. Less than 35% of trade at national level occurs within the EAC region compared to over 70% in the more mature RECs in the developed world. Moreover, the level of international trade in 2014 stood at less than 0.2% (Table 3.2). Knowledge of socio-economic potentials in the region is low. There is need for concerted efforts to sensitize the general population and the business community on regional and international economic opportunities to be exploited.

Table 3.2: EAC Partner State Intra-regional and International Trade 2014, %

Partner State	Intra-regional trade (EAC) 2013	International trade (2014)
Burundi	6.7%	0.005%
Kenya	31.6%	0.122%
Rwanda	9.4%	0.014%
Tanzania	26.8%	0.094%
Uganda	25.3%	0.045%

Source: EAC Facts and figures 2014 & UN COMTRADE database

Figure 3.1: Intra-regional trade levels among the EAC Partner states (2014), %

3.3.4 Infrastructure Development

In order to tap into the opportunities available in the rural areas in which the bulk of the local/sub-national governments and population are located, infrastructural (roads, rail, ICT, pipelines, energy) connectivity networks to the urban, regional and international markets are essential as drivers of economic development. The Northern and Central Corridors and ICT infrastructure are cases demonstrating regional character. In the majority of cases, central governments coordinate and invest in these facilities with connectivity to local/sub-national governments, service and industrial centres. Where feasible, private sector participation through PPPs is enlisted to address the challenge of inadequate financing and expertise.

Nearly, all the local/sub-national governments have invested in rural access roads, rural electrification and access to water. They have set aside resources for infrastructure development to complement national efforts.

3.4 Service delivery

Local/sub-national governments are evolving innovative initiatives to integrate international initiatives into their development agenda. This expands avenues and outreach in service delivery horizons making it a lot easier for the general population to access quality services. In other cases, technology applications has made it possible to serve more people within wider area coverage while reducing both time taken and costs of accessing such services. There is also entrenched collaboration between the public and private sector and the civil society. In the majority of the cases, there is discernible improvement in service delivery in partnership with the private sector translating into better economic returns at the local level.

The localisation of the SDGs/MDGs is further enhanced through linkage and alignment with local/historical cultural initiatives resulting in stronger motivations for achievement (Box 3.1). For example in Rwanda, the Imihigo initiative brings closer home contractual performance contracting on obligations under which individuals/groups/institutions report on achievements at agreed time intervals. The 'Umuganda' also ensures citizen participate in environment related community activities.

Box 3.1: Innovative Initiatives of localising MDGs

While good attempts have been made to address welfare aspects in the majority of the Partner States, the economic element remains weak.

- Rwanda nevertheless has put in place programmes targeting the more vulnerable with medical insurance packages and defined amounts for income generating activities whose achievements have to be reported on regularly.

These are home grown solutions deeply rooted in the Rwandan pre-colonial (political) culture.

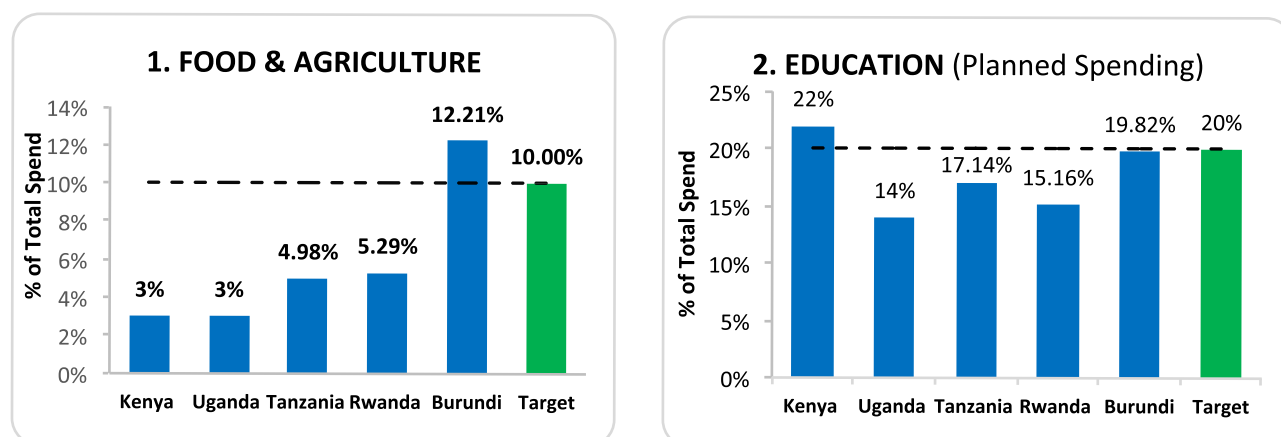
The Community Health Insurance Scheme provided by Local Authorities in Rwanda for the poorest citizens ensures that all citizens access quality health services at no extra cost. In Kenya, fertilizer subsidy, improves usage among the poorer farmers, while formation of product specific cooperatives in Uganda targets value addition with the aim of retention of more income for the farmers. The focus in Tanzania is on large agricultural and mining sector, all of which make large contributions to employment, food security, national incomes, intra-regional and international trade.

The status of implementation of the MDGs as presented in Figures 3.2 and Annex 2.5, are far from being met by all the EAC Partner States. Apart from education, expenditure targets to meet the MDGs falls below international requirements. This is despite policy pronouncements prioritizing these sectors as basic requirements or key economic drivers. New and more efficient outreach strategies need to be embraced through local/sub-national governments within format presented in Figure 3.3. As decentralization progresses, there should be a reduction in poverty. This is reflected in strengthened and viable institutions, structures, capacity adequacy and peaceful co-existence. Nevertheless, GOLD III (2014) which highlights the growing international recognition of the importance of local/sub-national governments in ensuring the universal provision of basic services, and of the role of basic services in poverty alleviation and sustainable development. However, the challenges that local/sub-national governments across the world face relate to balancing the financial sustainability of services with affordability for their residents.

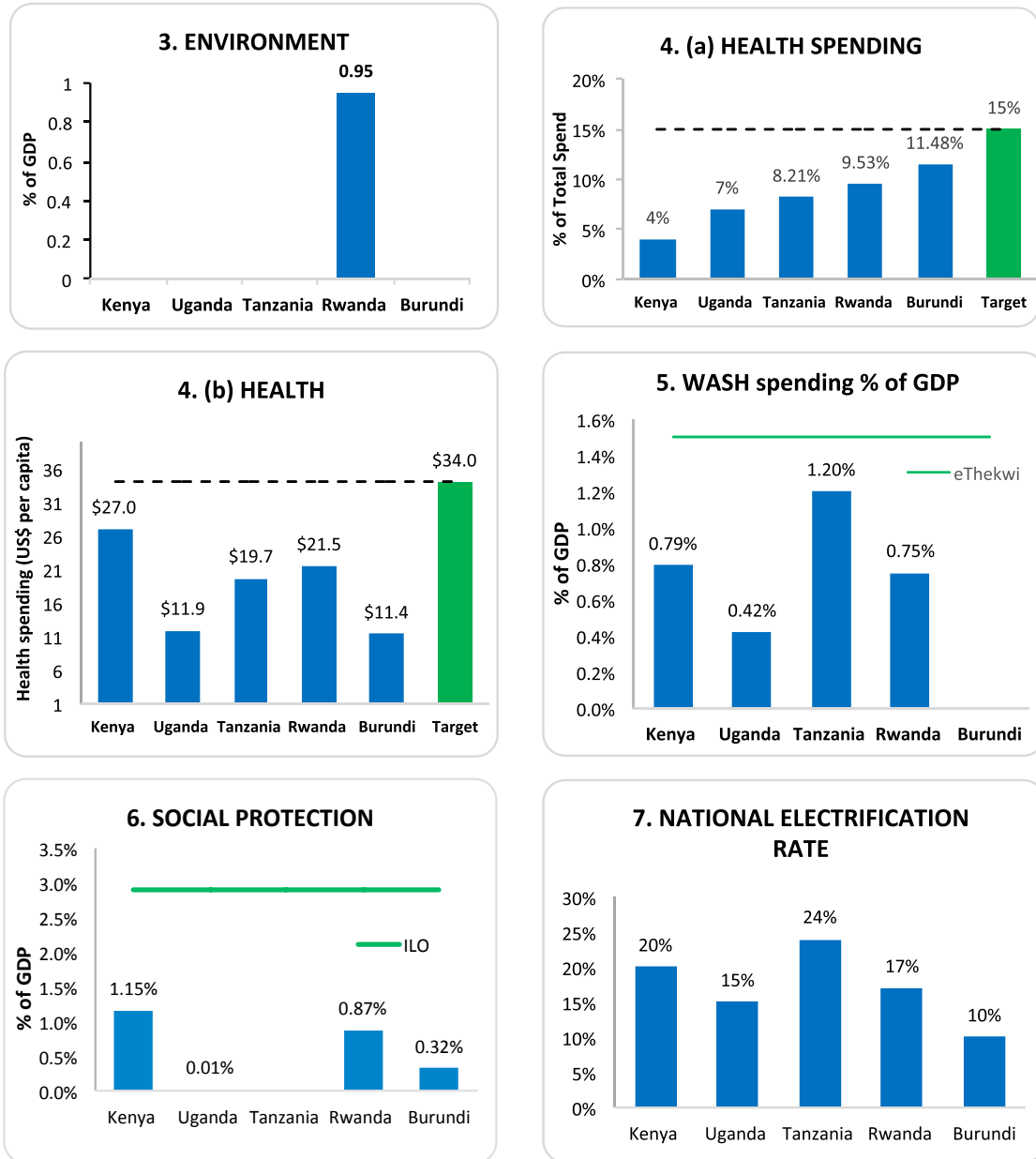
Box 3. 1: Innovative Initiatives of localising MDGs (continued)

- In Kenya, the affirmative actions in procurement, national youth/women/enterprise funds, cash transfers for the elderly and the vulnerable are administered at national level. In other instances, business development groups have been formed and trained on select enterprises, and access to business loans institutionalised at the county levels. These were observed in the visited counties of Kwale, Kitui and Meru. A number of targeted income generating activities have been initiated in different counties. These include horticulture, irrigation schemes, bursaries, fishing boats, sand harvesting, and stalls for beach operators. Others at national level include rural electrification, street lighting, ICT connectivity, opening of new air ports, setting up talent academies among others. These achievements provide good learning lessons to benchmarks across the region with a view to improving the welfare of the people.

Figure 3.2: Status of the Achievement of the MDG/SDG Indicators, 2015/2016



Source: Financing for Sustainable Development Goals: Government Spending Watch 2015



Source: Financing for Sustainable Development Goals: Government Spending Watch 2015

Figure 3.3: Localising MDGs-Stakeholders, Resources and Accountability-Focus be put on SDGs



Source: Munyonyo Global Forum (2010)

3.5 Stakeholder involvement in LED

The level of involvement of Non-State Actors (NSAs) in the formulation of policy and regulatory frameworks governing local/sub-national government economic development programmes is summarised in Table 3.3. The NSAs offer supplementary services to that of the state, targeting the marginalized needy groups with different approaches in each of the Partner States.

The establishment of the EALGA to coordinate and leverage Associations of Local/Sub-National Governments in LED potentials in the region is a positive move. However, a number of other NSAs are left out of the regional engagement. Some of these NSAs are key to national development agenda. For example the CFCIB in Burundi and PSF in Rwanda are integral part of the national development agenda. However, they are not members of local authorities.

In addition to advocacy the NSAs also provide capacity building. Similarly, training institutions have been enlisted to provide targeted capacity development consistent with the requirements of the local/sub-national governments. The communities in Burundi contribute for services at the local level.

Table 3.3: Involvement of NSAs in LED Planning

Partner State	Key stakeholders in LED	Mode of involvement
Burundi	Association of Industrial Companies of Burundi (CFCI.B); Investment Promotion Agency; ABELO; MDC	<ul style="list-style-type: none"> ◆ Deliberation on the Local/ sub-national government Plans; ◆ Participate in designing criteria and setting of indicators; ◆ Citizens contribute for services; ◆ Advocacy and lobbying; ◆ Monitoring Community Development Plans
Kenya	CSO/PSO eg KNCC & I/KAM/	<ul style="list-style-type: none"> ◆ Working through CoG sector specific committees incorporating participation of the private sector and civil society; ◆ Working with CoG for out-reach activities to County stakeholders; ◆ Liaising/consulting with Counties on trade issues; ◆ Involvement in periodic Governors meetings; ◆ Seeking views through circulation of policy documents; ◆ Holding public barazas; ◆ Using print media; ◆ Joint functions; ◆ Public education and information dissemination; ◆ KAM participates in County development issues and implementation of Kenya's Industrial Transformation Programme through its regional branch network in Kisumu, Mombasa, Nairobi, Kiambu and Uasin Gishu; ◆ PSOs collaborating with CRA
Rwanda	RALGA, PSF CSF Communities	<ul style="list-style-type: none"> ◆ Participating through dedicated Forums, Committees, Commissions in the formulation of national policies, laws, regulations [LED, Social development, Local Finance and Decentralisation] ◆ Strategic partnerships along common areas of interest ◆ Formulation of 5-year dev plans are aligned to the national vision and medium term plans ◆ Ensuring inclusion of technical competences impacting of local economic development, eg hiring of competent staff to oversee business development ◆ Through PPPs-investments in markets, guest houses, car parks, Agro-processing, tourism, handcrafts ◆ Participation in capital markets

Partner State	Key stakeholders in LED	Mode of involvement
Tanzania	Local government Authorities Development Partners Lower Local/ sub-national government (LLG) Parliament Councillors CSOs Citizens/Community	<ul style="list-style-type: none"> ◆ Development partners, CSOs and NGOs provide grants or loans to the Government (Budget Financiers) ◆ LLG express their needs and priorities to be financed ◆ LGAs prepare the Plans and Budgets while Central Government scrutinize and approve before submitting to the Parliament for offering the final approval
Uganda	CSO/ULGA UAAU Elected representatives at all levels of decentralisation Communities	<ul style="list-style-type: none"> ◆ Research and policy analysis for discussion at ministerial and parliamentary levels ◆ Advocacy and Sensitisation of recipients ◆ Elected representatives ◆ Meetings at the different administrative levels on planning, implementation and Monitoring & Evaluation (M&E) ◆ Complementary roles in the delivery of government functions ◆ MOUs/Twinning's and partnerships of Local/ sub-national governments within and outside the country ◆ Partnership in the different decentralised structures advising on key requirements on the business environment, investments in agro-processing

Source: Partner States

The establishment of EALGF with the enhanced responsibility of providing a platform for the inter-governmental exchange of knowledge, information, best practices, and innovations provides the additional flexibility for the involvement of the civil society and private sector association in as far as local governance issues are concerned within the region.

3.6 Challenges in Local Economic Development

Table 3.4 and Figure 3.4 summarises the challenges in LED. The EAC Partner State specific challenges with regard to planning and programming, implementation, communication and M&E is presented in Annex 2.7 with generic challenges summarised in Box 3.2.

The challenges in Burundi are underpinned by lack of institutions, policies and regulatory frameworks. In Kenya the challenges are predominantly institutional, in particular, the slow pace of devolving functions to the county level and delayed development of sector specific guidelines on working arrangements between the national and county governments. Further, there is inadequate communication between the two levels of government. The skewed resource sharing formulae disadvantages urban cities and those hosting regional infrastructure and yet they have potential to generate high levels of GDP. County governments covering vast areas with sparse population are also disadvantaged to the extent that the resources allocated are inadequate

for the extensive infrastructure requirements. Insecurity also impacts negatively on tourism, thus reducing resource potentials. Similarly, the challenges in Tanzania are centered on weak institutions, limited capacities of stakeholders for meaningful engagement, weak M&E and accountability enforcement. The challenge in Rwanda relates to inadequate staff capacities to manage local level activities and incomplete installation of One Stop Centres for service delivery. The strong control of central government on selection of activities to be implemented at the local level provides the added advantage of harmonised decentralised programmes. In the case of Uganda, the challenge revolves around weak institutions, political mechanisms and weak revenue bases.

Box 3.2: Challenges in LED

Broadly, the challenges of LED in the region cover inaccessibility and inadequacy of services and the ability of the local/ sub-national governments to develop and coordinate local stakeholder engagement mechanisms. Service delivery differ depending on urban or rural location. In the majority of cases, services in the rural areas is associated with poorer quality, untimely and uneven distribution.

Figure 3.4: Challenges on Local Economic Development

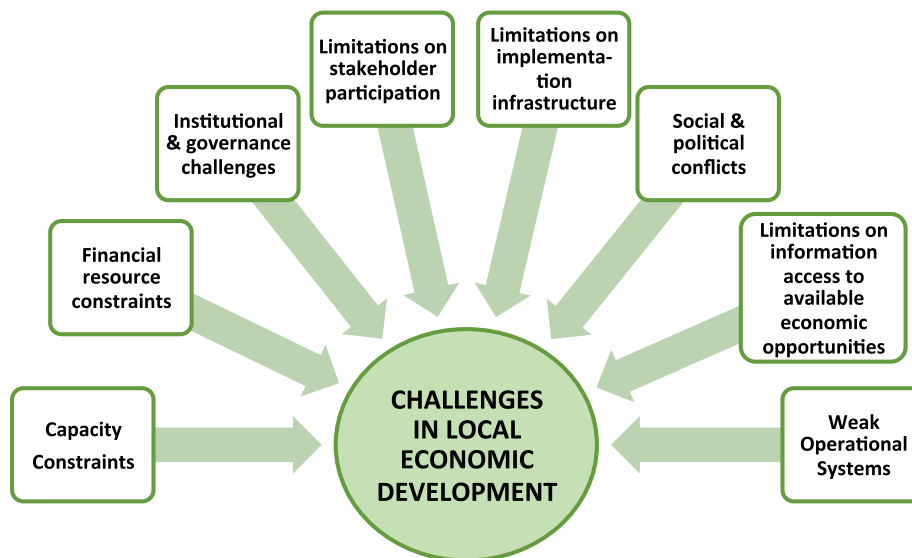
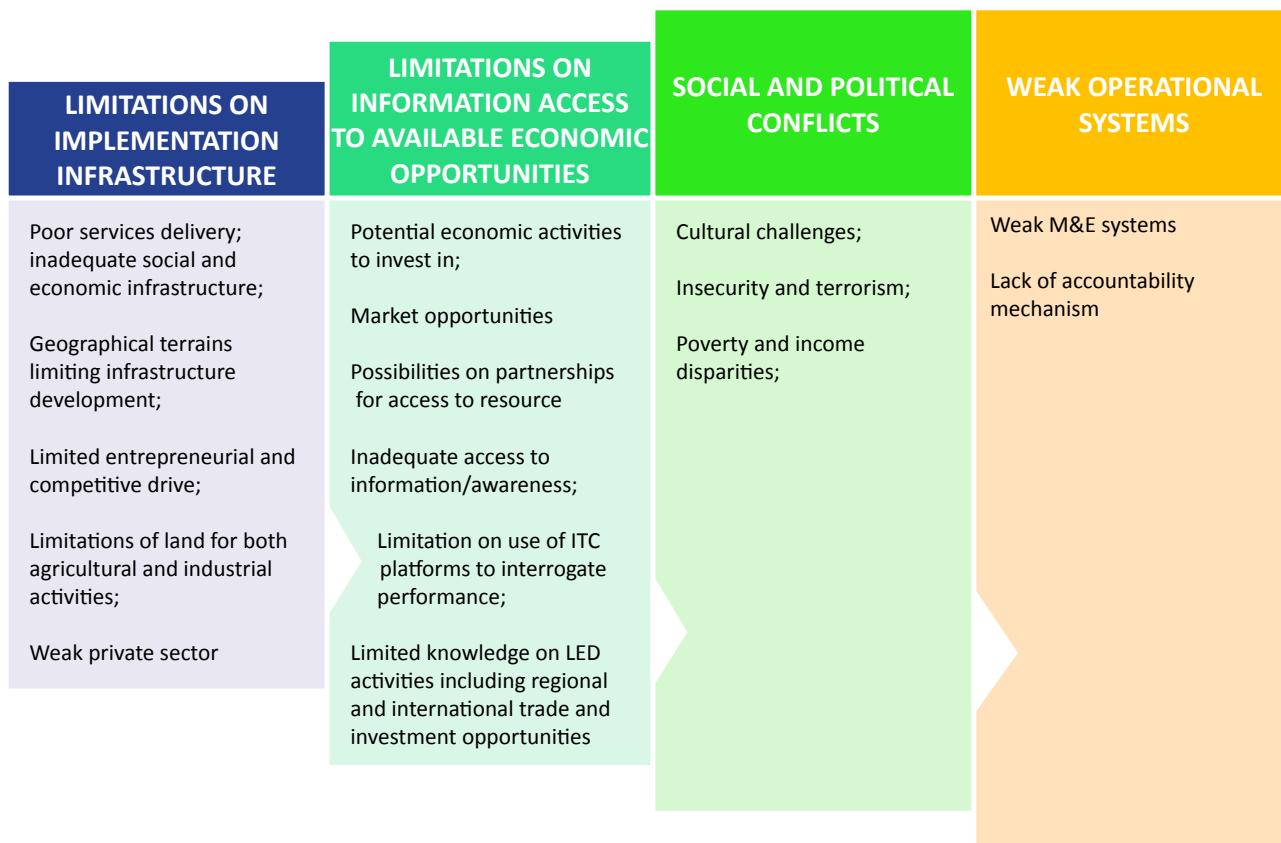


Table 3.4: Challenges on Local Economic Development

CAPACITY CONSTRAINTS	FINANCIAL RESOURCES CONSTRAINTS	LIMITATIONS ON STAKEHOLDER PARTICIPATION	INSTITUTIONAL AND GOVERNANCE CHALLENGES
<p>Inadequate human resources and essential capacities to engage the population at the various governance levels; and implement LED activities, including those associated with climate change;</p> <p>High staff turnover;</p> <p>Inadequate operational policies and legal frameworks;</p>	<p>LG inability to manage local revenues;</p> <p>Resources constraints limiting the breadth and depth of LED and related LG mandates;</p> <p>Minimum allocation from Central Government exacerbated by shrinking LG revenue bases;</p> <p>Perceptions of inequality on basis of funding formulae from Central Government</p> <p>Government issues on inefficient tax collection, use of resources, in particular finances.</p> <p>High dependence on donor funding;</p> <p>Inadequate investment resources.</p>	<p>Weak gender representation leading to marginalization and non-inclusive development programming;</p> <p>Lack of political will for inclusive participation with the opposition;</p> <p>Weak civil society;</p> <p>Weak community mobilization strategy;</p>	<p>Disconnect between national and LG planning arising from limited coordination between the national and local governments and lack of coherent multi-level governance frameworks with firm linkage to the national level systems;</p> <p>Insufficient legal frameworks & quality legislation;</p> <p>Inadequate local political leadership capacity to formulate LG visions, programmes;</p> <p>Inadequate institutional framework for the involvement of the private sector; civil society and other key stakeholders in LED activities;</p> <p>High capture by the elite</p>



Source: Partner State submissions

According to UNDP (1998) and World Bank (1998), requisite capacities are defined in form of ability at the local level, through appropriate human, institutional and financial resources to use knowledge and skills to solve problems and achieve set goals in a sustainable manner. Currently, the critical handicaps in local/sub-national Governments delivery mechanisms centre on: institutional and capacity constraints, financial constraints, infrastructure inadequacy, governance issues, limitations on stakeholder participation, social and political conflicts and weak implementation and monitoring systems (Fig 3.6).

In addition, local/sub-national governments do not have effective mechanisms for monitoring and evaluation, reporting to the supervisory entities. Neither do they have effective mechanisms for community feedback and redress. Despite the existence of enabling legal and legislative frameworks, other factors that impede successful implementation of decentralization in the Eastern Africa countries include poor coordination of decentralization processes, weak follow up of decentralized funds and programmes and poor accountability limit LED potentials.

The local/sub-national governments stand to benefit from democratization of all processes to leverage diverse expertise to create opportunities for wider stakeholder involvement.

3.7 Need for Additional Funding in LED

From the decentralized functions, local/sub-national governments implement the majority of the national government development agenda. Whereas in the majority of cases, targeted programmes are prioritized and resources ring-fenced to meet the MDGs/SDGs, international expenditure benchmarks have as yet to be achieved (Annex 2.5). More specifically, dedicated resources/programmes in regions with high incidences of poverty, Maternal Child Health (MCH) and poor accessibility.

The central governments have demonstrated goodwill in making available resources (financial and technical capacity) to the local/sub-national governments (Table 3.6). However, the local/ sub-national government resource base is limited. Less than 50% of the national budget in 2015 is available for local/sub-national government activities as per

mandate (Table 3.5) to meet the needs of close to 90% of population (Table 3.5). The limited central government transfers accounts for up to 95% of the local/sub-national government budgets in 2015. This demonstrates the challenges of inadequate resources. The increased dependence of local/ sub-national governments on central government fiscal transfers at the expense of developing own sources of revenue reduces the momentum towards autonomy.

Table 3.5: Partner State Central Government Transfers, % (2015)

Partner state	Proportion of national revenues transferred to LG	Local/ Subnational government Budgets		
		% of LG budget financed by CG transfers	% own resources	Donor funding
Burundi	Uniform BIF 100million	BIF 500m	Community contribution	NA
Kenya	Conditional transfer.....15% Unconditional transfer.....30%	45-95%	5%-55%	Negligible
Rwanda	Conditional/non-conditional.....30%	80%	5%	15%
Tanzania	Urban councils Rural Councils	Urban councils 60% Rural Councils 95%	29% 5%	11%
Uganda	Unconditional funding.....37% Urban....15% Rural...10% Conditional funding...22%	90%	3%	7%

Source: Partner States, 2015

With the majority of the population residing in rural areas where local/sub-national governments operate from, there is a mismatch between the fiscal power and administrative power of local/ sub-national governments. The national income mainly goes to the central government while expenditure responsibilities remain mostly with local/ sub-national governments (Liao, 2014). In the case of the East African countries, close to 90% of the population (Table 3.6) reside in the rural areas and in the majority of cases they are allocated less than 40% of the national revenues (Table 3.8).

Table 3.6: Population distribution, 2014 (No/%)

Partner State	Population (million)	Male	Female	Rural	%	Urban	%
Burundi	10,816,860	5,343,469	5,473,391	9,544,689	88.23	1,272,171	11.76
Kenya	44,863,583	22,426,169	22,437,414	33,559,306	74.80	11,304,277	25.19
Rwanda	11,341,544	5,427,485	5,914,059	8,183,945	72.15	3,157,599	27.84
Tanzania	51,822,621	25,749,055	26,073,566	35,808,913	69.09	16,013,708	30.90
Uganda	37,782,971	18,881,419	18,901,552	31,826,108	84.23	5,956,863	15.76

Source: World Data Bank, Health, Nutrition and Population Statistics: Population estimates and Projections

Given the continued high poverty indices across the region, more needs to be done at the local level to address the plight of the citizens. While there is need for increased access to resources for the welfare improvement in rural areas, one should also acknowledge that National governments resources are limited. Nevertheless, it has been observed that already direct and indirect resource applications are inadequate to transform local economies. The sustainable solution lies in strengthening the local economic component with the resultant effect of diversifying economic activities to generate job opportunities, expand consumption basket and broaden the tax base. This calls for strong local/sub-national governments, with adequate capacities to expand economic activities.

3.8 Recommendations

There is need to develop the requisite capacities, set up the appropriate institutions to facilitate stakeholder engagement among others (Box 3.3). In strengthening decentralisation models for EAC Partner States, importation of an external system will not work for decentralisation since each Partner State adopted decentralisation for different purposes. Further, the cultural underpinnings differ from country to country. Each country has to adapt the principles of decentralisation while taking into account the existing capacities and willingness of the population to assimilate the changes. Some changes have to be taken on board gradually to avoid disruptive tendencies.

Nevertheless, state commitment is key in the recommended framework by leveraging existing systems. More importantly, there is need to commit adequate financial resources and strong involvement of the key stakeholders, in particular, the recipient communities. This will be achieved through the adoption of predictable and sustainable fiscal policy decentralisation consistent with the level of autonomy contained in the constitution and operative instruments.

Further, it will be critical that the population including those in power are kept informed of developments at all times. The EALGF provides such an opportunity. It should be leveraged and harnessed with flexibilities that allow for organic growth of decentralised governance structures taking into account the unique social-cultural beliefs and evolving administrative structures including linkages local/sub-national government across the EAC region. Critical among these are lessons learnt and best practices (Box 3.4) on institutional development, policy, planning and programming, governance and LED (Figure 3.5).

Box 3.3: Strong coordination and power sharing

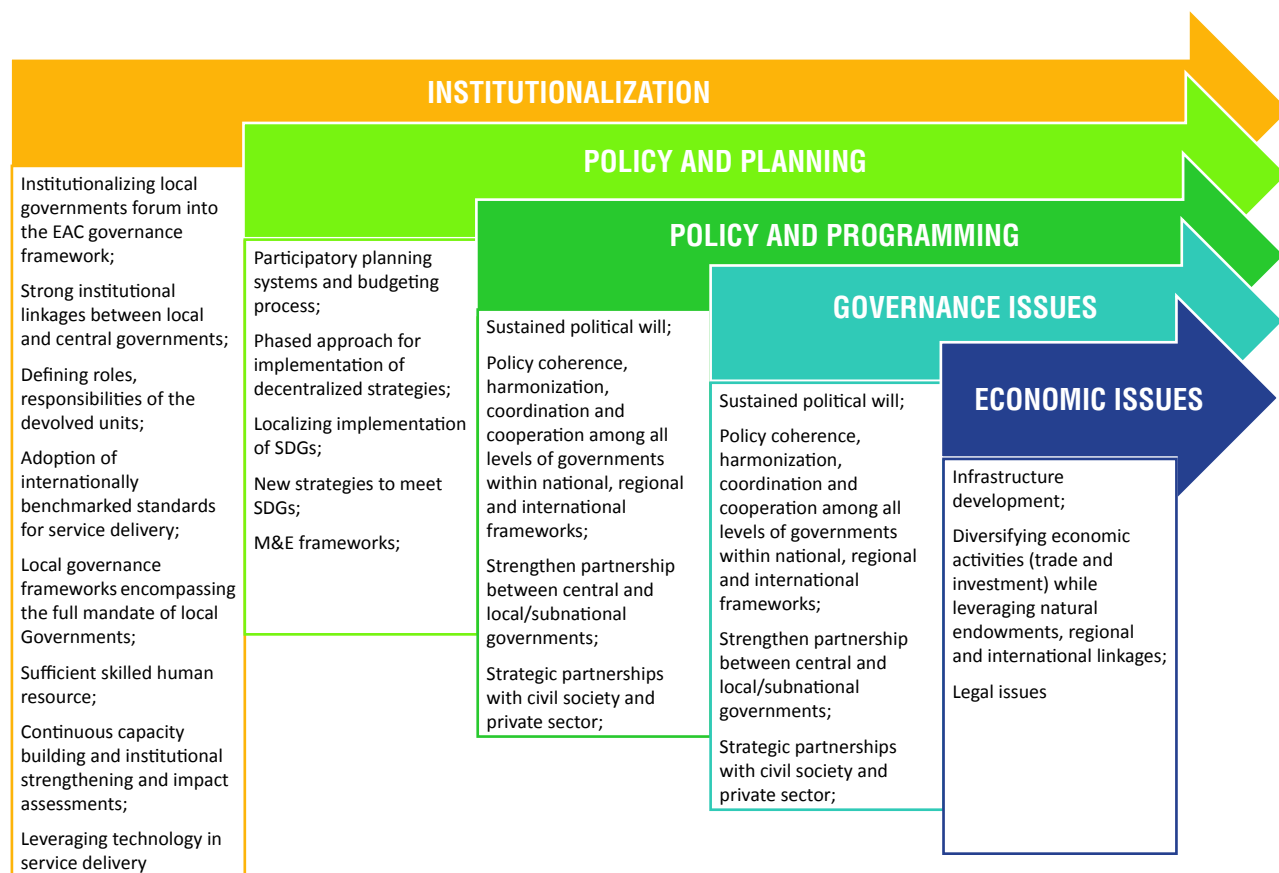
Decentralisation is a long term process, requiring high level investment. Legal and political frameworks may not be adequate.

Effectiveness of local/sub-national governments as agents of development derives from strong coordination and power sharing between the national and local/sub-national governments in programming and implementation while benchmarking international commitments, defined function, political will and effective leadership; strong institutions to anchor responsibility and accountability mechanisms; operating from legal and regulatory frameworks with full participation of key stakeholders; strong and diversifies economic activities to form the basis for resource mobilisation to sustain development, employment and income creation

Box 3.4: Building on lessons and best practices

Building on international, regional and Partner States lessons and related international practices, there is need for flexibility to allow for organic growth of decentralised governance structure that take into account the unique social-cultural beliefs and evolving administrative structures. There will be need in the initial phases to strengthen implementation capacities by exploiting the available national and local training institutions.

Figure 3.5: Key EALGF Interventions for Deepening Regional Integration



Source: Partner State submissions

3.8.1 Critical Drivers of Local Economic Development

In their visions, the EAC Partner States individually and collectively aspire for improved citizen welfare through diverse strategic interventions. The strengthening of local/sub-national governments and local economies in the East African countries is to build the requisite capacities that can deliver on the 2030 SDG goals, AU Vision 2063, the Munyonyo Declaration 2013 Common Wealth Local Governance Conference (CLGF) and the 2015 Gaborone CLGF Declaration that highlights the key areas for local government vision 2030. In particular, pillar 2 of the declaration which emphasizes the role of local government in achieving economic growth and local economic development. In addition, future policies and strategies should take into account the changing global business environment with increased regionalism alongside globalization; and a rapidly growing trend towards liberalization of a wide range of political and socio-economic policies.

The critical interventions in local/sub-national governments to address the identified challenges include review of the operational legal and regulatory frameworks that facilitate collaboration and partnerships across the different stakeholders, institutionalized systems and accountability. Others include competitive selection of local/sub-national government staff and stakeholder representatives for the delivery of the diversified and quality array of activities. More specifically there will be need for continued investment in supportive infrastructure. This should be complemented with diversification of the economic base.

Building on lessons learned and best practices, the critical drivers, some of which are already under implementation in the region, include sustained progress in decentralization and local development in the region (Figures 3.6 and 3:10). There will be need in the initial phases to strengthen implementation capacities by exploiting the available national and local training institutions. Further, it will be critical that the population including those in power are kept informed of developments at all times.

Figure 3.6: Critical Drivers of Local Economic Development



Source: Adapted from international best practices

Table 3.7: Strategic Intervention for the Critical Drivers of Local Economic Development

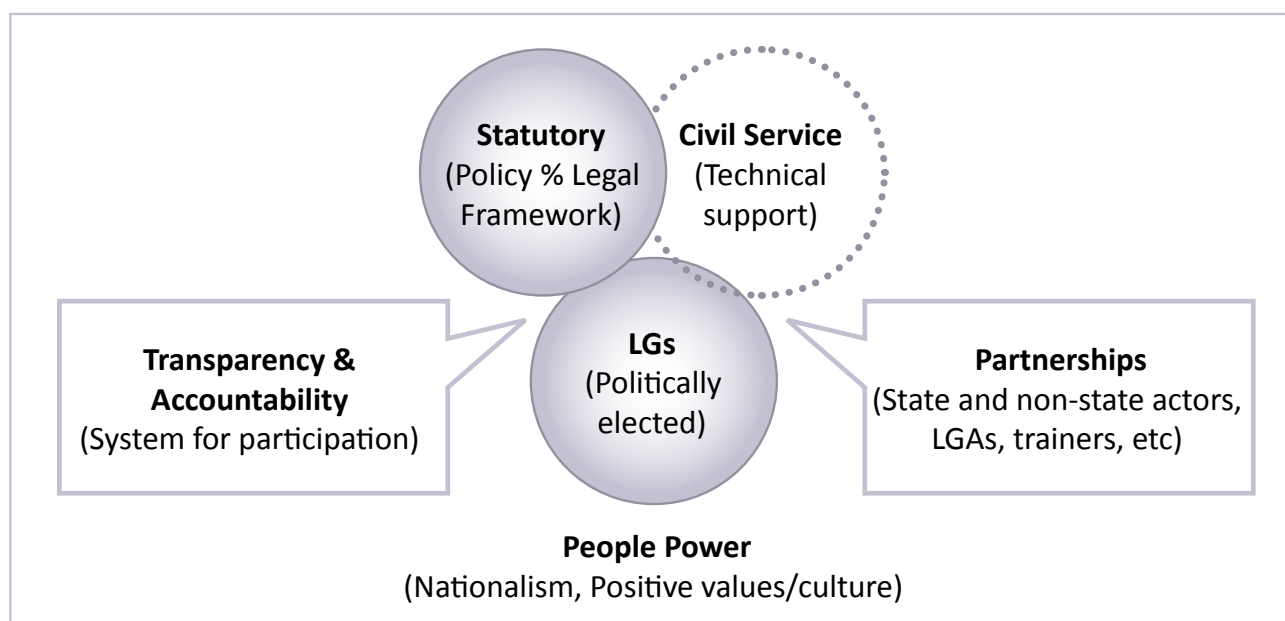
Critical Drivers	Strategic interventions
Institutionalising Local/ subnational governments into the regional and international frameworks	<p>Regional commitments and obligations are implemented at the local level. However, in the current policy frameworks, the local/ subnational governments are not directly linked to the regional policy frameworks. There is urgency in mainstreaming the local /sub national government sector within the institutional framework of the EAC in order to:</p> <ul style="list-style-type: none"> ◆ Integrate regional commitments into the local development plans; ◆ Lobby national governments to implement the regional agenda; ◆ Support local authorities involvement in the EAC integration process through existing national local/sub national government associations and EALGA; ◆ Work towards an effective fiscal decentralization to ensure adequate resourcing of local/ subnational government; ◆ Promote gender equality and gender mainstreaming in local/ subnational government in the region, and ◆ Promote popular participation of all marginalized groups in local governance.
Integrated Regional Development Approach	<p>The East Africa Partner States need to work together as a bloc to improve local governance and inclusive service delivery in their countries in order to reduce poverty and achieve the SDGs, regional aspirations and other development goals. Priority should be given to knowledge exchange, peer learning for faster multiplier effects, exchange programmes- to learn success performers and learning from regional good practices through utilization of appropriate technology, innovations and flexible to take on new areas of opportunity as they emerge.</p>
Legislative and Political Support	<p>Governments should make every effort to support political and legal reform processes that aim to anchor decentralization in respective national Constitutions to help institutionalize good local governance in the sub-region. The successes of devolution derive from political goodwill.</p>

Critical Drivers	Strategic interventions
Local/subnational Government Capacity Development	<p>The success of any decentralization implementation strategy is dependent on continually building and sustaining adequate levels of LG capacities in terms of:</p> <ul style="list-style-type: none"> ✓ Enabling governance, policy and legislative environment ✓ Human capital development ✓ Financial resource expansion and planning ✓ Enabling institutional structures ✓ Communication channels ✓ Inclusive service delivery mechanisms ✓ Fiscal laws <p>This can only be achieved by ensuring that capacity development institutions in the regional are supported. There is need to explore possibilities of establishing a centre of excellence for Local/ subnational government capacity building in the region.</p>
Efficient Institutional Structures and Systems of the Decentralized Governments	<p>In addition to anchoring decentralization of constitutional provisions; decentralization should leverage and be sensitive to local culture and administrative systems. In this regard, a phased approach of decentralization should be adopted to allow for building the requisite local capacities and community adoption of the new governance structure. It is good practice to adopt from start:</p> <ul style="list-style-type: none"> ◆ Multi-level governance and subsidiarity for more cohesive levels of government; ◆ Multi-sectoral engagement and approach –institutions, participation ◆ Partnerships-with private sector and civil society for optimal resource utilization (Motovu, 2008; UN, 1999); ◆ Deepening participatory, democratic and accountable local governance systems; <ul style="list-style-type: none"> ✓ Involving the people in the process of planning (needs identification, priority setting, budgeting and implementation); ✓ Public meetings including public hearings; ✓ Regular communication through various means including the media (both print and electronic) as well as fliers and posters. ◆ Leveraging more efficient national systems to perform local functions ◆ Model Local/County government: Building capacity for effective local service delivery and ensuring efficient services delivery through further sectoral decentralization; and ◆ Defined functions and associated resources and accountability mechanisms of the different levels of decentralisation.
Strategic and Focused Visioning	<p>In order to create wealth leading to improved socio-economic development and population welfare, there will be need to address issues of:</p> <ul style="list-style-type: none"> ◆ Consolidating national unity, cohesion and peace through resilient, synergetic local systems; ◆ Anchoring LG plans on national, regional and international visions; ◆ Phased approach for implementation of decentralized strategies; ◆ Sustainability: <ul style="list-style-type: none"> ✓ Political context-acceptability and championing and willingness to give up part of power and authority to lower levels ✓ Balanced economic, social and environmental issues – macroeconomic stability ✓ Setting appropriate LG development vehicles empowering the population through well- articulated and locally owned Local Economic Development (LED) strategies, to mobilise development resources leading to fiscal autonomy, Commercialization and asset based development model; ✓ Building fiscally stronger and autonomous Local/subnational governments; ✓ Strong communication links- in languages understood at the local level to enlist full participation of stakeholders, including leveraging culture (music and dance) to communicate; and ✓ Planning and managing change including urbanization ◆ Policy coherence, coordination and cooperation at and among all levels of governments. ◆ Leveraging regional integration to scale-up opportunities for youth employment creation, local economic empowerment, cross-border trade and security ◆ Implementation prior declarations and recommendations such as the declaration of EAC LG Ministers in Munyonyo, Kampala, 2009, AU 2063 and other similar communiqué. ◆ Recognized indicators to monitor

Critical Drivers	Strategic interventions
Wide Stakeholder Participation	<ul style="list-style-type: none"> ◆ Wider stakeholder participation to include private sector, CSOs, volunteers/ philanthropy in leveraging available resources ◆ Adoption of democratic process in order to appreciate divergent views ◆ Participative monitoring- making sure key stakeholders representing beneficiaries participate
Communication	<ul style="list-style-type: none"> ◆ Data and information dissemination; ◆ Institutionalized communication channels; ◆ Education and sensitisation of the general population on available opportunities;
Building the Economic Base	The low level of intra-regional and international trade arises from in part the limitations on the productive capacities and narrow range of traded products and services. Promotion and diversification of economic activities into tourism, industries, water activities in lakes, ocean, cooperatives for bulking for sale into bigger markets, will create the much needed opportunities for job and income creation.
Pursuing the full operationalization of the East African Local/ subnational Government Forum for Eastern Africa	Bringing together Ministers of Local/subnational Governments from the five Partner States, EALGA and EAC;
Transparency and strong accountability mechanisms	<ul style="list-style-type: none"> ◆ Emphasis on accountability to beneficiaries ◆ Predictability; ◆ Partnerships; ◆ Legislating both transfers and application of local/ subnational government resources
Structured urbanisation programmes	<ul style="list-style-type: none"> ◆ Urban planning
Strengthened M&E Frameworks	<ul style="list-style-type: none"> ◆ Regular perception surveys to monitor successes of LG service delivery;

The preferred framework for decentralization (Figure 3.7), is one that defines the roles and partnership across the different stakeholders, systems and processes. The local/sub-national government financing proposals critical for the operationalization of the local economic development are presented in chapter 4.

Figure 3. 7: Proposed Decentralisation Framework



Source: CGLF-UNDP, 2012. *Local Governments in Eastern Africa*

LOCAL/SUB-NATIONAL GOVERNMENT FINANCING

Chapter 4

4.1 Introduction

The method of financing Local/sub-national Government activities is tied to the decentralization model under implementation. Essentially, it consists of two fundamental aspects, namely: revenue (taxes, fees, royalties, intergovernmental transfers) and debt financing (IMF, 2009).

The emerging potent views of decentralisation focuses on vesting more autonomy in Local/Sub-national Governments in matters of development (Global Task Force, 2015). Across the EAC Partner States, the central government is the principle revenue mobilizer, with minimal residual revenue collection powers at the local level. Local/sub-national governments receive defined transfers. Alternative financing modes are being explored across the region to raise additional resources and strengthen the implementing capacities of the local/sub-national governments. Substantial resources are required for achieving Social Development Goals of 2030. This will be reviewed in the context of existing financing principles, policies and regulations. Cases of alternative financing provide the basis for recommended options of financing local/sub-national governments in the region.

4.2 Local/Sub-National Governments Financing Policies, Laws, Regulations and Practices

The EAC Partner States financing mechanisms are anchored on a combination of policy, legislation, regulations, practices and constitutional provisions. Raising revenue at local/sub-national Government level is a function of fiscal decentralization. In the majority of cases, this is done through by-laws (Table 4.1), in which the central governments still play a controlling role to ensure that the minimal standards set in this regard are observed.

Table 4.1: EAC National Policies and Legal Frameworks on Local/sub-national Governments Financing

Partner State	Fiscal Policy Frameworks	Fiscal Legal Frameworks
Burundi	“Policy Letter on Decentralization and Community Development (2007) and the publication of the new National Decentralization Strategy (NDS) in 2009 Communal Development Plans Social service delivery	2005 Communal Law Decentralisation Law 2015

Partner State	Fiscal Policy Frameworks	Fiscal Legal Frameworks
Kenya	<ul style="list-style-type: none"> ◆ Vision 2030; ◆ MTP 2013-2017; ◆ County Integrated Development Plans (CIDP); ◆ County Fiscal Strategy Papers; ◆ County Financial Bills; ◆ National Budget Statements; ◆ County Medium Term Strategy Paper; ◆ County profiles Documents; ◆ National inspection, regulatory, research and development; ◆ Regional Development Authority Strategic dev. plans 	<ul style="list-style-type: none"> ◆ Constitution, Art 6; ◆ Constitution Art. 203(2) ◆ Public Finance Mgt. Act 2012; ◆ Urban and Cities Act 2011 ◆ County Government Act; and ◆ Public Service Act 2012 ◆ Intergovernmental Relations Act 2012 ◆ Coordination of National Govt Act 2013 ◆ Procurement Act 2005 ◆ PPP Regulations 2014 ◆ Transition County Allocation Act 2012 ◆ Fiscal management Act 2009; ◆ External Loans Act; ◆ Internal Loans Act;
Rwanda	<ul style="list-style-type: none"> ◆ EDPRS II ◆ Rwanda Vision 2020 ◆ MOUs between RRA & LAs 	<ul style="list-style-type: none"> ◆ Constitution- Art 167 ◆ JADF (2007)
Tanzania	Vision 2025	<ul style="list-style-type: none"> ◆ Local Government Finances Act, 1982 ◆ Local government Loans Act
Uganda	Vision 2040	<ul style="list-style-type: none"> ◆ National Constitution 1995 ◆ Local Govt Act 1997

Source: EALGF Strategy 2015-2020

4.3 Principles of Financing Local/Sub-National Governments

Table 4.2 summarises the principles informing Partner States local financing. These range from equity and equality, revenue assignment, transparency, accountability, empowerment and stability and predictability.

Table 4.2: Comparative Analysis of the Principles of Financing Local/Sub-National Governments and Fiscal Decentralization

Partner State	Principles Local/sub national Governments Financing	Advantages in Fiscal decentralization
Burundi	Uniform transfer of 50million BIF with a Presidential directive which scaled to 500Million BIF from 2015	Communal Law 2014
Kenya	<ul style="list-style-type: none"> a) Accountability including Public participation; b) Promotion of Equitable Society in particular:- <ul style="list-style-type: none"> i) Burden of taxation shall be shared fairly; ii) Revenue raised nationally shall be shared equitably among national and sub national Governments; iii) Expenditure shall promote the equitable development of the country, including by making special provision of marginalized groups and areas; c) The burden and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations; d) Public money shall be used in a prudent and responsible way; and e) Financial Mgt. shall be responsible, and Fiscal reporting shall be clear. 	<ul style="list-style-type: none"> a) Promote and enhance public participation; b) Openness and accountability; c) Enables Public Participation; d) Improved access and service delivery e) Inclusiveness f) Burden sharing

Partner State	Principles Local/sub national Governments Financing	Advantages in Fiscal decentralization
Rwanda	<ul style="list-style-type: none"> a) Subsidiarity Principle: where CG only performs those functions that cannot be performed at the local level; b) Respecting, Preserving and upholding the principle of national unity-indivisibility and equity; c) Promote, adhere to and ensure respect for the principle of separation of power between political and administrative/ technical authority; d) Local autonomy principle in diversity; e) Maintaining the Government system as a single entity (unitary state) f) Recognising that “one size does not fit all”; g) Gender equality and social inclusiveness; 	<ul style="list-style-type: none"> a) Entrenched stakeholder participation; b) Equity c) Grass root democracy d) Alignment of national and local development agenda; e) Information access; f) Improved access and service delivery g) Align with Fiscal decentralization strategy; h) Financial autonomy- Mobilise grassroots resources; i) Assign resources to key functions; j) Alignment of LG activities with national government activities; and k) Synchronized budgeting cycle with national government cycle.
Tanzania	<ul style="list-style-type: none"> a) Financing is function/sector based –blocked funding; b) Revenue assignment; c) Strive for revenue autonomy; d) Provide for Block and Equalization Funds-fiscal transfers; e) Borrow with CG concurrence; f) Demand driven; g) Enhances equity and fairness; h) Simple and transparent; and i) Preserve budget autonomy. 	<ul style="list-style-type: none"> a) Stability and predictability; b) Enhances equity and fairness; c) Simple and transparent; and d) Taxation aims at empowerment, improving efficiency and remove imbalances in the public sector;
Uganda	<ul style="list-style-type: none"> a) Synchronized budgeting cycles and accounting systems; b) Financial arrangements to support functions between the different levels of government; c) Monitoring and accountability of fiscal performance; d) Local/ subnational government capacity for financial autonomy; e) Transfers from central government-conditional and unconditional grants and discretionary funding. 	<ul style="list-style-type: none"> a) Stability and predictability of funding b) Access to services

4.4 Sources of Local/Sub-National Governments Revenue

The sources of local/sub-national government revenue are limited and broadly categorised into central government transfers, own resources, donor funding and loans. The national government transfers are remitted either as sector grants (Uganda, Rwanda and Tanzania), conditional grants (Rwanda, Tanzania and Uganda), general/non-conditional grants (Burundi, Kenya, Rwanda, Tanzania and Uganda), capital transfers (Burundi, Kenya, Rwanda, Tanzania and Uganda) and equalization funds (Tanzania, Kenya and Uganda). Different formulae govern central government transfers in each of the EAC Partner States. In addition, and to a large extent, defined functions and resource sharing arrangements are in place. Similar, accountability structures along the decentralised structures are operational in the Partner States. The Private sector can finance the local/sub-national government budgets on activities aligned to their businesses and visions of respective Partner States. There are common and unique characteristics across the Partner States in the revenue sharing arrangements.

Kenya

Currently, the county Governments in Kenya receive funding or impose taxes from the following sources as provided for under Chapter 12 of the Constitution, which provides for:-

- vi. The equitable share under Article 202 of the Constitution;
- vii. Imposition of county taxes under Article 209(3) on:-
 - a) Property rates;
 - b) Entertainment taxes; and by
 - c) Any other tax that is authorized by an Act of Parliament.
- viii. Imposition of charges of the services they provide (Article 209(5) of the Constitution; provided that such taxation and other revenue – raising powers of a County shall not be exercised in a way that prejudices national economic policies, economic activities across County boundaries or the national mobility of goods, services, capital or labour.

The Kenya revenue sharing formula is in line with the equitable share principles set out in the Constitution. It consists of five weighted parameters applied in sharing a minimum of 15% of national revenue with the counties as follows:

1. Population – 45%: this ensures equal allocation to every Kenyan;
2. Equal share – 25%: This recognizes the fact that all county governments, irrespective of their size have fixed basic expenses such as running the county executive and county assembly;
3. Levels of poverty – 20%: This allocates equal amount of money to the county for every person classified as poor in that county;
4. Land area – 8%: Service delivery is more costly in those counties that have expanse land areas;
5. Fiscal discipline – 2%: This is aimed at promoting financial discipline and encouraging counties to focus more on raising their own revenues.

The Kenyan revenue sharing formulae is under review. It is hoped that it will address the critical challenge of the gross under-funding of cities, and in particular, Mombasa which hosts key regional and international infrastructure and rural arid counties with vast land mass and sparse population. Kenya could borrow from Uganda's approach of managing urban cities separately from other local/sub-national governments. This provides the flexibility for more innovative and comprehensive budgeting aligned to the peculiar investment and service requirements of the different local/sub-national governments.

The central government also makes other targeted transfers to Youth, Enterprise Funds, Constituency Fund, Disabled Fund, Road Funds, Rural Electrification, etc. Collectively, central government transfer range between 15-45% in total to local/sub-national governments, accounting for up 55- 95% of the local/sub-national government budgets (Table 3.5). County governments also raise own revenues by imposing taxes such as property rates, entertainment taxes, any other authorised taxes charges of the services rendered as authorised by law. The service charges include, but are not limited to, service fees and charges, local taxes, housing rents, royalties from extractive industries, road tolls and licenses. This on average amounts to 5-55% of the total local/sub-national government budgets. Nairobi County government raises the highest own resources in the region accounting for upto 53% of its budget in 2015.

Since a number of development activities at the local level constitute business opportunities, the private sector is encouraged to invest in the available opportunities. In the case of Kenya, the county governments can receive grants and donations from the private sector or development partners, except that the approval must be given by the County Executive member for finance. The county borrowing framework is being developed in Kenya.

Rwanda

In Rwanda, the national transfers to the local/sub-national government depend on demonstrated need with block grants and earmarked funds amounting to 30% of the national budget. However, this allocation formula is currently flexible to reflect the changing and growing country's incomes as well as the local governments' improved responsibility in the area of efficient budget use and accountability. Nevertheless, the underlying resource allocation formulae consists of:

- a) Poverty – 40%
- b) Land surface- 40%
- c) Population – 20%

Central government transfers in form of block grants cover salaries, Operations & management (O&M); earmarked transfers from sector ministries, Capital Development Funds (CDF) inclusive of donor funding for specific development activities. On average 60% of the budget is spent on social services, 20% on the economic sector and 20% on Operations and management (O&M).

Uganda

In Uganda, central government transfers are demand driven, depending on sectoral ministry priorities and changing government priorities. The transfer formulae in the constitution is subject of review to realign it with easily implementable indicators. Otherwise local/sub-national government funding takes the form of:

- a) Conditional funding
- b) Discretionary funding
- c) Equalisation funding
- d) Own resources including a provision of borrowing capped at 25% of own resources.
- e) Donor funding

Burundi

Central government transfers are decided by the Executive in Burundi. The central government transfers equal amounts to all the local authorities or communes. All the 119 communes receive 500 million Burundi Francs a year since 2014. There is mismatch in the planning process in Burundi. The national level plans are implemented without considering the sub-national government plans hence leading to disparities in priorities.

Tanzania

The Principles of financing local authorities in Tanzania as contained in the Fiscal Decentralization include:

- Population;
- Area coverage;
- Poverty level; and
- Per Capita income of the County

LGAs empowered to secure new, alternative sources of funding, ranging from engagement of pension funds to identification of possible local government investment opportunities in the energy and power sector, enabling delivery of quality public infrastructure and services at the local level.

4.5 Challenges in Local/Sub-National Government Financing

While the local/sub-national governments in all parts of the world play an increasingly important role in the delivery of fundamental basic public services, the challenge in the developing countries lie in the proportion of national revenues allocated to local/sub-national government development. Most local/sub-national governments in Africa raise less than 10% of their annual budgets from internal sources (Table 4.3). Counties whose expenditure patterns exceed allocated resources with acceptable deficit levels is an indication that they have better prospects of raising own resources. This phenomena is prevalent in the developed economies.

Table 4.3: The Comparative Fiscal Role of Local/ sub-national government (Means)

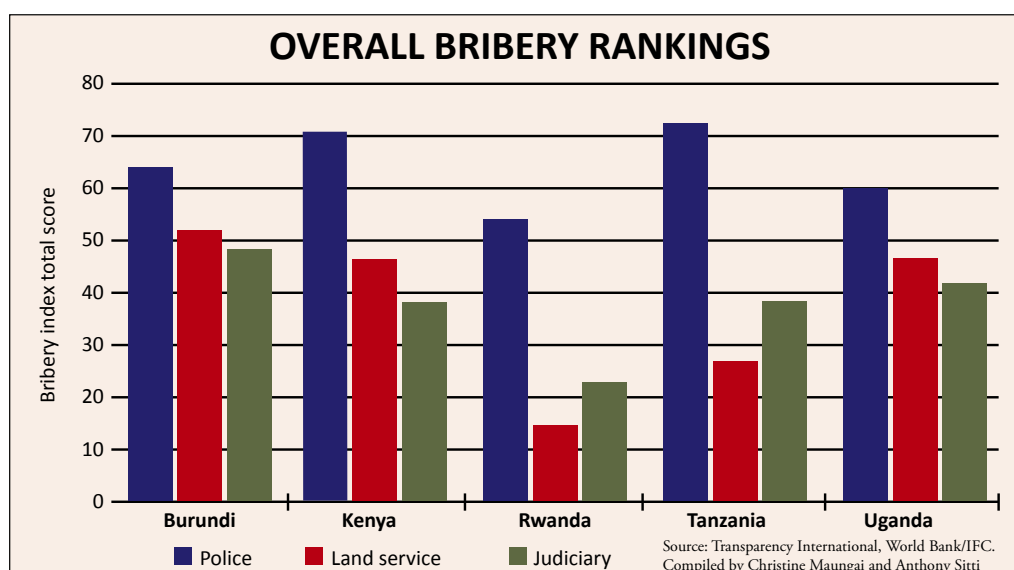
Regions	Local/ Subnational government Shares of Total Public Sector	
	Revenues	Expenditures
North America	17.8	26.8
South Asia	1.5	16.0
East Asia	20.0	40.0
Southeast Asia	5.3	15.5
Europe (2008)	13.0	23.9
Middle East & Western Asia	N.A	4.6
Eurasia	N.A	26.5
Latin America	4.0	11.1
Africa	3.2	7.9

Source: GOLD II Report, UGLG (2010).

Shrinking of local revenues, misappropriation of funds by officials, delays in Central Government transfers and inadequate capacities of Local/sub-national Governments to collect revenue are some of the common challenges experienced in the sub-region.

In Doing Business 2014, with the exception of Rwanda, the other East African countries are in the bottom half of the 189 countries surveyed, when it comes to the ease of doing business. Rwanda comes in at position 32, Kenya follows at 129, Uganda is ranked at 132, Burundi at 140 and Tanzania at 145. The countries where bribery indices are high are most likely to experience shrinking revenues, misappropriation of funds.

Figure 4.1: EAC Overall Bribery Rankings



Source: EAC Bribery Rankings, 2014

The local/sub-national government revenues are too little compared to the assigned functions. Borrowing for implementation of local/sub-national government activities is limited in all the countries.

Most local/sub-national governments face increasingly bigger challenges as a result of rapid and chaotic urbanization, economic adversities and impacts of frequent natural disasters caused by breakdowns in the efficient operations of liberalised market, insecurity and climate change. Urbanisation creates an ever-increasing demand for public services, new public infrastructure, and its maintenance. Substantial resources are required to mitigate these challenges. The critical intervention lies in good urban planning that supports urban compactness, integration, and connectivity, local and sub-national capacities, access to innovative mechanisms and best practices and cooperation opportunities (CLGF, 2015).

The recent global financial and economic crisis has further aggravated these challenges (UN-HABITAT, Nairobi, 2015). Global insecurity has equally impacted negatively on rural economies exporting to international markets.

Country specific challenges are summarised in Table 4.4. They are mainly administrative with regard to policy and regulatory orientation, institutional and systems shortfalls, capacity constraints and burdensome administrative challenges in the management of local/sub-national government taxes.

Table 4.4: Challenges of Financing Local Level Programmes and Activities

Partner State	Institutional	Capacity	Governance	Fiscal
Burundi	Weak institutions Lack of a coherent vision on Communes Weak Communes Development activities and/or projects are directly implemented by NGO	Lack of capacity at local level The community has raised concern over the continuous increment of contribution for development projects	Limited accountability mechanisms	Over dependency on National transfers No provisions for raising LG own resources; Fiscal fragility of the country and its structural vulnerability to external shocks Small size of the communes which are non-sustaining Fund transfers done through NGOs limits capacity development of local government institutions
Kenya	Delayed formulation of guidelines on stakeholder participation CSO initiatives not scalable or sustainable Multiple participants at the local level	Inadequate of ICT for data management Capacity constraints hindering planning and budgeting	Lack of information disclosures Political patronage in priority setting	Fragmentation of funding sources and guidelines (CDF, CRA, etc.) Rapid population growth overrunning available resources
Rwanda	Limited flexibilities/ discretion in local community priority setting Failure by the ministries to release funding for decentralised functions Citizen participation in urban areas is difficult	Inadequate resources	Minimal	Over dependence on CG and donors for funding Delays in release of funding
Tanzania	Focus on redistributive impact against benefits Compliance costs too high Lack of consensus in CG on how to reform the LG taxes	Inadequate skills	Minimal	Local taxes are hard to administer and enforce

Partner State	Institutional	Capacity	Governance	Fiscal
Uganda	<p>Low quality of political representation (Councillors with low education)</p> <p>Control from Central govt in appointments/financing</p> <p>Centralization of Kampala City in 2010</p> <p>Conflicts in ministerial and district functions</p> <p>Lack of shared vision between national and LG</p> <p>Lack of criteria for creating new districts</p> <p>Gaps in service delivery</p> <p>Low youth participation in local govt despite their large numbers</p> <p>Short political terms favour ST projects</p>	Inadequate HR capacities	<p>Civil unrest in the marginalized areas e.g. Karamoja</p> <p>Governance challenges from mixed reporting arrangements on account of different appointing bodies</p> <p>Accountability challenges</p>	<p>Limited funding options</p> <p>Low yielding taxes difficult to administer set aside for local govt</p> <p>Over-dependence on central govt transfer,</p> <p>Delays in fund transfers impacting on service delivery</p> <p>Transfers are conditional limiting flexibility</p> <p>Declining transfers from central govt</p> <p>Lack of awareness regarding taxpayers responsibilities</p> <p>Poor billing and collection systems-inefficiency</p>

Source: Partner States

4.6 Cases of Alternative Sustainable Resource Mobilization Strategies/Options

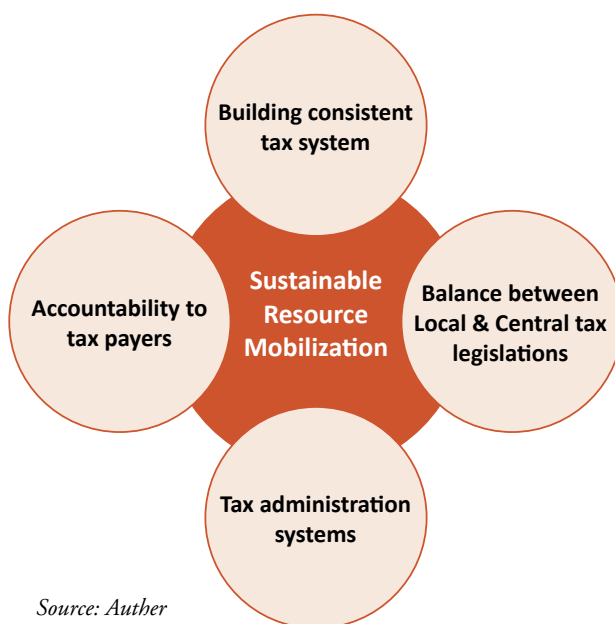
Alternative sources of funding and financial management have to be explored in order to sustain or improve on service delivery to meet citizen expectations (UN-HABITAT, 2015). In addition, appropriate financial management can tap into strategies that improve efficiency of revenue collection, win public support, capitalize on urban and regional economies of scale, curb land speculation and sprawl, incentivize economic activity, and improve urban affordability for the poor. The resulting budgetary improvements can allow municipalities and local/sub-national governments to make strategic investments in their cities, stimulating a virtuous cycle of growth, revenue generation, and prosperity.

A number of unique country resource mobilization initiatives range from pooling resources in Mexico, issuance of bonds in Philippines, zoning in South Africa and federating in India. African countries are among the regions allocating the least resources to local/sub-national government (UCLG, 2010). Hence, the importance of strengthening capacity building programmes and the role of territorial development approaches in facilitating integrated planning for effective transformative agendas at the local and county government level cannot be underestimated (GIZ, 2012).

4.6.1 Principles of Sustainable Resource Mobilisation

The principles of sustainable resource mobilisation strategies depend on effective transparent and accountable tax systems (OECD, 2015). Building a coherent overall tax system requires that the mobilisation of own local revenue contributes to improved local services. Figure 4.1 and Box 4.1 summarise principles of sustainable resource mobilisation.

Figure 4.2: Principles of Sustainable Resource Mobilisation



Source: Author

Box 4.1: Approaches to Improved Local Services	
Building a consistent tax system	<ul style="list-style-type: none"> ◆ Mobilise additional public revenues from tax bases that are location specific and less mobile, and, thus, easier for local/ subnational governments to collect, such as property taxes. ◆ Seek greater economic neutrality, which avoids resorting to local taxes that are a burden on production costs. For example, special attention must be paid to avoid imposing local taxes on export products. Consistent with the reforms of the central government tax system, local taxation must not generate an indirect tax burden on exports. ◆ Limit the detrimental effects of horizontal tax competition. If local taxation leads to relocation of activities or wealth, the result will be the loss of own local tax revenue as well as the loss of economic activities for the communities concerned. ◆ Promote better governance of the supply of public goods. Taxation of immovable assets such as property makes it easier to apply the principle of ‘whoever benefits pays’, which is the basis for accountability. ◆ Provide greater fairness. Property or the use of a real estate assets or consumption of utilities (water, electricity) are consistent with the principle that ‘whoever benefits should pay’. However, reliable assessment of the tax base is needed for equity issues.
Striking a balance between local and central tax legislations	Separate taxes collected at central and local/ subnational government level. Avoid duplication of taxes at the local and central government. There is need to segment tax legislations
Tax administration systems	<ul style="list-style-type: none"> ◆ Modernise tax collection systems; ◆ Maintain data bases of tax payers; ◆ Compliance systems
Accountability to tax payers	<p>The key qualities of resource mobilisation strategies include:</p> <ol style="list-style-type: none"> i. Scalability - the practice must demonstrate that it has worked in local/ subnational governments of all sizes, large and small; ii. Methodology - the practice must have a process involved that can be followed and replicated to achieve success; iii. Proven Results - there must be evidence that the practice leads to results; iv. High-Performance Organizations; v. Priority-Based Budgeting; vi. Civic Engagement; vii. Data-Driven Communities; and viii. Collaborative Service Delivery.

Source: Intergovernmental Transfer Study- GSU, 2003

Other good practices include Tax Incremental Financing (TIF) of funding qualifying capital project, its related infrastructure, or maintenance of the project from a stream of revenue generated within the geographic area defined of the project under implementation geographical area (Weber and Godeerris, 2007). This is an important tool for local/sub-national governments to attract economic development projects, create jobs, foster infrastructure investment, and/or redevelop blighted areas.

In the case of financial allocation, Box 4.2 summarises the principles and desirable characteristics of the formula based mechanisms. However, existing practices shall incorporate some of these principles to the extent that they are practicable in the operational environment in the region. To this extent, each Partner State shall have the flexibility to review the existing fiscal policy measures for local/sub-national government financing.

Box 4.2: Principles in formula Based Allocation Mechanism

- ✓ *Provide revenue adequacy*: to meet the policy objectives
 - ✓ *Preserve budget Autonomy*: balance LG autonomy with constraints at the national level
 - ✓ *Enhancing equity and fairness*: transfer mechanism to support fair allocation of resources
 - ✓ *Stability*: financing should be predictable
 - ✓ *Simplicity and transparency*: pursuing one objective at a time
 - ✓ *Incentive compatibility*: should not discourage local resource mobilization
 - ✓ *Focus on service delivery*: demand driven
 - ✓ *Avoid equal shares*: needs are different
 - ✓ *Avoid sudden large changes*: interferes with planned activities
- Desirable characteristics of allocation factors
- Accuracy*: reflecting true picture and statistically sound
 - Regularly updated*: to reflect changed environment
 - Independent source*: of variables to avoid bias
 - Free of local manipulations*: limit influence from CG on the allocation factors
- Reflect needs or demands: for public goods

Source: Intergovernmental Transfer Study- GSU, 2003

4.6.2 Recommendations for Sustainable Local/sub-national Government Financing

Good practices for local/sub-national Government Financing is vesting in more autonomy to local/sub-national governments in matters of development in territories of their jurisdictions in addition to the centrally assigned powers and functions (LRG, 2015). Consequently, there is need to build effective global, regional and national partnerships to leverage appropriate markets and resources, strengthen long-term financing through domestic and international private sources and mobilize domestic resources at both local/county and national levels.

The new agenda on local/sub-national government financing needs to rely on mechanisms that enable local and sub-national public authorities to mobilize part of the wealth produced within their jurisdiction. As acknowledged by the United Nations (UN) Secretary General “many of the investments to achieve the SDGs will take place at the sub-national level and be led by local authorities”(UCLG, 2015). To complement the strategy of mobilising taxes from local wealth is the need to improve local and sub-national capacities and access to innovative mechanisms. It will be prudent to benchmark best practices and cooperation opportunities where feasible. Further, the fiscal mechanisms have to be developed in a transparent and efficient manner with concurrence of key stakeholders in order to maximize the potential of taxation in a geographic area (CLGF, 2015).

The UN-Habitat 2014 study on local/sub-national government financing options in developing countries identified widening gap between the availability of financial resources and local /county governments spending needs. A number of proposals on policy options, and capacity development issues relevant in addressing the challenges included project location and targeting to avoid distortions. Key proposals for sustainable financing and optimal use of tax and non-tax revenues collected through user charges and fees of local/sub-national government activities, donor and community contributions, loans and private sector enterprises include:

1. Financial/Fiscal Autonomy

International experience shows that higher levels of tax autonomy at the local/sub-national Governments level are associated with a significant number of other virtuous positive effects for decentralized systems. These include improved macroeconomic stability and overall better governance and lower corruption levels. Sufficiency of own revenues is the key to improved ability to deliver necessary goods and services and to better accountability of local officials to their constituents (UCLG, 2015). Without contravening regional commitments, national tax sharing arrangements should provide adequate flexibilities for the local/sub-national governments to raise resources locally; the following UN-Habitat, 2015 principles can be observed.

- a) Mobilisation
 - i. Strive for financial and revenue autonomy;
 - ii. Autonomy to Local/County Governments in matters of development in territories of their jurisdictions;
 - iii. Efficient billing systems, tax payer education, and capacity building;
 - iv. Effective enforcement mechanisms to enhance revenue collection;
 - v. Alignment with fiscal decentralization strategy;
 - vi. Mobilize grassroots resources for financial autonomy;
 - vii. Synchronized budgeting cycle with national government cycle;
 - viii. Preserve budget autonomy; and
 - ix. Financial arrangements to support functions between the different levels of government.
- b) Expenditure
 - i. Equity and equality;
 - ii. Revenue assignment and allocation of resources to match the demanded services by the citizens;
 - iii. Empowerment, improving efficiency and removing imbalances in the public sector;
 - iv. Demand driven Transfers from central government - conditional and unconditional grants and discretionary funding;
 - v. Provide for Block and Equalization Funds-fiscal transfers;
 - vi. Assign resources to key functions;
- c) Governance
 - i. Openness and transparency;
 - ii. Accountability including Public and citizen participation;
 - iii. Stability and predictability;
 - iv. Borrow based against citizen priorities with clear debt financing framework

2. Alternative Financing Mechanisms

In order to effectively address the challenges of mobilizing adequate financial resources, local/sub-national Governments should diversify economic activities and use a variety of mechanisms to raise financing. These include exploring new or transferring some taxes to the local/sub-national government, county/municipal bonds, bank loans, and municipal development funds, funds from institutional investors (such as pension funds), corporate bonds, equity markets and Public–Private Partnerships (PPP) (UN-Habitat, 2015), volunteers and philanthropists. Some of these fundraising options may already be under implementation in the Partner States. For example, Rwanda issues municipal bonds as part of its resource mobilisation mechanism. In any case, these alternative financing options will be complemented with the requisite capacity and political will to implement policies, legal and regulatory reforms.

3. Tax Mobilisation Instruments

A variety of tax instruments for the sustainability of local/sub-national Governments financing include user charges and fees, excises and sales taxes, local business taxes, grants, vehicles for transfers and equalization funds, property taxes and betterment levies, bonds, royalties, partnerships among others (UN-Habitat, 2015).

There is need to explore alternative tax avenues. This may include deepening capital markets to introduce new instruments such as increment in land value resulting from public investments with the notion that public investments including roads, sewage and sanitation, water supply, and transit systems are immediately capitalized into surrounding land values (Peterson, 2009 & Walters, 2012). Similarly, alternative tax revenues may include lease of publicly held land and use the proceeds to finance infrastructure investment and leveraging different modalities of PPP including private investment in public infrastructure where developers build the infrastructure in exchange for public land. There is need for a more holistic and flexible mindset and approach to diagnose local revenue problems and consider options for remedying them.

4. Fiscal Policy harmonisation

Adoption of tax collection policy and systems that harmonises central and local/ sub-national government taxation provides more harmony in tax collection across the two levels of taxation (USAID, 2013). In any case, levying taxes at production stages should be avoided at all costs. It stifles investments and expansion of economic bases (USAID, 2013). Further, alignment of local/sub-national government plans to national visions stand to attract more resources from the national budgets.

5. Partnerships

Creative partnerships expand both financing and service delivery options. The partnerships can come by way of commercialisation, outsourcing, volunteering and philanthropy. A number of development activities at the local level constitute business opportunities for the private sector. The private sector can finance the local/sub-national government budgets on activities aligned to the visions of respective Partner States and the private sector. Multinational corporations incorporate Community Social Responsibility (CSR) investments in their operations—either in education, health, environment, skills development, among others. It is critical that the local/sub-national government plans envisage and recognise the partnerships. This will reduce on duplication and resource wastage.

The county governments in Kenya have held a number of regional investment conferences to solicit local and foreign investment to expand economic activities. This will lead to expanded tax base and employment opportunities. A unique innovation in Meru is the establishment of Meru County Investment Corporation as a special purpose vehicle for the County investments.

Besides donor funding, Rwanda is progressively expanding its local resource base through dedicated partnership and facilitation of the private sector (PPPs) for enhanced investment, direct private sector representation in the community. The contribution is currently used by LG councils, empowerment of the people to start small businesses, government infrastructure investments, where appropriate privatisation of programme. Six peri-urban cities have been earmarked for funding development projects with a view to upgrading their infrastructure and residential structures using World Bank resources. In addition, select cities are already twinning with cities from the developed countries which provides frameworks for benchmarking and faster upgrading of service delivery and accessibility. These include Denver (USA) with Nairobi (Kenya), San Bernardino (USA) and Kigali (Rwanda), Sumsan (Turkey) and Dar es Salaam (Tanzania) and Ashkelon (Israel) and Entebbe (Uganda).

Uganda is taking measured steps to expand economic activities on the basis of regional endowments. In particular, the Uganda 'growth programme' which targets commercialization of the agriculture sector and diversification into agri-businesses for the micro-enterprises. Similar initiatives are under implementation in Tanzania. The business support programmes (2013-2019) aims to leverage regional integration in improving the business environment, through the reform of policies, laws and regulations. The end purpose is to spur private sector investments leading to expanded production and employment creation; supporting creative innovations and entrepreneurship and diversifying into new products and services.

6. Public Investment

Public investment supports the delivery of key public services, connects citizens and firms to economic opportunities, and can serve as an important catalyst for economic growth (IMF, 2015). Public investment shapes choices about where people live and work, influences the nature and location of private investment, and affects quality of life (OECD, 2013). Effective public investment requires substantial co-ordination to bridge gaps in information, policy or fiscal matters. It also calls for critical capacity to work collaboratively across levels of government in the design and implementation of investment projects. This is particularly relevant in developing economies, where investment in new infrastructure is widespread. Unlocking investment will be critical to achieving all SDGs. Improvements in the management of public investment can significantly enhance the efficiency of the public sector and help close the infrastructure gap in developing economies (IMF, 2015; OECD, 2013 and OECD, 2015).

Each of the EAC Partner States continues to invest in both regional and national infrastructure to support service delivery and investment in economic activities. Cases in point include positive developments along the Northern and Central corridors, modernisation of the ports and airports, and expanded investment in telecommunications and transport sector.

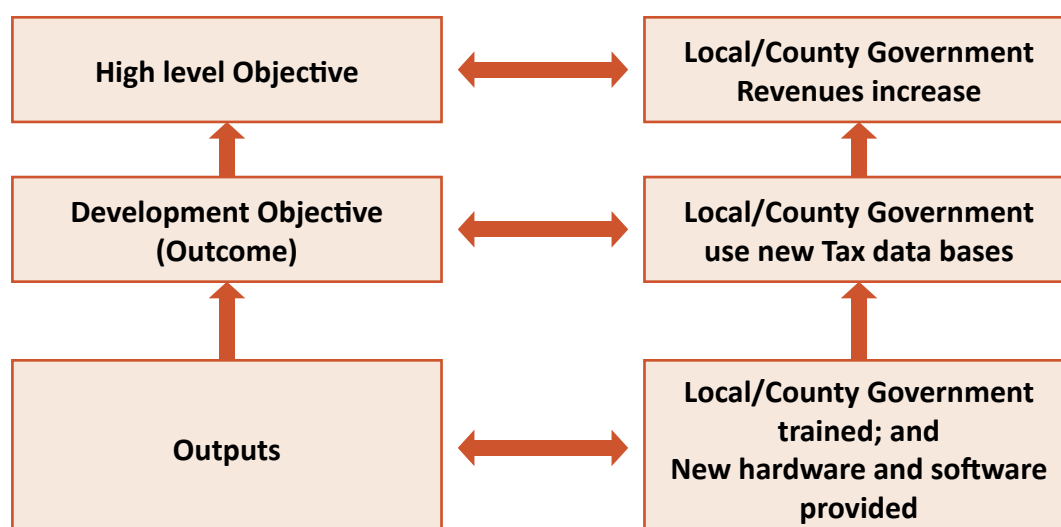
7. Modernise Tax Systems

Efficient and accountable tax systems shall put more resources at the disposal of local/ sub-national governments. In this regard there will be need to:

- Modernise tax collection systems for improved efficiency;
- Maintain data bases of tax payers;
- Adopt compliance systems;
- Partner with professional tax collection institutions;
- Legislating on tax sharing/allocations on 40:40:20 as is the case in Rwanda;

Introduction of technology in tax collection (Figure 3.2) has the potential of increasing revenues to support diversified local/sub-national government activities. Further harmonisation of systems, procedures will yield better prospects for the regional investors and by extension tax revenues. This will call for enhancing the unique competences for tax collection and application (GIZ, 2015).

Figure 4.3: Technology Assisted Tax Collection



Source: Author

8. Strong Institutions

The LED stands to benefit from anchoring local tax authorities on appropriate legal frameworks consistent with the provisions of the country constitutions. In addition, qualified staff should man local/sub-national government tax authorities. Where, central government authorities are better equipped and staffed to perform tax collection, arrangements should be put in place to outsource such functions. There are opportunities for matching local needs with institutional frameworks and revenue-generation tools. Further, there is need to raise the importance of strengthening capacity building programmes and the role of territorial development approaches in facilitating integrated planning for effective transformative agendas at the local and sub-national level (GIZ, 2012). Delays in the release of the funds further complicates the pace of implementation (GIZ, 2012).

9. Peer Learning

To avoid pitfalls, lessons from well performing local/ sub-national governments in the region can be scaled up and adapted to the rest of the region.

10. Application of the resources

Resource application should be guided through a policy framework, and where feasible, formulae be applied in redistribution of the resources for the different decentralised levels and activities.

4.7 Country Specific Strategies for Improving Local/sub-national government Resource Mobilisation

There is a mismatch between the current Central Governments transfers and own resources at the local/sub-national government levels compared to the expenditures on services and economic activities being demanded by the citizens at that level where the majority of the population live. Nevertheless, the central governments have demonstrated goodwill in making available resources (financial and technical capacity) to the local/sub-national governments. In the current state, the national government resource base is limited. Resources permitting, the Local/sub-national Governments and their associations can lobby for more predictable and unconditioned intergovernmental transfers from the Central Government to diversify the local tax base in order to improve the ability to deliver necessary goods and services. But this should go hand in hand with providing and recognizing more financial and administrative autonomy to local/sub-national governments so that they may have more discretion or flexibility to allocate such resources in a way that responds to local community needs, priorities and expectations. Nevertheless, there is need for enhanced accountability of local/sub-national government officials to their constituents through stringent management of resources.

In the meantime, local/sub-national governments can adopt country specific strategies, as specified in Table 4.5, to improve local/sub-national government financing. Concurrently, EALGF Secretariat should be established to continue to lobby for implementation of regional commitments at the national level, with full participation of local/sub-national governments. Such participation would benefit from wide stakeholder participation in decision making processes.

Table 4.5: Strategies for improving Local/sub-national Government Resource Mobilisation

Partner State	Strategies
Burundi	<ul style="list-style-type: none"> ◆ Facilitate private sector participation in investing in LG activities with business operations ◆ National plans and budgets should take into account LG priorities ◆ Put in place the legislation to facilitate LGs to raise own resources
Kenya	<ul style="list-style-type: none"> ◆ Partner with KRA in tax collection; ◆ Consolidate all the transfers to counties to avoid duplicated expenditures; ◆ Transfer resources aligned to devolved functions; ◆ Enforcement of the constitutional provision of ensuring county taxation is not disruptive to economic businesses within and outside the county; ◆ Improving efficiency of resource applications; ◆ Enhancing accountability; ◆ Avoid double taxation; ◆ Conclude the law on natural and mineral royalties; ◆ Review the revenue sharing formulae to address challenges of urban cities, centres managing regional infrastructure, rural areas with vast land mass and sparse population; and ◆ Put in place a County service charter.
Rwanda	<ul style="list-style-type: none"> ◆ Diversifying the economic base to create additional taxable base; ◆ Completing the arrangements for RRA to collect taxes on behalf of the LGs;
Tanzania	<ul style="list-style-type: none"> ◆ Flexibility of by-laws for LG to explore additional resource mobilisation options to broaden the tax base and increase the number of taxable areas.
Uganda	<ul style="list-style-type: none"> ◆ Finalise on the fiscal revision to the fiscal policy for URA to collect LG taxes; ◆ Stabilise LG revenues by targeting more reliant tax bases e.g. property taxes; ◆ Broaden LG taxes

Source; Partner States

PUBLIC PARTICIPATION (INCLUSIVE DEMOCRACY)

5.1 Introduction

The search for inclusive participatory governance has taken the path of decentralization (UN, 2014). Public participation in decision making processes in the EAC region takes the form of political representation, public/citizen involvement through organized groups/associations and sector memberships across the different socio-economic sectors and any other alternative mechanisms of representation. These modes of representation contribute to Local Economic Development, which in the Partner States, have been exercised through targeted sector activities at the local level. The Partner State constitutions safeguard representation and interests of the different population categories. Except for Tanzania, similar constitutional provisions with a minimum of 1/3 membership ensure fair representation of either gender in the local decision making processes including political representation.

One of the popular justifications for decentralization consistent with Rio 10 Declaration (1992) is that it empowers citizens to influence public decisions on issues that affect their lives (UNEP, 1992). In particular, it facilitates greater participation of communities in problem analysis, project identification, planning, implementation as well as oversight, which in turn increases ownership and the likelihood of sustainability of such initiatives (UN, 2014). Public participation has evolved through political and administrative reforms that have been going on in many countries in Africa, especially since the 1990s, in devolving powers to lower local/ sub-national governments (UN, 2014). The reforms focus on policies that put equity, solidarity and justice at the forefront, while addressing the root causes of unsustainable consumption and production patterns, in transforming them into sustainable lifestyles and livelihoods that benefit all (UNEP, 2015).

Open and inclusive policy making increases public participation, enhances transparency and accountability, builds civic capacity and leads to increased buy-in and better decision making, diversifies innovation and resource mobilization opportunities (GOU, 2013). Political ownership of the process is critical for local/sub-national government operations. In addition, strengthening relations with key stakeholders is a sound investment in better policy-making and a core element in good governance. It helps governments to tap into new sources of policy-relevant ideas, information and resources culminating in entrenching public trust, democracy and strengthened civic capacity.

Box 5.1: Participatory Planning and programming

Planning and programming in the EAC Partner States starts with communal plans that are presented by community development committees at the village level before being forwarded to the regional representatives with their priorities approved by the community. There are elaborate structured participation which ensures representation to the lowest levels in the village, inclusion of the disadvantaged and the marginalised citizens.

Public participation is more pronounced in service delivery. This results in improved uptake of services, accountability, faster information dissemination, better policy-making, and entrenched good governance, tapping into new sources of policy-relevant ideas, information and resources culminating in entrenching public trust, democracy and strengthened civic capacity. Planning and programming is bottom up (Box 5.1).

5.2 Legal Frameworks to Enhance Citizen/Public Participation in Decision Making

Public participation is anchored in the national constitutions and complementary legislations. The constitutions of the Partner States provides clear principles for decentralization; specific governance and sectoral laws defining the parameters of the institutional details including key structures, procedures (including elections), accountabilities, and remedies, as well as a series of regulations, guidelines and other operational tools to guide and support decentralization implementation at all levels. The complementary legislations in the Partner States are presented in Table 5.1.

Box 5.2: Provisions for citizen participation

While constitutional and legal provisions for citizen participation are in place in the EAC Partner States; operationally, citizen participation differs from country to country. Nevertheless, citizen participation in matters touching on Regional Integration (RI) remains weak across all the Partner States. This is aligned to the low involvement of the Local/sub-national Governments and Local/sub-national Government ministries involvement in regional integration issues. In addition to citizen capacity building, there is need to develop standardised guidelines at the national level for engagement of the citizens in regional integration issues.

The constitutive treaties for the regional organisations recognize the roles of the private sector, CSOs and other NSAs in regional integration. Chapter 25 of the EAC Treaty concentrates on the creation of an enabling environment for a strengthened private sector and civil society and business associations to thrive and create employment. Similar aspirations are pursued in COMESA under chapters 23 of the treaty. At operational level, the EAC Sensitization Manual (2012) prioritises informing the NSAs on the aims of regional integration in strengthening economic, social, cultural, political integration among other players; in order to achieve a fast balanced and sustainable development of the region; improved standards of living, enhanced stability, and close and peaceful relations among the Partner States. There is urgent need for capacity building on regional integration to enlist public ownership of regional commitments (Box 5.2).

Table 5.1: Legal Framework to Enhance Citizen/Public Participation in Local Economic Development

Burundi	Kenya	Rwanda	Tanzania	Uganda
Constitution (2005a) Local Govt Law (2005b Rev 2010a) Communal Law 2014	Constitution Art 10 County govt Act 2012 (art 3(f), 87), County govt Act 2012 (art 98, 100) on civic education	Article 27 (right to participate in Government and public services) and article 48 (right to participate in the development of the country) of the Constitution of 2003 revised in 2015.	Constitution, 1977 article 10, 66(1) (b), 78(1)	Constitution (1995) art 29(e), 69(1), 2(b), 71, 72(1), 75 on politics

Burundi	Kenya	Rwanda	Tanzania	Uganda
Policy on Decentralisation and community Development (2007 and 2009)	Constitution (art 35, 93, 232) on access and provision of information and art 7, 11 on diversifying modes of information access	National Decentralisation Policy (first adopted in 2001 and revised in 2012) and adopted by the Cabinet in 2013; -National Community Development Policy (first adopted in 2003 and revised in 2008); -Standard Local Government Service Charters.	MTEF	Electoral Commission Act, 2006
	Constitution (art 10) on Equity and inclusivity, art 100 on representation, art 24(f) on discrimination; art 174 on rights of minorities	Community work	Sector policy and legal frameworks	The Uganda Police Act
		Elections		Local Govt Act 1997

Source: Partner State Constitutions, Legislations and Policies

5.3 Principles and Standard Framework for Public Participation

Table 5.2 summarises Partner State principles for public participation in local economic development. The core principles of public participation, across the EAC Partner States, is consistent with International Association for Public Participation. They cut across national, cultural, and religious boundaries. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process. They must articulate these demands effectively through appropriate channels. Public participation promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers. Public participation provides participants with the information they need to participate in a meaningful way and how their input affects the decision.

Table 5.2: Principles and Standard Framework for Public Participation

Partner state	Principles	Framework
Burundi	Encourage citizen participation in local level development Reform institutional systems to ride off exclusion, Promotion of equality Strengthening accountability	Communes
Kenya	Integrating Public Participation in all County Government Organs instead of creating an Institution to oversee Public Participation Activities Right to Petition: - by applying the framework under Article 119 of the Constitution - the Petition to Parliament (Procedure) Act should influence the drafting of the county petitioning provision in the Public Participation law together with Section 87 of the County Governments' Act. Form/Mode of Public Participation: - Publishing County bills in the National Gazette for wide information dissemination. Notably, there should be different forms and modes of Public Participation due to the uniqueness of the Counties. The form and mode of Public Participation should inform approaches of convening and ensuring that sufficient Public Participation has been conducted. Duration of time for the Public to Participate: - there should be allowed adequate time to the Public to participate; e.g. at least a minimum of 14 days unless in exceptional circumstances. Feed-back/Monitoring Framework: - County Governments, both executive and legislature, should give feed back to the Public on the consideration given on the proposals they submitted. A standard Feedback Form would be ideal. Recall clause: with a provision of a one year notice and Kshs 500,000 deposit for completion of democratic process to finalise recall	Forums Boards

Partner state	Principles	Framework
Rwanda	<ul style="list-style-type: none"> ◆ Enable local participation in local level economic development decision making ◆ Strengthen leadership accountability and transparency to the community ◆ Sensitivity and responsiveness of public administration to the needs of the recipient communities. ◆ Develop sustainable economic planning and management capacity to drive economic development at the local level ◆ Enhance effectiveness and efficiency in the planning, monitoring, and delivery of services at the local level 	<ul style="list-style-type: none"> ◆ (Umushyikirano) (this is a participatory double accountability framework for both downward and upward accountability) ◆ Open Days; ◆ Inteko z'Abaturage (Village Councils); ◆ Ubudehe; ◆ Umuganda (Community work); ◆ Joint Action Development Forum; ◆ Community Development Committee; ◆ Community Policing; ◆ Joint Action Development Forum (JADF) for non-individual development stakeholders; ◆ Committee/Forum based at different levels.
Tanzania	<ul style="list-style-type: none"> ◆ Subsidiarity ◆ Delegation of some responsibilities ◆ Poverty reduction ◆ Improve access to services ◆ Improve accountability 	Committees
Uganda	Representation at the different levels of decentralisation	Forums and Committees

Source: Partner States

5.4 Stakeholder Participation in Decision Making

The involvement of Non-State Actors (NSAs) is recognized in the respective Partner State constitutions and legislations. At national level, institutionalised public participation and governance varies from country to country. The applicable frameworks and institutions for public participation in Rwanda include RGB which specialises in governance oversight, LODA on financing local economic development with a number of other institutions providing oversight functions. Accountability is both to the citizens and local councils on one hand, and to the Central Government on the other hand. Public participation in the electoral process in Rwanda is over 90%, while that of community work stands at 89% and 25% for national policy making. The constitution and the County and Cities Act in Kenya defines the key players at the different levels of decentralisation, through the coordination and implementation institutions.

The overriding principles of public participation are underpinned by tenets of empowerment, accountability, transparency, sustainability and strategic visioning. Similar forms of representation apply in Tanzania and Uganda. The mechanisms for citizen participation in planning processes in Burundi remains unclear and wanting of more research.

Table 5.3: Stakeholder Participation in Local/ sub-national Government Programming

Partner State	Budgeting, Planning & Programming	Implementation	Communication	M&E
Burundi	Participatory planning at the village and forwarded to the regional level as prioritized	Done by the communes, local authority and the national government	In adequate linkage and sometimes the commune priorities are rejected the regional or national due to budget challenges.	M&E is done at the commune level and the monitoring system in place caters for the national level leaving the commune level with no M&E systems.
Kenya	Participatory planning & budgeting in line with constitutional provisions	County governments in accordance with the constitution provisions	Participation in barazas, media announcements	Both county and central government's M&E systems involve the stakeholders
Rwanda	Participatory planning & budgeting Joint Action plans through a bottom-up approach District Development Plans Operational Guidelines for each central government ministries to guide in the implementation of local/ sub-national government functions	Performance contracting-Itorero	Sharing of reports from the various monitoring and consultation meetings	Takes place at all devolved levels Institutions- Ombudsman office, Leadership Codes, Annual wealth declaration Annual Open Days under the chairmanship of the President Parent evenings on weekly basis Community quarterly live call in shows Monthly public meetings Weekly sector meetings Diaspora meetings
Tanzania	Participatory planning & budgeting subject to alignment of Central Government Policies	Coordinated through sector ministries at the centre	Coordinated through sector ministries at the centre	Coordinated through sector ministries at the centre
Uganda	Participatory planning and budgeting	Coordinated at the district level with support from national sector ministries	Coordinated through sector ministries at the centre	Coordinated through sector ministries at the centre

Source: Partner States

The CSOs and Private Sector Organizations (PSOs) also have innovative mechanisms of participating in decision making processes. In the majority of cases coalitions are formed to advocate for specific interests in support of their activities or those of the ordinary citizens. Table 5.4 provides a sample of such innovations.

Table 5.4: Innovative Mechanisms in Partner State Stakeholder Participation

Partner States	Innovations
Burundi	<ul style="list-style-type: none"> ◆ Formation of communes to contribute for services.
Kenya	<ul style="list-style-type: none"> ◆ County Business Coalitions coordinated by KAM in at least 33 counties have become platforms for county governments to undertake public participation with the business communities on various county related matters on policy changes and legislative reforms through advocacy under a unified voice. ◆ Formation of economic blocks within a region to attract and consolidate use of resources in the promotion key economic activities ◆ PSOs collaborating with CRA ◆ 2% incentive allocation for fiscal discipline ◆ County Budget and Economic Forums ◆ Maintaining peace at community level through community policing, peace marathons and warriors completions, drug rehabilitation centres, investment support infrastructure, eg police vehicles, holiday camps ◆ Use of social media and community radios for information dissemination and sensitisation; ◆ Establishment of talent academies to nurture skills

Partner States	Innovations
Rwanda	<ul style="list-style-type: none"> ◆ Cultural and tradition codes underpin governance practices and delivery mechanisms (home grown solutions). The Performance Contracts from highest levels to the household levels backed by efficient reporting mechanisms have ensured uniform citizen empowerment across the country. ◆ Compulsory public service before joining university creates the opportunity to inculcate values and patriotism to the youth at a tender age. ◆ PPPs-investments in markets, guest houses, car parks, Agro-processing, tourism, handcrafts ◆ Participation in capital markets ◆ One stop centre for accessing select services
Tanzania	<ul style="list-style-type: none"> ◆ Lobby from civil society
Uganda	<ul style="list-style-type: none"> ◆ Partnership in the different decentralised structures advising on key requirements on the business environment, investments in agro-processing

Source: Partner States

5.5 Challenges of Public Participation in Decision Making

The critical challenges encountered in local/sub-national government public participation emanates from undue influence from the executive and the political class, unstructured inter-phase systems, lack of clarity on division of responsibilities between local and central governments, disconnect between national and local visions as well as institutional linkages, limited citizen empowerment, capacity constraints, lack of resources for publicity and weak civil society and lack of accountability by those in authority (Table 5.5 Annex 2.6).

Table 5.5: Challenges in Public Participation at the Local Level

Partner State	Institutional	Capacity	Governance	Resources
Burundi	<ul style="list-style-type: none"> ◆ Nominal ◆ Elite capture ◆ Exclusion systems ◆ Lack of clarity on division of responsibilities between local and central govt 	<ul style="list-style-type: none"> ◆ Capacity constraints in the local govts 	<ul style="list-style-type: none"> ◆ Predatory bureaucracy ◆ Corruption 	<ul style="list-style-type: none"> ◆ None allocation of public resources
Kenya	<ul style="list-style-type: none"> ◆ Unstructured public participation ◆ Lack of set guidelines of undertaking effective public participation ◆ Short advance notification notices limiting citizen preparation for effective participation ◆ Non-availability of important documents under discussion in a public participation forum. ◆ Lack of feed- back after public participation forums are held 	<ul style="list-style-type: none"> ◆ High expectations by citizens of having all their proposals adopted 	<ul style="list-style-type: none"> ◆ Limited citizen empowerment at the local level 	<ul style="list-style-type: none"> ◆ Inadequate resources for publicity ◆ Lack of funding by the government to hold important forums
Rwanda	<ul style="list-style-type: none"> ◆ Undue influence, though very limited, from some individuals and central government institutions in HR and management issues; ◆ Lack of clarity in institutional frameworks; ◆ Different approaches to decentralisation across the sectors; ◆ Limited coordination for LG capacity building programmes; ◆ Dynamic national government policies which often do not update LG policy scenarios ◆ Lack of guidelines from a number of sector ministries on appropriate service delivery mechanisms ◆ Shortfalls in feedback mechanisms to and from beneficiaries; ◆ High expectations from the citizens, yet limited resources. 	<ul style="list-style-type: none"> ◆ Understaffing at the lower levels of LG ◆ Limited tools for harnessing and synchronizing the full potential of all stakeholders 	<ul style="list-style-type: none"> ◆ Fiscal and financial decentralization through sector ministries enhancing which at times delays speed of transfers 	Limited

Partner State	Institutional	Capacity	Governance	Resources
Tanzania	<ul style="list-style-type: none"> ◆ Unstructured public participation 	<ul style="list-style-type: none"> ◆ Inadequate 	<ul style="list-style-type: none"> ◆ Democratisation processes 	High dependence on central government transfers
Uganda	<ul style="list-style-type: none"> ◆ Lack of shared vision at different levels of decentralisation 	<ul style="list-style-type: none"> ◆ Weak civil society organization ◆ Low levels of citizen participation ◆ Poverty which undermines participation ◆ Low staffing levels In service delivery, supervision and monitoring 	<ul style="list-style-type: none"> ◆ Weak democratisation parties and processes ◆ Lack of transparency and accountability 	High dependence on central government transfers

Source: Partner states

The challenges experienced in Burundi are unique compared to all the other Partner States. Existing conflicts have eroded possibilities of public participation in any form of decision making processes. Alleged marginalization of the majority of the citizens results in lack of control and participation in decisions affecting their lives and livelihoods. The framework of accountability by those in authority to the citizens is not in place. Consequently, key policy interventions to address Burundi challenges summarised in Box 5.3 can be alleviated in part through the new law on decentralisation.

Box 5.3: Policy recommendations on public participation in Burundi			
Objective	Policy area	Proposal for priority areas	Timeline
1. Clarify the strategic direction of decentralization reform	<ul style="list-style-type: none"> a) Territorial organisation b) Territorial organisation c) Central leadership and organisation 	<ul style="list-style-type: none"> Settle the number of communes Settle the legal status of communes in Bujumbura Clarify the power and responsibilities of the national inter-ministerial and orientation committee on decentralisation (CIOPD) 	<ul style="list-style-type: none"> Short term Medium term Short term
2. Create predictable and transparent intergovernmental financial system	<ul style="list-style-type: none"> a) Communes responsibilities b) Communes own revenues c) Transfer revenues for communes. d) Mining sector development 	<ul style="list-style-type: none"> Settle the functional responsibilities of communes Adopt the new law on communal financing Introduce an equitable and transport formula-based transfer scheme for recurrent expenses Integrate decentralization and mining sector development through the design of revenue sharing arrangements across communes. 	<ul style="list-style-type: none"> Short term Short term Medium term Medium term
3. Promote social accountability at the local level	<ul style="list-style-type: none"> a) Communes' own revenues b) Budget transparency c) Communes' responsibilities 	<ul style="list-style-type: none"> Harmonize tax-collection methods and develop an information campaign for citizens and local CSOs Harmonize and disseminate simplified budget information (planning and execution) in Kirundi. Reinforce citizen engagement mechanisms at the local level. 	<ul style="list-style-type: none"> Short term Short term Medium term

Box 5.3: Policy recommendations on public participation in Burundi			
Objective	Policy area	Proposal for priority areas	Timeline
4. Scale up the decentralized land management system	a) Legal framework for decentralized land administration	Adopt the draft decree on the certification of land rights, to codify the results emerging from the pilot programs and harmonize the approach across communes.	Short term
	b) Financial sustainability of land services	Introduce a transfer scheme for recurrent spending that could be used to cover operating costs for land services (including SFC Staff).	Short term
	c) Quality of land administration services provided by communes	Develop standard procedures and guidelines for SFC guidance, supervision, and oversight.	Short term
	d) Human resource management	Establish institutionalized mechanisms for the capacity building and training of public servants, councillors, and private parties engaged in decentralized land administration.	Medium term
	e) Land information statistics	Establish an integrated land information system to be used to track progress, inform policy dialogue, and to improve accountability. In this regard collaboration with central government agencies (ISTEEBU) should be promoted.	Medium term

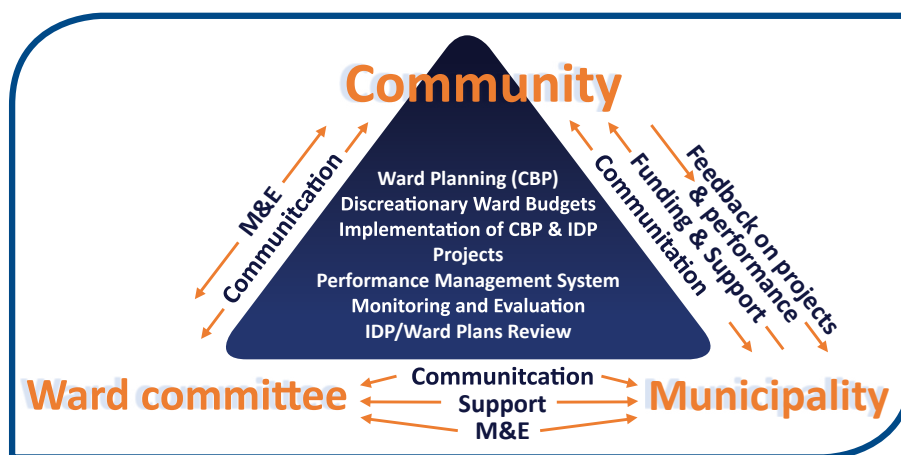
Source: World Bank, 2014: Burundi Public Expenditure Review

5.6 Best Practice Public Participation Lessons

The EU and UK provide useful examples of public participation in local economic development. In the United Kingdom, for example, local actors are responsible for delivery of national programmes to combat unemployment and exclusion (OECD, 1998). Similarly, the EU strategy on citizen participation is designed to build on the community’s social, environmental and economic strengths or “assets” rather than simply compensate for its problems. For this, the partnership receives long-term funding - and they decide how it is spent (CLLD, 2014).

The South African principle of rooting participation in the people prioritises inclusivity, diversity, transparency, flexibility, accessibility, accountability, trust, integration and capacity building. The feedback links across the different stakeholders at community level are presented in Figure 5.2. Key in quality feedback are the M&E performances to inform the communication messages.

Figure 5.1: Feedback links between community, ward committee and municipality



Source: Public Participation Policy Framework, 2005

The success of public participation depends on adherence to policy and legal frameworks, wide stakeholder involvement underpinning all interest groups; and anchored on transparent competitive selection processes, committed leadership, scheduled and institutionalized consultation forums and legal enforcement for citizen participation (Box 5.4).

Further, the participation forums should be guided by defined issues for discussion; well researched documentation, circulated and archived for reference. Public participation engagements should be anchored on well-articulated strategies and plans, programme planning, implementation, institutionalized partnerships, M&E and feedback mechanisms and high degree of governance that provide for continuity regardless of change in political representation.

The forums should be well resourced through regular budgets at all levels of governance. These should be complemented with own revenues for implementing priority activities; complemented with resources and competences from partnerships with private sector, CSOs and donors. However, capacity building and institutional strengthening through civic education, sensitization among others should be an integral part of the participatory process. Going about participation in a rush without adequate resource allocations will undoubtedly be seen as a public relations exercise likely to diminish the trust and respect of communities in whoever is conducting the process in the long term. This will be to the detriment of any public participation processes.

Box 5.4: Success stories of public participation

Rwanda presents the best framework for public participation at all the different levels of decentralisation. The systems are structured and the service charters spell out the types of stakeholder involvement. Reports are made at all levels.

Rwanda has gone an extra mile to implement an elaborate framework of monitoring public participation - public perception surveys, service charters at the household level and national accountability day with donors, private sector and government. During regular LA council meetings, perception surveys are undertaken to establish citizen satisfaction with local/ sub-national government programmes and challenges encountered in the different localities. In addition online forums facilitate wider LG information exchange on LG programmes approved. Intervention programmes, constitute the annual programmes approved by the Council and with wide stakeholder participation.

Equally, Uganda participatory systems are operational and standardised. The remaining partner states could therefore benefit from systems in Rwanda and Uganda.

5.7 Guidelines/Tool Kit and Policy Alternatives for Public Participation

With the shift of service delivery being moved to agencies closer to the local level where the recipients of the services reside, the International Centre for Municipal Development (FMC, 1999) postulates that inclusive public participation should integrate the local needs into the decision making processes, identifying solutions that have been embraced. Policy guidelines on public participation help to harmonise approaches over time and across different unit (Box 5.5). Table 5.6 summarises key the guidelines for consideration in formulating a public participation tool kit.

Box 5.5: Operating from documented public participation guidelines

Operating from documented public participation guidelines, promotes the power of action to foster economic opportunities in pursuit of sustainable development. The Guidelines/Tool Kits should ensure democratic and inclusive selection of community representatives reflecting diversity, clarity of the objective of the meeting, credible and balanced information preparation for well facilitate different stakeholder meetings with feed-back mechanisms, modalities of capacity building, adequate planning and budgeting for the events. For maximum effect, the different consultations should be embedded in the budgetary and planning cycles.

Table 5.6: Guidelines/Tool Kit for Public Participation

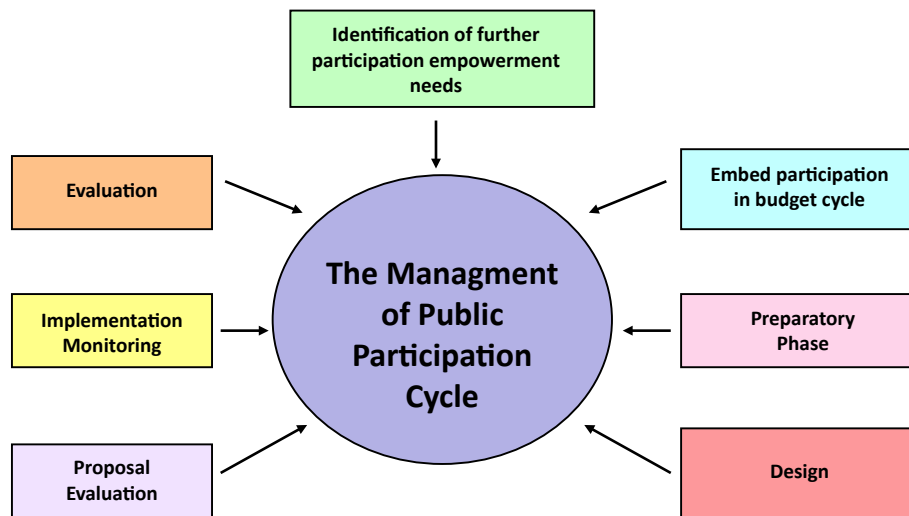
Tools	
Inclusiveness	Representation in the institutional consultation mechanisms should cut across all interests <ul style="list-style-type: none"> ◆ Gender- women, men, youth, marginalized, ◆ Business ◆ Faith
Information Access	Publish information in user friendly formats for easy access targeting different stakeholders: <ul style="list-style-type: none"> ◆ Target audience- Youth, women, elderly, ◆ Disaggregate information and align with objectives (age, gender, rural/urban, income, status,) ◆ Choice of medium- ◆ Method of dissemination-electronic, social media, print, website, ◆ Advertising ◆ Translation to language understood by majority of the people ◆ Updating information regularly
	Research for compilation of the information <ul style="list-style-type: none"> ◆ Consultation ◆ Petitions ◆ Dialogue
	Surveys to generate information <ul style="list-style-type: none"> ◆ Sample selection ◆ Online ◆ Visit based
	Venue <ul style="list-style-type: none"> ◆ Setting up or leveraging existing Resource centres as information depositories
Community outreach	Customize approach to issue at hand <ul style="list-style-type: none"> ◆ Target recipients ◆ Train staff to carry out outreach ◆ Select date/time best suited for target clientele
Public meetings	Presenters should have wide knowledge across LG programmes and need <ul style="list-style-type: none"> ◆ Prior announcements ◆ Prepare presentation material and take home ◆ Use of visual aids, music, dance , drama to communicate ◆ Hold meeting in accessible and commonly used venue in the locality ◆ Partner with opinion shapers
Public hearings	Best suited for meeting <ul style="list-style-type: none"> ◆ Statutory requirements ◆ Elaborate documentation with proposals from which views shall be elicited ◆ Use public address systems if crowd is large ◆ Documentation of public views ◆ Communicating the outcomes of the public hearing
Mediations	To resolve conflicts <ul style="list-style-type: none"> ◆ Affected parties to attend

Tools	
Workshops	Targeted Audience <ul style="list-style-type: none"> ◆ PPT ◆ Group discussions ◆ Take home materials
Road shows	Issue based
Call in programmes	Issue based <ul style="list-style-type: none"> ◆ Poll based
Referenda	Public involvement as a <ul style="list-style-type: none"> ◆ Legal requirements ◆ Means of gauging public opinion ◆ Prepare voters list consistent with constitutional age of voters ◆ Specifying issue to be voted on
Democratisation	Selection of representatives <ul style="list-style-type: none"> ◆ Selection criteria/requirements covering whole range of interest groups ◆ Citizen advisory groups ◆ Term limits ◆ Choice of community
Capacity building	Curricula/training materials <ul style="list-style-type: none"> ◆ Target specific ◆ Institutionalized
Institutionalization	<ul style="list-style-type: none"> ◆ Cultivate partnerships
Planning for events	Adequate advance time for planning <ul style="list-style-type: none"> ◆ One off events ◆ Institutionalize regular events
Technology application	<ul style="list-style-type: none"> ◆ Employ different Communication channels to target recipients
Leveraging culture and music	<ul style="list-style-type: none"> ◆ Adapt participatory approach to cultural ethic underpinnings
Impact assessment	<ul style="list-style-type: none"> ◆ Monitor the impact of participation on programmes and achievements ◆ Participatory monitoring
Governance	The process must be respectful of decision-making protocols and jurisdictions at the municipal, regional and provincial levels
Budgets	<ul style="list-style-type: none"> ◆ Planning and Budgeting ◆ Partnerships with representatives ◆ Manage costs while sustaining quality

Source: *International Centre for Municipal Development, 1999*

The tools for citizen engagement include civic education, advocacy, elections and referenda, technical assistance, public debates and social audits. The mechanisms of engagement cover information access, campaign and lobbying, research, setting up websites, consultations, petitions, dialogue and partnerships.

Figure 5.2: Step-by-Step Approach to Managing Participation



Source: *Tool Kit for Public Participation*, (DWAF, 2004)

5.8 Leveraging EALGF to Strengthen Local, National and Regional Participation in Decision Making Process

In the furtherance of the global understanding of the role of local/sub-national governments, the Kampala Global Forum on Local/sub-national government (2010) focused on how to unleash local/sub-national government potentials in the achievement of the SDG 2030 goals and objectives. The conference acknowledged the pivotal role of autonomy in the decentralization process, legal empowerment, strengthened inter-relationships of the local/sub-national governments and local associations with national and regional organisations. More importantly, a more inclusive and effective capacity to improve implementation.

National governments now recognise the potential of regional integration in providing economic opportunities for improving the welfare of local population. There is a general disconnect between local/sub-national and national Government commitments. Further, there is general lack of awareness of the happenings at global level. The EALGF will provide the framework for the timely implementation of harmonised regional commitments, standardisation and benching of international best practices, creation of trade and investment opportunities, information dissemination, and partnerships among others. Continuous monitoring and evaluation including identification of learning lessons shall guide collective implementation of regional and international commitments at the national level.

CONCEPT NOTE ON AWARD SCHEME CRITERIA FOR BEST PERFORMING LOCAL/SUB-NATIONAL GOVERNMENTS

6.1 Introduction

In order to sustain the momentum of the involvement of local/sub-national governments in regional and global agenda for the purpose of promoting the social and economic well-being of all citizens, most regions have adopted competitive mechanisms to motivate and reward best achievers. In the majority of the cases, the reward schemes are anchored on democratic local governance and development.

In recognition of the role of local/sub-national governments in economic development, EALGA with the support of the East African Partner States established the East African Local/sub-national government Forum (EALGF) in 2011 to leverage the regional frameworks in matters of development. The Forum is to champion local governance, regional integration, and decentralization and cross border trade. This however calls for strong collaborative efforts of local and central governments, regional and international organizations and key stakeholders in matters of economic development. The EAC Partner States have adopted decentralization models through their respective national constitutions and operational legislation, National Visions and related policy frameworks, AU Vision 2063, regional treaties and Global commitments, for example SDGs 2030 and Commonwealth declarations to drive development and service delivery.

The global agenda on local governance and development is evolving, with new emphasis being placed on local level access to basic services and infrastructure. Local governance aims at promotion of growth and employment generation through local economic development; environmental sustainability and management of climate change. In this process addressing disparities in geographical dispersions, urban-rural, gender, participatory and fiscal decentralization inequalities. Consequently, it will be possible to address food security and manage fragility, conflict and post conflict environment. Local/sub-national governments offer the best opportunity for the timely and responsive delivery of local public services as well as the pursuit of local economic development.

6.2 International Benchmarks

International good practice award schemes differ depending on the core area under investigation. Nevertheless, thematic issues guiding the criteria for assessment include: Local significance and value, technical significance, transferability/replicability, documentation, cost/benefit analysis, efficiency, originality, and durability.

The United States and Canada award programs encourage state and local/sub-national governments to prepare budget documents of the very highest quality that reflect on the agreed guidelines. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

The Canadian award Categories and Selection Criteria identifies a number of areas of particular importance for the public service for follow up monitoring and assessment. This practice could be relevant for the EAC region. The award criteria include achievements, management excellence, employee innovation, citizen focused service delivery, employee equity and diversity, policy excellence.

More and more communities are finding that these good practices can be contextualized and replicated and successfully implemented; having been successfully adopted thoroughly researched and successfully implemented across the United States (Centre for Priority Based Budgeting, Annual Conference in July 2013 in Washington D.C.). Project location and targeting has to be precise to avoid distortions.

6.3 EAC Partner State Local/Sub-National Government Award Schemes

Mechanisms of competition and award schemes for best performing Local/ sub-national governments in the region are already in place as summarised in Table 6.1. The award schemes vary from country to country. Scoring is based on performance indicators developed and based on each of these responsibilities. The scores are generally based on the importance placed on the particular responsibility or function. Each indicator or score is given a weight so that the total score card add up to 100. Kenya is yet to set up its County award scheme. Nevertheless, different countries have in place in-house award schemes covering effective delivery of services, public participation and implementation of planned programmes.

Table 6.1: Indicators for Partner States Award Schemes

Burundi	Rwanda-RALGA	Tanzania	Uganda
Level of contribution from the community;	Economic transformation: <ul style="list-style-type: none"> ◆ Connectivity ◆ Intra/extra-regional trade ◆ PPPs investments ◆ Green economy ◆ Innovation 	Capacity issues: <ul style="list-style-type: none"> ◆ 80% to receive discretionary funding ◆ < 50% to receive 80% of discretionary funding 	10 year score card highlighting citizen demand for accountability
Level of sensitizing the community in family planning;	Rural development: <ul style="list-style-type: none"> ◆ Land use ◆ Productivity ◆ Poverty reduction ◆ Rural Infrastructure connectivity 	Achievement of set indicators: <ul style="list-style-type: none"> ◆ Financing ◆ Planning and Budgeting ◆ Project implementation ◆ Procurement ◆ Fiscal capacity ◆ Internal audit ◆ HRD ◆ Council functional process ◆ Min of 50% to receive 80% ◆ Bonus for good performers 	Based on annual: <ul style="list-style-type: none"> ◆ Publication and dissemination of annual score-cards; ◆ Outreach; and ◆ Capacity building to empower citizens and local/ sub-national government leaders
Value for money - e.g. % salaries paid in service delivery	Productivity and Youth employment:	Sector specific grants for: <ul style="list-style-type: none"> ◆ Agricultural sector grants for development, extension services and capacity building ◆ Health sector development ◆ Water sector development 	5 key organs monitored: <ul style="list-style-type: none"> ◆ Local/ sub-national government council; ◆ District executive committee; ◆ District chairperson; ◆ District speaker and the ◆ Individual councillors

Burundi	Rwanda-RALGA	Tanzania	Uganda
<p>Evaluation be based on area of speciality ; e.g. accounts at the sub-national level, payment for salaries and insurances</p> <p>The criteria on meetings should be left for technical departments;</p> <p>Financial Reports should also be considered and given equal weight as those given to the meetings held by the technical departments.</p>	<p>Accountable governance</p> <ul style="list-style-type: none"> ◆ Citizen participation ◆ Accountability 	<p>Assessment is based on:</p> <ul style="list-style-type: none"> ◆ Improved revenue collection; ◆ Improved transformation of ICT to enhance revenue collection and Change from manual collection to digital; ◆ Adhering to the target of the Council Plan; ◆ Service delivery and infrastructure development; ◆ Able to increase own revenue; ◆ Improvement in supporting economic operators in their locality; ◆ Development of action plans and implementation 	<p>Key indicators monitored:</p> <ul style="list-style-type: none"> ◆ Financial management and oversight; ◆ Political functions and representation; ◆ Legislative and related legislative functions; ◆ Development planning and; ◆ Constituency servicing and monitoring service delivery.
	<p>Foundation issues:</p> <ul style="list-style-type: none"> ◆ Macroeconomic stability ◆ Sustainability ◆ Service delivery. 		
	<p>Cross cutting issues</p> <ul style="list-style-type: none"> ◆ Capacity building ◆ Institutional strengthening ◆ Gender ◆ Environment 		
	Stakeholder consultations		

Source: Partner State Award Schemes

6.4 EALGF Award Schemes

The EALGF award schemes shall leverage on country administrative structures and concurrently carry out the regional and national competition assessments. The target groups for the award scheme shall be the basic unit of decentralisation in each Partner State. These are Communes in Burundi, Districts in Rwanda, Uganda and Tanzania and County in Kenya. The EALGF shall appoint an independent evaluator conversant with local/sub-national government issues to undertake the comparative analysis of the national local winners and runners up in the different categories in the region. The EAC regional award scheme will draw from both the national award schemes and international good practices while taking into account critical elements in the establishment of local/sub-national governments, local economic development, financing and public participation. The regional winners and runners up in the different categories are processed through the EAC Policy Organs for final recognition and award from the EAC Summit.

Box 6.1: Objective of the EALGF award scheme

The overall objective of the EALGF award scheme in the EAC region is to leverage the Local/sub-national government frameworks to create wealth and improve access to basic services. Specifically, the competitive award mechanism is to ensure that local/sub-national governments continue to leverage local, regional and international assets to deliver on strategic interventions ascribed to in international, regional and national forums and to generate the appropriate impact on people's welfare. Key among the strategic interventions are the creation of symbiotic partnerships across different stakeholders and citizens; harnessing democratic principles of accountability, transparency and integrity to sustain equity in diversity; diversification of economic activities to take advantage of regional and global markets; building the requisite institutional and human resource capacities to manage decentralised functions, macroeconomic stability, sustainable resource mobilisation and engaging in long term planning leading to urbanisation.

6.5 Outcomes

The award scheme is to be based on a well-informed skilled citizenry who can participate effectively through appropriate institutions and support frameworks (infrastructure, policies and regulations, diverse resource endowments) to take advantage of the opportunities coming along

- a) Integrate national visions/priorities, regional and global commitments into the Local/sub-national Government development initiatives;
- b) Explore sustainable alternative Local/County government financing options;
- c) Strengthen frameworks for public/citizen participation in local level decision making process, programme implementation and M&E;
- d) Strengthen communication channels and information access;
- e) Contribute to the stability of macroeconomic indicators and foundations; and
- f) Engage in long term planning leading to urbanization.

6.6 Judging Criteria

Table 6.3 summarises the judging award criteria which can be reviewed annually to take on board emerging issues. The key result areas form the basic unit of evaluation. The evaluation criteria and process has to align the local/sub-national government activities with community development goals while complying with the jurisdictions development policies and objectives. A common baseline has to be adopted across the Partner States of the region.

The start of the competition should allow for the establishment of the supporting institutions and the grounding of the activities within the decentralised frameworks. Other aspects cover implementation processes, debt limitations, realistic budgets, revenue and benefit streams, conformity with state laws and regulations.

The reward criteria should be anchored on the most improved local/sub-national government in implementing planned activities approved at community level. Decentralisation shall be evaluated against the performance of institutions; local government financing by level of fiscal autonomy; service delivery, economic and infrastructure development for LED; and participation for inclusive governance. Local/sub-national governments in principle are responsible for implementation of global, regional and national development agenda.

The Partner States have already signed up to a number of global and regional commitments. To ensure localisation of global and regional commitments, vis-à-vis development. The targets for the different indicators should be aligned to SDGs, COP21, AU 2063 and regional integration benchmarks (Table 6.2 and 6.3). However, such a criteria should be flexible and allow for regular reviews depending on priorities of the plan period. It should adopt the scoring criteria that reflects service satisfaction, governance and economic development adequately.

Table 6.2: SDG to be used as Benchmarks

SDG	Description	SDG	Description
1	End poverty of all forms	10	Reduced inequalities within and among countries
2	Zero hunger-(Food security)	11	Sustainable cities and communities
3	Good health and well-being	12	Responsible consumption and production patterns
4	Quality education for all	13	Combat climate change and its impacts
5	Gender equality	14	Conservation and sustainable use of marine resources
6	Access to clean water and sanitation	15	Protection and promotion of sustainable use of biodiversity and ecosystems
7	Affordable and clean energy	16	Promote peace, justice and strong institutions
8	Decent work and economic growth	17	Partnerships for sustainable development.
9	Industry, innovation and infrastructure		

Table 6.3: Agenda 2063 Aspirations And Goals

Aspirations	Goals
A Prosperous Africa, based on Inclusive Growth and Sustainable Development	<ol style="list-style-type: none"> 1. A high standard of living, quality of life and well-being for all citizens 2. Well educated citizens and a skills revolution underpinned by science, technology and innovation 3. Healthy and well nourished citizens 4. Modern and Liveable Habitats 5. Transformed economies and jobs 6. Modern agriculture for increased production, productivity and value addition 7. Environmentally sustainable and climate resilient economies and communities
An Integrated Continent Politically United and based on the ideals of Pan Africanism	<ol style="list-style-type: none"> 8. United States of Africa(Federal or Confederate) 9. World class infrastructure criss-crosses Africa
An Africa of Good Governance, Democracy, Respect for Human Rights, Justice and the Rule of Law	<ol style="list-style-type: none"> 10. Democratic values, practices, universal principles of human rights, justice and the rule of law are entrenched. 11. Capable Institutions and Transformative Leadership in place at all levels
A Peaceful and Secure Africa	<ol style="list-style-type: none"> 12. Peace security and stability is preserved
Africa with a Strong Cultural Identity Values and Ethic	<ol style="list-style-type: none"> 13. Pan Africanism is fully entrenched 14. African cultural renaissance is pre-eminent
An Africa Whose Development is people driven, especially relying on the potential offered by its Youth and Women	<ol style="list-style-type: none"> 15. Full gender equality in all spheres of life 16. Engaged and Empowered Youth
An Africa as A Strong and Influential Global Player and Partner	<ol style="list-style-type: none"> 17. Africa as a major partner in global affairs and peaceful co-existence 18. Africa is no longer aid dependent and takes full responsibility for financing her development

The total of 100 is divided as follows- 20 for fiscal autonomy, 20 for service delivery, 20 for participation, 20 for institutions, 10 for economic development and 10 for infrastructure development. For example, in the case of fiscal autonomy, the aim is to grow the capacity of local governments to grow their own revenues. In this regard the central government transfers are capped at 50% with flexibility of raising local revenues to 40% and others at 10%. The level of achievement in the funding shares would attract different points. If the local/sub-national government is dependent on transfers in excess of 50%, then a score of 1 would be given, whereas if the local/sub-national government raises more than 40% of its own resources then a score of 10 is given. Different scores as presented in the table would apply with different achievements. Similar assessments are repeated for each of the target indicator. The total score for fiscal autonomy is 20 out of 100.

The award scheme should be validated with consumer satisfaction surveys. The award scheme should come into operation with the institutionalization of EALGF by 2018.

Table 6.4: Proposed Judging Criteria of Local/sub-national Government Regional Award Scheme

	Target	Benchmarks	Scoring Indicators	Scores
0	Decentralisation	Decentralisation levels	Sector=Ministry	
		Employment (SDG 8)	LG/sub-national government	
			List all levels of decentralisation	
1	Fiscal Autonomy	Adequate and equitable resource allocation and Reliability		20
	Central Govt Transfers	AU17, SDG 17: 50%	>50% = 1; 10<x<40=2; <10% = 5	5
	Local Govt revenues + Royalty	AU17, SDG 17: 40%	>40%= 10; <10=1; 10<x<40= 5	10

	Target	Benchmarks	Scoring Indicators	Scores
	Compliance with policies and laws Other (PPP, donors, Philanthropy, debt) Prudent use of resources	AU17, SDG 17: 10%	<5=2; >5=5 Unqualified audits	5
2	Service Delivery	Equitable access to services		20
	Social Services (health, education, water,.....)	AU3, SDG 3, 4, 6	Capacity: inadequate=1, Adequate=2 Accessibility (km to health services): <5 km= 2; >5 km =1 Privatisation= 1 Commercialisation= 1	6
	Public safety	AU12, SDG 16: Peaceful, access to justice	Peaceful coexistence=0.5 Justice=0.5	2
	Environment Protection	AU7, SDG 15:	Sanitation=0.5	
	Economic Activities	AU5,6, 16&17; SDG 8: growth & employment	Cooperatives= Groups= Special Funds=	
	ICT facilitated services	AU2, SDG 3, 4	ICT facilitated service delivery=	3
	Standards	AU17, SDG 17: Trade facilitation	Benchmarked Technical and Service Standards=1	1
		SDG 10:Welfare support	Social protection: operational =1	1
3	Participation	Citizen participation-Inclusiveness		20
	CSO, PSO, citizen participation, faith,	AU15, SDG 16: Public representation as per Partner State Constitutions and acts	Gender quota 30%=1, <30%=0; Targeted groups =1 Stakeholders represented in committees at different levels of decentralisation=1	3
	Mode of selecting representatives	Local Democracy AU10, DG 5	Democratic/elections=1 Nomination/ to involve marginalised groups=1 Appointment=0	2
	Integrity, accountability, transparency	AU10, SDG 16: Open government-Governance	Compliance with rules/procedures=2	2
	Participatory programming, implementation and M&E	AU11, SDG 16, 17: Integrated planning and programming, Committees Representation of all stakeholders at all levels of decentralisation Supervisory & oversight autonomy	Bottom-up programming=1 National Committees/Forums=1 Local committees/Forums=1 M&E & Feedback=1 Audits=1	5
	Information channels	AU2, SDG 17: Information Access	Dissemination at Sub-units=1 Print Media=1 Social media=1 Statistics and data bases= 2	5
	Community mobilisation	AU15, SDG 16, 17: Community development	Formation of Local associations= 1 Membership in committees=1	2
			No. of Cultural activities=1	1
4	Institutions and instruments	Power & responsibilities of L/ sub-national govts		20
	Constitution, laws, policies, standards,	AU 11, SDG 16: Separation of powers/empowerment	Subsidiarity=5	5

	Target	Benchmarks	Scoring Indicators	Scores
		AU11, SDG 16: Legal and policy anchor	Constitution provision=1 Decentralisation policy/laws=1	2
	Governance	AU10, SDG 16: Multi-levels Governance structures/systems	Committees at all levels=1 Responsibility and resource assignment=1	2
	Linkages with central and regional programming	AU11, SDG 16, 17: Admin. Linkages between local and central governments	Programme linkages=1 Implementation linkages=1 Integrated regional programmes=1	3
	Capacity building	AU2, SDG 16: Institutionalization Training/capacity building	Training institutions=1 Civic education/advocacy=1	2
	Staffing	AU10, SDG 16: Competitive recruitment	Adequacy=1 Meritorious recruitment=2	3
	Sustainability	Poverty reduction (SDG 1, AU1)	Progressive measure at national level Employment=1 Increase Per capita incomes=2	3
5	Economic Development	Poverty reduction and wealth creation		10
	Economic diversification	AU5, SDG 17: Cross border activities	Industrial areas= 0.5 Service sectors= 0.5	1
		AU2, SDG 9: Entrepreneurship	Business support policies/services= Adoption of national/regional Technical standards and regulations=1	1
		AU7, SDG 14: Natural resources	Mineral based industries= 0.3 Tourism= 0.4 Marine based services= 0.3	1
		AU5, SDG 9: Industrial activities	Participation in regional value chains= 1	1
		AU5, 6; SDG 9: Value addition	Agro-processing industries= 0.3 Extension services= 0.4 Bulking/Cooperatives= 0.3	1
		AU11, SDG 9: Innovations	No. of new innovations= No. of development vehicles=	1
		AU11, SDG 17: Regional integration	Participation in ALGA meetings attended (No.)= 1	1
		AU7, SDG 13: Climate change and mitigation programmes	Policies and Programmes=1	1
		AU17, SDG 17: Strategic Partnerships	Local and FDI=1	1
	Land management	Sustainable ecosystems AU17, SDG 15	Enforcement of land laws=1	1
6	Infrastructure Development			10
	Economic Infrastructure	Transport sector AU9, SDG 9	Transport facilitation= 3	3
		Energy accessibility & affordability AU9, SDG 7,	PPPs=2 Energy access=1	3
		AU4, SDG 6: Sewerage	Connectivity to main sewer=1	1
	Urbanisation	AU4, SDG 11: Cities	No. of Housing units= 1 Urban planning=2	3

6.7 Rewards

The national awards shall be the preserve of national governments. However, the regional winners and runners up will get both cash and recognition from the Summit. In addition, the winners shall also be references to all the other local/sub-national governments; and when opportunities arise they should participate in international forums to share their experience with interested stakeholders.

The rewards to be offered to the competitors will comprise of a certificate of participation along with monetary prizes. The certificate of participation will be provided to all competitors whereas the monetary prizes will be given to the best five innovative local/sub-national government entities. The value of the monetary rewards will be determined in consideration of the ranking. The award for this competition is expected to serve as a catalyst for the participating local/ sub-national governments to emulate the good practices arising from the competition and for encouragement for the winners to consolidate their achievements for a greater impact. The award schemes should come into force within the next 5-year strategic plan of the EALGF. This will allow for development of the requisite capacities and institutions to manage decentralised governments.

6.8 Institutionalization of EALGF

With the global understanding that local/sub-national governments are agents of local development; the EAC under article 7(d) and 127 of the EAC Treaty acknowledge to create enabling environment for the participation of all citizens in public and private sector through different configurations in the development activities within the Community. The local/sub-national governments have tremendous opportunity and ability to contribute immensely to the nation's development, by fostering of local economic development, local democracy, inclusive service delivery, local/sub-national government financing and local/sub-national government capacity financing.

In the current set up of the EAC, the activities falling under the core functions of the local/sub-national Government are cross-cutting and currently being addressed through a number of EAC Sectoral Councils. Participation in the Sectoral Councils is at national level. The local/sub-national governments are not represented. Yet, they carry the heaviest responsibility of implementing all EAC policies once they have been domesticated. As such, they equally become accountable, like sector Ministries, for the EAC policy outcomes, including failures and success as far as the implementation of those policies are concerned.

Today, the EALGF creates the opportunity for the representation of local/sub-national governments at the regional level. It provides the leadership and a platform for closer regional cooperation and joint collaboration to strengthen decentralization and mainstream it into EAC processes and practices as one of the salutary ways towards a successful regional integration. The local/sub-national governments would then assume their rightful roles as the key entry points for sustainable local development including meeting the SDGs and other regional and global obligations. However, this cannot be optimally achieved in the current context simply because there is no fully fledged EALGF Secretariat that would technically facilitate, on a regular basis. When established the secretariat will oversee The mainstreaming of the local/sub-national government sector within the institutional framework of the EAC. Thus, establishing a fully fledged EALGF Secretariat would allow the role of decentralisation in a successful regional integration to materialize.

From its inception, the mission of the EALGF is to build strong Local/Sub-national government in the East African region through strong advocacy and lobbying of national governments to strengthen the governance systems with constitutional and statutory devolution of powers to sub-national units according to the principles of subsidiarity. The Forum upgrades the visibility of local/sub-national governments; facilitates effective empowerment, equitable sharing of responsibilities and resources, and contributes to improved service delivery and local development. In this regard, the EAC shall enhance the role of EALGF by according it the responsibility to be a platform for the exchange of knowledge, information, best practices, and innovations in as far as local governance issues as well as the localisation of its various policies within the region are concerned.

SUMMARY OF MAIN FINDINGS, CONCLUSION AND RECOMMENDATIONS

7.1 Summary of Main Findings

7.1.1 Role local/sub-national Governments in Economic Development and Regional Integration

A combination of deconcentration and delegation of responsibility sharing dominate the forms of decentralisation in Rwanda, Tanzania and Uganda with the district as the basic unit of decentralisation. Kenya implements devolution with the county as its basic unit of decentralisation. With the enactment of the decentralisation law, Burundi shall operate from combination of deconcentration and delegation form of decentralisation with commune as the basic unit of decentralisation. The focus of decentralisation across the Partner States is anchored on the need for efficient, effective and accountable local/sub-national governments that deliver services to the local communities at affordable prices.

Economic development remains a top agenda for local/sub-national governments in the EAC region. It is the appropriate levels of local governance where poverty reduction and wealth creation issues can be addressed with the participation of the citizens. The EAC Partner States individually and collectively aspire for improved citizen welfare through diverse strategic interventions as espoused in the national constitutions and visions, multilateral agreements and regional treaties. In all the partner States, wide stakeholder engagements inform priority setting at the local level development agenda.

The EAC Partner States are taking affirmative action in anchoring national development in LED in the local/sub-national governments. In their visions, the Partner States individually and collectively aspire for improved citizen welfare through diverse strategic interventions.. The LED pillar explores the social dimensions, support and operational frameworks and external interaction links to generate the appropriate impact of local government activities on sustainable development (Fig 7.1). In particular, the roles of the different stakeholders at the local level in economic development.

The supportive policy and legal frameworks and coordinating institutions are in place. These target provision of social services such as education, health, housing, planning, infrastructure development and maintenance; environmental services, local economic development, security and judicial services. However, the institutional and capacity constraints in the operative systems and processes, including political will continue to inhibit the process of decentralising functions in accordance with the respective constitutions.

The bulk of the local economic activities are agricultural based. In areas endowed with minerals and other natural resources, mining contributes substantially to community economic activities. The agricultural and mineral based products dominate the export baskets of the region. Engagement at regional and international level remain the preserve of the central government. Regional and international agreements are negotiated and signed at national level. Nevertheless, cross border activity is on rise, though the bulk of it is informal and SME based. Intra-regional trade and investment is carried out by the more established businesses.

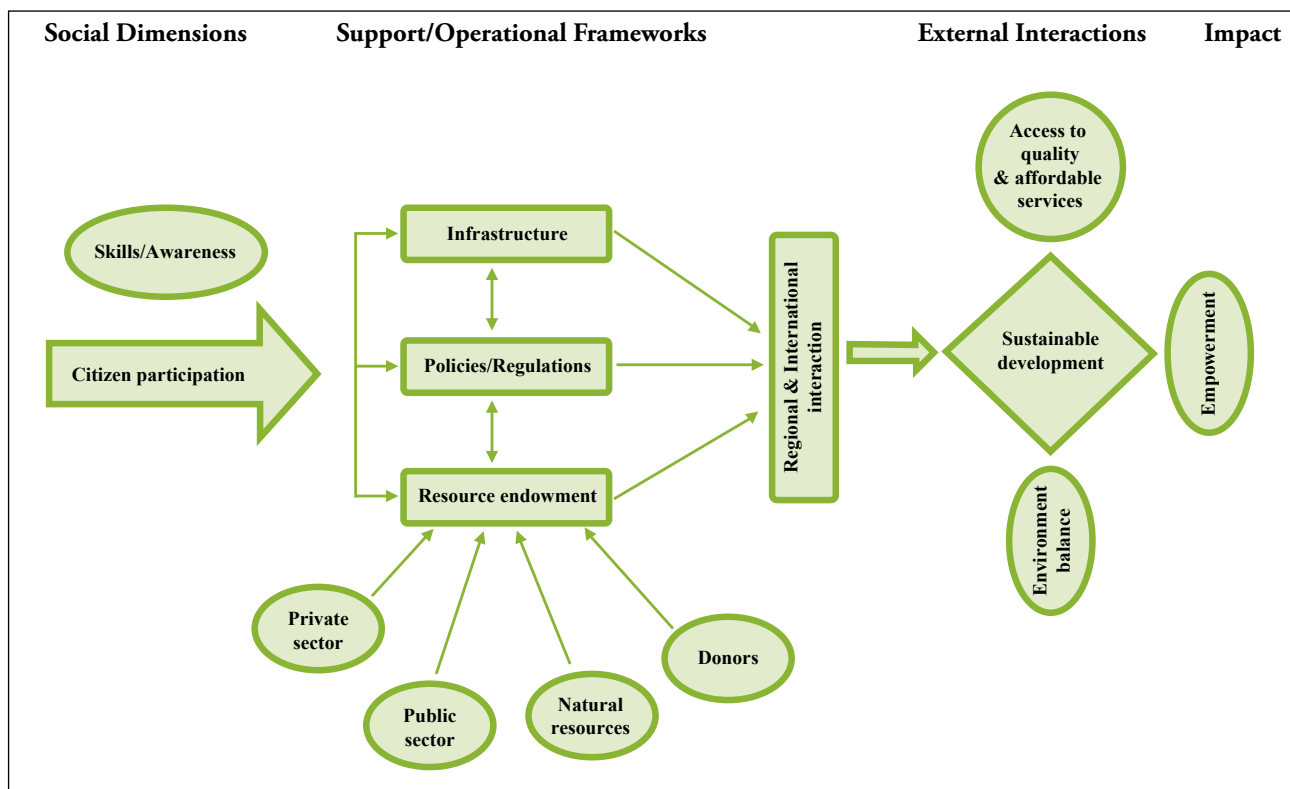
Though small, incremental positive achievements in local economic development have been registered with the operationalization of decentralisation across the different local/sub-national governments in the region. These include increased production and value addition, intra-regional trade and investment and enhanced service delivery. A number of targeted business support mechanisms have been initiated in different countries. Rwanda has strengthened the welfare related access to services and informal sector businesses for the marginalised. Uganda has prioritised the strengthening of the value chain rural agricultural activities while Tanzania mineral sector creates the basis for abundant local economic activities. Enhanced cross border trade in Burundi will catalyse critical economic activities.

Kenya nevertheless provides good lessons in the area of economic development. These include the formation of business development groups and cooperatives from which businesses are operated. Other key support mechanism for credit access, institutional arrangements in entrepreneurship development and capacity building on select enterprises institutionalised at the county levels. Affirmative action in procurement, national youth/women/enterprise funds, provide start-up capital for different business enterprises.

With the majority (close to 90%) of the population residing in rural areas where local/sub-national Governments operate from, there is a mismatch between the fiscal power and transferred resources. Less than 40% of the national budget for administrative power of local/sub-national governments. The bulk of the national income remains with the central government while expenditure responsibilities are delivered by the local/sub-national governments on minimum budgets. The challenges are compounded with high dependency of decentralised governments on fiscal transfers from the central government.

The critical challenges encountered in local/sub-national government public participation emanates from undue influence from the executive and the political class, unstructured inter-phase systems, lack of clarity on division of responsibilities between local and central governments, disconnect between national and local visions as well as institutional linkages, limited citizen empowerment, capacity constraints, lack of resources for publicity and weak civil society and lack of accountability by those in authority.

Figure 7.1: Conceptual Framework



Source: Adapted from RTU Spatial Regional Development Centre

7.1.2 Principles for local/sub-national Government Governance and Public Participation

In the majority of the Partner States, the national and regional supportive legal, policy and institutional mechanisms provide for inclusive stakeholder participation in local economic development. Public participation in decision making processes takes the form of political representation and nomination. These processes enhance political ownership of the development agenda at the local level. In addition, it results in improved uptake of services, accountability, faster information dissemination, better policy-making, and entrenched good governance, democracy and strengthened civic capacity. The CSOs and Private Sector Organizations (PSOs) also have innovative mechanisms of participating in decision making processes. In the majority of cases coalitions are formed to advocate for specific interests in support of their activities or those of the ordinary citizens.

The public participation models in Rwanda and Tanzania are more encompassing and ensure that the public internalise the governments development agenda, in addition to ensuring that community development agenda forms part of the total development package. Burundi participation model however, separates community activities from the national ones which are implemented through NGOs.

The critical challenges encountered in local/sub-national government public participation emanates from undue influence from the executive and the political class, unstructured inter-phase systems, lack of clarity on division of responsibilities between local and central governments, disconnect between national and local visions as well as institutional linkages, limited citizen empowerment, capacity constraints, lack of resources for publicity and weak civil society and lack of accountability by those in authority.

7.1.3 Concept Note on sustainable Local/sub-national Government Financing

The principles informing Partner States local financing range from equity and equality, revenue assignment, transparency, empowerment and stability and predictability. Raising revenue at local/sub-national Government level is a function of fiscal decentralization. In the majority of cases, this is done through by-laws. The sources of Local/sub-national Government Revenue include national governments transfers remitted either as sector grants (Burundi, Kenya, Uganda, Rwanda and Tanzania), conditional grants (Rwanda, Tanzania and Uganda), general/non-conditional grants (Burundi, Kenya, Rwanda, Tanzania and Uganda), capital transfers (Burundi, Kenya, Rwanda, Tanzania and Uganda) and equalization funds (Kenya, Tanzania and Uganda).

An emerging and more potent view of decentralisation focuses on vesting more autonomy to Local/sub-national government in matters of development in territories of their jurisdictions in addition to the centrally assigned powers and functions (LRG, 2015). These range from pooling resources in Mexico, issuance of bonds in Philippines, zoning in South Africa and federal governments in India. However, the challenge lies in the proportion of national revenues allocated to local/sub-national government development.

7.1.4 Award Scheme for best performing Local/sub-National government

The regional award scheme aims to sustain the momentum of the involvement of local/ sub-national governments in regional and global agenda for the purpose of promoting the social and economic well-being of all citizens. Most regions have adopted competitive mechanisms to motivate and reward best achievers. In the majority of the cases the reward schemes are anchored on democratic local governance and development agenda. Except for Kenya, the other Partner States implement national competition frameworks consistent with the maturity of their decentralisation frameworks.

7.2 Conclusion

Decentralisation is a long term process, requiring high level investment. The approach adopted in decentralisation aims to serve the objectives of the specific country. Legal and political frameworks may not be adequate for

decentralisation. There is need to develop the requisite capacities, set up the appropriate institutions to facilitate stakeholder engagement among others. Importation of a system will not work for decentralisation. In formulating a decentralisation model for EAC Partner States, state commitment is key in the recommended framework by leveraging existing systems. More importantly, there is need to commit adequate financial resources and strong involvement of the key stakeholder, in particular, the recipient communities. This will be achieved through the adoption of predictable and sustainable fiscal policy decentralisation consistent with the level of autonomy contained in the constitution and operative instruments.

7.2.1 Role local/sub-national Governments in Economic Development and Regional Integration

Effectiveness of local/sub-national governments as agents of development derives from strong coordination and power sharing between the national and local/sub-national governments in programming and implementation while benchmarking international commitments, defined function, political will and effective leadership; strong institutions to anchor responsibility and accountability mechanisms; operating from legal and regulatory frameworks with full participation of key stakeholders; strong and diversifies economic activities to form the basis for resource mobilisation to sustain development, employment and income creation.

7.2.2 Principles for local/sub-national Government Governance and Public Participation

Inclusive stakeholder participation guarantees ownership and better uptake of development initiatives and institutionalised accountability. These benefit from civic education, advocacy, elections and referenda, technical assistance, public debates and social audits. The mechanisms of engagement cover information access, campaign and lobbying, research, setting up websites, consultations, petitions, dialogue and partnerships.

7.2.3 Concept Note on sustainable Local/sub-national Government Financing

Alternative and more sustainable sources of funding local economic development are critical in meeting expanding citizen expectations. In addition to fiscal decentralisation, diversified financial instruments targeting public and private participation facilitate mobilisation of resources from capital markets, private savings, philanthropy and voluntary contributions.

7.2.4 Award Scheme for Best Performing Local/Sub-National Government

The award schemes from both the developed and developing countries operate from similar principles of local significance and value, technical significance, transferability, ease of documentation, cost/benefit analysis, efficiency, originality and durability. These translate into contributions for meeting national, regional and multi-lateral aspirations, building sustainable institutions and institutional frameworks, policies and programmes, delivery capacities, empowerment and information access and accountability.

7.3 Recommendations

7.3.1 Role local/sub-national Governments in Economic Development and Regional Integration

Building on lessons learned and international good practices to sustain the progress in decentralization and local development in the region, the critical drivers include Partner States working together as a bloc to improve local governance and inclusive service delivery, strengthening linkages and collaborations between local and central government in policy and programming, operational systems and institutions, wide stakeholder involvement,

diversification of economic activities to generate employment and incomes and more sustainable fiscal decentralisation. Key among the required interventions are:

- i. Institutionalising local/sub-national governments participation into the regional frameworks
- ii. Adopting an Integrated Regional Development Approach for programming
- iii. Continued Legislative and Political Support
- iv. Dedicated programmes for Local/sub-national government Capacity Development
- v. Adoption of efficient Institutional Structures and Systems of the Decentralized Governments
- vi. Capacity building and networks
- vii. Maintaining Strategic and Focused Visioning
- viii. Supporting Wide Stakeholder Participation
- ix. Establishing easy to use communication channels
- x. Building the Economic Base for job creation and expanded tax base
- xi. Transparency and strong accountability mechanisms
- xii. Promoting peer learning between member countries.
- xiii. Promoting and advocating for inclusive service delivery

7.3.2 Principles for local/sub-national Government Governance and Public Participation

With the shift of service delivery being moved to agencies closer to the local level where the recipients of the services reside, inclusive public participation that integrate the local needs into the decision making processes identifying solutions have been embraced. This calls for standardised Tool Kit of minimum requirements to streamline public participation in decision making processes. In addition, the tools for citizen engagement to be embraced include civic education, advocacy, elections and referenda, technical assistance, public debates and social audits. The mechanisms of engagement cover information access, campaign and lobbying, research, setting up websites, consultations, petitions, dialogue and partnerships.

Table 7.1: Proposed Methods of Participation

Planning Phase	Methods of Participation
Needs Identification	<ul style="list-style-type: none"> ◆ Mobilization - diverse methods can be used, as not all forms are equally accessible to all stakeholders including notice boards, internet, radio, newspapers, churches, mosques, etc. ◆ Community meetings, stakeholder meetings.
Analysis	<ul style="list-style-type: none"> ◆ Focus Group Discussions, PRA, polls, opinion surveys, public debates, representative forums/ technical focused groups. ◆ Meetings with affected communities and stakeholders.
Strategies	<ul style="list-style-type: none"> ◆ Deliberative representative forum
Projects	<ul style="list-style-type: none"> ◆ Representation of stakeholders on project subcommittees.
Approval	<ul style="list-style-type: none"> ◆ Public consultation with communities and stakeholders

The critical intervention areas include capacity building for citizens for meaningful engagement, strengthening M&E Frameworks, entrenching governance issues both at local and national governments and undertaking regular perception surveys to monitor successes of LG service delivery.

7.3.3 Concept Note on sustainable Local/sub-national Government Financing

In light of the global understanding that local/sub-national governments are future anchors of development, sustainable financing mechanisms to localize the global development agenda and build responsive and accountable local institutions is priority.

Recommendations

1. Provide suitable legal and regulatory environment at the national level to ensure that local and regional governments have appropriate powers and capacities to manage local/urban development;
2. Ensure appropriate fiscal decentralization and sharing of national resources. Provide a set of productive sources of revenue (local taxes, including land value capture, some types of business taxation, etc.) and regular and predictable transfers to support the execution of LRGs responsibilities;
3. Increase technical assistance and capacity building for sub-national governments to develop their capacities to raise local taxes and improve budget management, enhance creditworthiness, design bankable projects and implement infrastructure for the provision of basic services that respond to the community's local needs;
4. Strengthen local/sub-national governments' access to the instruments enabling them to raise long-term financing (banking system, financial markets, international grants and loans), through the creation of: Well-structured and well justified guarantee mechanisms to secure investment Infrastructure Project Preparation Facilities and Urban Development Funds;
5. Develop innovative and responsible ways for MDBs to lend to local and regional governments (sub-sovereign loans), and ensure LRGs access to global, regional, and national climate-change financing mechanisms (e.g., Green Climate Fund, GEF) in order to facilitate investments in adaptation infrastructure;
6. Improve monitoring of official flows (IFIs, ODA and emerging actors) invested in local infrastructures and services and in the development of local and regional governments capacities;
7. Maintaining data bases of the different taxes, assess impact and efficiency of the different taxes;
8. Computerisation and use of IT forms part of the needed capacities of councils; and
9. Transparent budgeting and taxpayer sensitisation.

The new agenda will need to rely on mechanisms that enable local and sub-national public authorities to mobilize part of the wealth produced within their jurisdiction, also improving local and sub-national capacities, and access to innovative mechanisms, best practices and cooperation opportunities, developed in a transparent and efficient manner to maximize the potential of actions in a city-region scale.

7.3.4 Concept Note on the Award Scheme for Best Performing Local/sub-National Governments

In order to sustain the momentum of the involvement of local/sub-national governments in regional and global agenda for the purpose of promoting the social and economic well-being of all citizens; most regions have adopted competitive mechanisms to motivate and reward best achievers. In the majority of the cases the reward schemes are anchored on democratic local governance and development.

The overall objective of the award scheme is to leverage the Local/sub-national government frameworks to create wealth and improve access to basic services. Specifically, the award schemes assess the local/sub-national government activities on sustainable development; creation of symbiotic partnerships across different key stakeholders and citizens in development, policy making, governance, capacity building and institutional development.

The award scheme is anchored on empowered skilled citizenry who can participate effectively through appropriate institutions and support frameworks (infrastructure, policies and regulations, diverse resource endowments) to take advantage of the opportunities coming along with expanded regional and global markets.

The national rewards shall be the preserve of national government. However, the regional winners and runners up will get both cash and recognition from the Summit. In addition, the winners shall also be references to all the other local/sub-national governments; and when opportunity arises they will participate in international forums.

7.3.5 Institutionalization of EALGF

The activities falling under the core functions of the local/county governments are currently being addressed through the various EAC Sectoral Councils. The participation in the EAC Sectoral Councils is at the national level and the local/county governments are not represented. The EALGF will create the opportunity for the representation of local/county governments at regional level. The forum will provide leadership and platform for closer regional cooperation and joint collaboration to strengthen decentralization. The local/county governments will assume their rightful roles as the key entry point for sustainable local development including meeting the SDGs and other regional and global obligations.

It is therefore recommended that the EAC Partner States engage a consultant to draw up Terms of Reference (ToR) for the establishment of the EALGF Secretariat to be adopted. The ToR should address among others:-

- i. Composition of the Secretariat staff;
- ii. Role of the Secretariat;
- iii. Funding mechanism of the institution;
- iv. Mainstreaming EALGF into EAC Secretariat;
- v. Review the role of EALGA; and
- vi. Location of the Secretariat.

7.3.6 Action Plans

The sequencing of events will begin with local/sub-national government institutional development and strengthening, financing and M&E frameworks. This should culminate into the institutionalization of EALGF (table 7.2). In the meantime, continuous capacity building, inclusive governance and diversification of economic activities shall be sustained during the strategy period of 2015-20120. The detailed action plans are presented in Annexes 1.1 and 1.2.

Table 7.2: Schedule of EALGF Action Plans

Key Actions	2016	2017	2018	2019	2020
Institutional development and strengthening					
Human resource development					
Inclusive governance/stakeholder participation					
Expansion and diversification of economic activities					
Strengthening local/sub-national government financing					
Strengthening the M&E frameworks in implementation of LED					
Institutionalization of EALGF					

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ANNEXES

Annex 1.1: Implementation Activities for General Cross Cutting Issues in all the Partner States

Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
1.0 General Cross Cutting Issues				
1.1 Decentralization				
Capacity development- for staff on technical and leadership skills	No. of staff trained on technical and leadership skills annually by local/sub-national governments	Workshop and training reports	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of local/sub-national governments ◆ Local/sub-national governments ◆ Local and national Coordinating institutions from the public and private sector ◆ Capacity building institutions ◆ National local/sub-national government revenue coordinating agencies ◆ Donors and other Financiers
Provisions of Budgets to recruit well trained personnel for local level deployment	Annual budgets for staff recruitment by local/sub-national governments	Budget lines	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of local/sub-national governments and finance ◆ National local/sub-national government revenue coordinating agencies ◆ Local/sub-national governments ◆ Donors and other Financiers
Budget for publicity and sensitization programmes	Amount of resources set aside for publicity and sensitisation annually by local/sub-national governments	Budget lines	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of local/sub-national governments and finance ◆ Local and national Coordinating institutions from the public and private sector ◆ Local/sub-national governments ◆ National local/sub-national government revenue coordinating agencies ◆ Donors and other Financiers
Strengthening PPPs in service delivery	Number of operating partnerships by local/sub-national governments annually	Specific PPP Policy frameworks	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of local/sub-national governments ◆ Local and national Coordinating institutions from the public and private sector ◆ Citizen groups
Policy and regulatory reviews of the operational frameworks	No. of policies and laws reviewed by local/sub-national governments annually	Operational Policies Laws and regulations	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of local/sub-national governments ◆ Local and national Coordinating institutions from the public and private sector ◆ National Parliaments, Councils and County assemblies
Structured urbanisation programmes	No. of urban plans approved by local/sub-national governments annually	Urban plans	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of lands ◆ Urban planning departments in the local
1.2 Local Economic Development				

Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Zoning of local/sub-national governments on basis of endowments and economic potentials	No. of local/sub-national govts who have zoned their jurisdictions	Zonal Reports	2016-2018	<ul style="list-style-type: none"> ◆ National Lands and planning ministries ◆ Local/sub-national gov departments in charge of planning ◆ Affected Sector departments ◆ Coordinating agencies
Establish public private sector partnerships within and outside the region to raise investment resources	No. of partnerships entered into by local/sub-national govts annually	Partnership Agreements or MOUs	2016-2020	<ul style="list-style-type: none"> ◆ State Law Offices ◆ Sector ministries and departments ◆ Partners from public and private sector ◆ Coordinating institutions
Establishment of additional OSBPs and One Stop Service Centres for enhanced facilitation	No. of service centres and OSBPs established annually by local/sub-national governments	Gazette notices	2016-2020	<ul style="list-style-type: none"> ◆ State Law Offices ◆ Sector ministries and departments ◆ National and local revenue offices ◆ Immigration Depts ◆ Trade and investment facilitating institutions ◆ Police
Designation of economic and social sectors for citizen empowerment within economic value chains	No. of groups/cooperatives established/registered to facilitate citizen participation in economic activities	Registered Societies	2016-2020	<ul style="list-style-type: none"> ◆ State Law Offices ◆ Sector ministries and departments in charge of processing, industries, services ◆ Ministries in charge of cooperatives, NGOs, societies
Enterprise Support Programmes	No. of individuals, groups and SMEs trained	Gazette notices Local/sub-national enterprise Reports	2016-2020	<ul style="list-style-type: none"> ◆ National and local level Sector ministries and departments involved in enterprise development ◆ Operational and new SMEs
Leverage affirmative action in supporting investment in welfare programmes	No. of welfare programmes established by local/sub-national governments annually	Local/sub-national welfare Reports	2016-2020	<ul style="list-style-type: none"> ◆ National and local level Sector ministries and departments coordinating welfare programmes ◆ Community groups, societies, ◆ Private sector investors
Establishment/strengthening Information centres in support of the SMEs and STR	No. of information centres by local/sub-national govts set up or strengthened annually	Gazette notices	2016-2020	<ul style="list-style-type: none"> ◆ State Law Offices ◆ Sector ministries and departments in charge of ICT, industrialization and trade ◆ National and local revenue organizations ◆ Immigration Depts ◆ Trade and investment facilitating institutions
Trade and investment support frameworks	No. of trade and investment support frameworks concluded by local/sub-national govts annually	Policy and regulatory frameworks	2016-2020	<ul style="list-style-type: none"> ◆ National institutions coordinating trade and investment ◆ National Ministries in charge of industrialization, trade ◆ National and local/sub-national coordinating institutions from public and private sector and civil society

Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Localisation of SDGs, other regional and international commitments related to decentralized functions	No. of local/sub-national govts revised their strategic plans with incorporation of SDGs by country	Revised local/sub-national Strategic plans	2016-2017	<ul style="list-style-type: none"> National ministries in charge of local/sub-national govts and planning Coordinating institutions from public and private sector M&E institutions
Country Sector specific policies and laws facilitating economic activities	No. of policies and laws concluded by country	Laws Policies	2016-2020	<ul style="list-style-type: none"> State law offices National, local/sub-national gov sector departments coordinating the implementation of economic activities
Leveraging ICT platforms for service delivery	No. of service providers with ICT platforms established/leveraged for service delivery at local/sub-national gov by country annually	Service providers with functional ICT service delivery platforms	2016-2020	<ul style="list-style-type: none"> National ministries in charge of ICT National and local/sub-national ministries/departments in charge of respective service provision Service providers at local/sub-national govts Local/sub-national gov public/private and civic Coordinating institutions
Strengthening the private sector	No. of private sector organisations trained on areas of interest by country annually	Reports	2016-2020	<ul style="list-style-type: none"> Private sector organisations National technical organisations Responsible Local/sub-national gov departments
Training on standards to facilitate trade	No. of private sector organisations trained on standards by country annually	Training Reports	2016-20120	<ul style="list-style-type: none"> Private sector organisations National technical organisations Responsible Local/sub-national gov departments
1.3 Local Financing				
Diversification of economic activities to broaden revenue base	No. of economic sectors set up at local/sub-national gov level by country	Local/sub-national gov economic reports	2016-2020	<ul style="list-style-type: none"> National ministries in charge of local/sub-national gov, sector ministries from which business potentials have been generated Relevant private sector involved in the affected businesses National and local/sub-national coordinating institutions from public and private sector and civil society
Strengthening finance systems and institutions	No. of local/sub-national govts strengthening financial systems by country	Financial Policy reports	2016-2017	<ul style="list-style-type: none"> Local/sub-national gov finance departments National revenue offices National ministries in charge of finance
Leveraging national revenue authorities and professional institutions in tax collection	No. of local/sub-national govts leveraging national revenue offices on tax collection	Tax policy and acts	2016-2017	<ul style="list-style-type: none"> Local/sub-national gov finance departments National revenue offices National ministries in charge of finance
1.4 Inclusive governance				
Capacity building for citizens for meaningful engagement	No. of sensitization sessions for citizen empowerment at local/sub-national gov on different aspects of decentralization by country annually	Sensitisation Reports	2016-2020	<ul style="list-style-type: none"> Local/sub-national gov departments in charge of community mobilization Civil society Citizens

Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Strengthening M&E Frameworks	No. of staff capacity build on M&E by local/sub-national govts by country annually	Capacity building reports	2016-2020	<ul style="list-style-type: none"> ◆ Local/sub-national govt departments in charge of planning and M&E ◆ National coordinating institutions
Entrenching governance issues both at local and national governments	No. of local/sub-national govt laws on governance related issues by country	Local/sub-national govt laws	2016-2017	<ul style="list-style-type: none"> ◆ Local/sub-national govt ◆ Local/sub-national coordinating institutions from the private sector and civil society
	No. of citizen sensitization meetings at local/sub-national govts by country annually	Workshop reports	2016-2020	<ul style="list-style-type: none"> ◆ Local/sub-national govt ◆ Local/sub-national coordinating institutions from the private sector and civil society
Regular perception surveys to monitor successes of LG service delivery	No. of national and local/sub-national govt perception surveys on LG service delivery annually	Perception survey reports	2016-2020	<ul style="list-style-type: none"> ◆ Local/sub-national govt departments in charge of planning ◆ National coordinating institutions
1.5 EALGF Institutionalization				
EAC approval on institutionalization of EALGF	Council deliberations	Council reports	2018	<ul style="list-style-type: none"> ◆ National governments in charge of East African Affairs ◆ National governments in charge of local/sub-national govts
Study to recommend on the institutionalization mechanisms of EALGF; EALGA and ministries in charge of local/sub-national governments	Commissioning of study in institutional structuring of EALGF, EALGA, EAC and national govts	Study report	2016-2017	<ul style="list-style-type: none"> ◆ National governments in charge of East African Affairs ◆ National governments in charge of local/sub-national govts ◆ EALGA

Annex 1.2: Implementation Activities by Key Result Area and Partner States

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
2.0: Decentralization					
Burundi	The Ministry of Community Development to operationalize the decentralization law	Guidelines on operationalization of the decentralization law	Sector Guidelines	2016/2017	<ul style="list-style-type: none"> ◆ Ministry in charge of communes ◆ Coordinating institutions
	Ministry of Devolution and Planning to finalise the decentralization policy and strategy	No. of consultation meetings and workshops in formulation of devolution policy and strategy	Devolution policy and strategy	2016	<ul style="list-style-type: none"> ◆ Ministry in charge of devolution and planning ◆ CoG ◆ Coordinating public and private sector institutions ◆ Civil society
	Formulate County service charter	Formulation of policies and guidelines on the sharing of functions between national and county governments	Service charter	2016	<ul style="list-style-type: none"> ◆ Ministry in charge of devolution and planning ◆ CoG ◆ Coordinating public and private sector institutions ◆ Civil society
Rwanda	Harmonize approaches to decentralization in the different sectors	Review sector guidelines on decentralisation	Revised Sector Policy guidelines	2016	<ul style="list-style-type: none"> ◆ Min. in charge of local government ◆ Coordinating public and private sector institutions ◆ Civil society
	Review staffing policy to enhance coverage of critical local activities	No. of new staff positions in local districts and lower decentralized govts	Revised staff policy on decentralization	2016-2017	<ul style="list-style-type: none"> ◆ Public service ◆ Min. in charge of local government ◆ Coordinating public and private sector institutions ◆ Civil society
	Establishment of a mechanism		Capacity building manual	2016-2017	<ul style="list-style-type: none"> ◆ Public service ◆ Min. in charge of local government ◆ Coordinating public and private sector institutions ◆ Civil society
Tanzania		No. of LG staff trained	Capacity building reports	2016-2020	<ul style="list-style-type: none"> ◆ Public service ◆ Min. in charge of local government ◆ Coordinating public and private sector institutions
	Capacity building for local government staff				<ul style="list-style-type: none"> ◆ Public service ◆ Min. in charge of local government ◆ Coordinating public and private sector institutions

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Uganda	Strengthen the local revenue base	No. of taxes reviewed	Amended Tax policy and law	2016	<ul style="list-style-type: none"> ◆ Ministries in charge of finance ◆ Coordination organization of local/sub-national govt revenue allocation ◆ Public and private sector coordinating institutions ◆ Civil society
	Formulate a policy and guidelines on creation of new Local Governments	No. of workshops in the formulation of policy and guidelines for creation of new LGs	Policy and Guidelines on new LGs	2016-2017	<ul style="list-style-type: none"> ◆ Ministries in charge of LG, Finance ◆ Coordinating public and private sector institutions
	Sensitization of local communities on security	No. of sessions and participants attending sensitization security workshops	Workshop Reports	2016-2020	<ul style="list-style-type: none"> ◆ Ministries in charge of LG ◆ LGs affected by insecurity ◆ Local communities
	Harmonization of national and local government policies		Revised decentralisation policy	2016-2017	<ul style="list-style-type: none"> ◆ Ministries in charge of LG, Finance and planning ◆ Local/sub-national govts ◆ Coordinating public and private sector institutions ◆ Civil society
3.0 Local Economic Development					
Burundi	Establishing/strengthening institutions, policies and regulatory frameworks in support of LED	No. of workshops on policy and institutional reforms	LED Policies LED Regulatory Frameworks	2016-2018	<ul style="list-style-type: none"> ◆ Ministry of Community ◆ Public and private sector coordinating institutions
	Facilitate private sector participation to invest in LG activities	Private sector sensitization of business opportunities in LGs	Sensitisation workshop Reports	2016-2018	<ul style="list-style-type: none"> ◆ Ministry of Community ◆ Public and private sector coordinating institutions ◆ Communes
	LG plans and budgets to take into account community priorities	No. of workshops to formulate LG plans	LG Plans	2016-2018	<ul style="list-style-type: none"> ◆ Ministry of Community ◆ Communes ◆ Public and private sector coordinating institutions
	Scale up the decentralized land management system	Formulation of frameworks for decentralized land management system	Land management systems in communes	2018-2020	<ul style="list-style-type: none"> ◆ Ministry of Community, lands and planning ◆ Communes ◆ Public and private sector coordinating institutions ◆ State Law Office
Kenya	Implement appropriate frameworks in LED by county	No. of County specific LED frameworks formulated	County specific LED frameworks	2016-2017	<ul style="list-style-type: none"> ◆ Counties ◆ Public and private sector coordinating institutions

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Rwanda	Further harmonisation of local and national government policies on LED	No. of workshops to harmonise policies	LED policy	2016-2017	<ul style="list-style-type: none"> Min in charge of finance, local government, trade and industry
	Streamline institutional frameworks to remove any duplications	No. of institutional frameworks reviewed	Institutional structures	2017	<ul style="list-style-type: none"> Min in charge of finance and local government, Associations Public service
Tanzania	Sensitisation of the private sector on business opportunities in LGs	No. of sensitisation workshops on available business opportunities	Workshop reports	2016-2020	<ul style="list-style-type: none"> Min in charge of Local Government, Industry Private sector associations
Uganda	Capacity building for private sector organizations	No. of private sector organisations trained on LED	Training Reports	2017-2018	<ul style="list-style-type: none"> Min in charge of Local Government, Industry Private sector associations
4.0 Financing					
Burundi	Design formula on transfers to the communes outside NGO frameworks	No. of consultation workshops for designing formulae for transfers to Communes	CG transfer formulae	2016-2017	<ul style="list-style-type: none"> Ministries in charge of Finance and Community development Coordinating public and private sector institutions Civil society
	Capacity building for local governments/communes on local government financing	No. of workshops for communes of LG financing	Workshop Reports	2017-2018	<ul style="list-style-type: none"> Ministries in charge of Finance and Community development Coordinating public and private sector institutions Civil society
	Formulate the law to facilitate Communes to raise own resources	Consultancy to facilitate Communes to raise own resources	Consultancy report Commune law on resource mobilisation	2017-2018	<ul style="list-style-type: none"> Ministries in charge of Finance and Community development Coordinating public and private sector institutions Civil society
	Disseminate simplified information on budget in Kirundi	No. of Budget information disseminations annually	Simplified budgets in Kirundi	2017-2018	<ul style="list-style-type: none"> Ministries in charge of Finance and Community development Coordinating public and private sector institutions Civil society
	Allocation of resources for public participation	Amount of budgetary resources allocated for public participation annually	Budget line	2017-2020	<ul style="list-style-type: none"> Ministries in charge of Finance and Community development Coordinating public and private sector institutions Civil society

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Kenya	Fiscal policy reviews to align county financing formulae to take account of urban cities and Mombasa port	Consultancy to review county financing formulae to make adequate provisions for cities	Consultancy Report Revised County government financing formulae	2017	<ul style="list-style-type: none"> ◆ CRA ◆ Ministry of finance ◆ Ministry of Devolution and Planning ◆ Coordinating public and private sector institutions ◆ COG ◆ Budget Office
	Consolidation of county government, private sector, NGO, and direct donor funding programmes into the CIDP	Consultations with agencies implementing LED in counties	Revised framework for CIDP	2017	<ul style="list-style-type: none"> ◆ Ministry of Devolution and Planning ◆ Coordinating public and private sector institutions ◆ COG
	Avoiding double taxation across counties	No. of workshops to harmonise tax policies benchmarked on EAC CMA	Harmonised county fiscal policies	2017	<ul style="list-style-type: none"> ◆ The national Treasury ◆ Ministry of Devolution and Planning ◆ Ministry of East African Affairs ◆ Coordinating public and private sector institutions ◆ COG
Rwanda	Conclude the law on natural and mineral royalties	Parliamentary approvals of the mineral policy and law	Mineral Policy and law	2016-2017	<ul style="list-style-type: none"> ◆ The National Treasury ◆ Ministry of mining ◆ Min of devolution and planning ◆ National Parliament ◆ County Assembly
	Diversifying LG financing to reduce over dependence on central government and donor funding	Consultancy to diversify LG financing	Revised LG fiscal policy	2017	<ul style="list-style-type: none"> ◆ Ministry of Finance ◆ Coordinating public and private sector institutions
Tanzania	Staff Capacity building on resource mobilization at the local government level	Capacity building of LG finance officers on resource mobilisation	Workshop Reports	2018	<ul style="list-style-type: none"> ◆ Ministry of Finance ◆ Coordinating public and private sector institutions
	Provision of flexibility of by-laws for LG to explore additional resource mobilisation options	Consultancy to explore additional resource mobilisation options	Revised Fiscal Policy	2017	<ul style="list-style-type: none"> ◆ Ministry of Finance ◆ Coordinating public and private sector institutions

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Uganda	Upgrading the requirements on the level of education for counsellors	Consultancy on proposals to review educational requirements for counsellors	Policy Report	2018	<ul style="list-style-type: none"> ◆ Ministry of Finance ◆ Ministry of LG ◆ Coordinating public and private sector institutions ◆ Civil society organisations
	Finalise on the review of fiscal policy for URA to collect LG taxes	Parliamentary approval	Revised URA Tax collection Policy	2016	<ul style="list-style-type: none"> ◆ Ministry of Finance
	Broaden LG tax bases to stabilise LG revenues	Consultancy on review of LG tax policy	Revised tax policy and law	2016-2017	<ul style="list-style-type: none"> ◆ Ministry of Finance ◆ Coordinating public and private sector institutions
5.0 Inclusive governance					
Burundi	Implementation of the existing communication policy and mechanisms	No. of sensitization workshops on communication policy	Workshop Reports	2016-2017	<ul style="list-style-type: none"> ◆ Ministry of Community Development ◆ Communes ◆ Coordinating public and private sector institutions
	Implementation of institutionalized mechanisms of citizen participation as contained in the decentralisation law	No. of communes in which decentralized mechanisms have been rolled out	Decentralized units	2017-2018	<ul style="list-style-type: none"> ◆ Ministry of Community Development ◆ Communes ◆ Coordinating public and private sector institutions
Kenya	Institutional collaboration for strengthening communication between national and county governments	No. of consultations workshops to review communication channels	Service charter	2017	<ul style="list-style-type: none"> ◆ Ministry of Devolution and Planning ◆ Coordinating public and private sector institutions ◆ COG
	Customized public participation guidelines in each county	No. of counties formulating customized public participation guidelines	County public participation guidelines	2016-2017	<ul style="list-style-type: none"> ◆ Ministry of Devolution and Planning ◆ Coordinating public and private sector institutions ◆ COG
Rwanda	Strengthening documentation and feedback mechanisms at the county level	No. of counties with revised M&E guidelines	Revised County M&E Frameworks	2016-2017	<ul style="list-style-type: none"> ◆ Ministry of Devolution and Planning ◆ Coordinating public and private sector institutions ◆ COG
	Strengthening the involvement of CSOs, PSOs, NSAs and donors in local level development activities	No. of CSOs and PSOs attending meetings on local development activities	Meeting reports	2016-2017	<ul style="list-style-type: none"> ◆ Ministry of LG ◆ Coordinating public and private sector institutions ◆ Civil society organisations
	Regular updating of guidelines on appropriate service delivery mechanisms by sector ministries	No. of consultations to revise operational guidelines on service delivery	Revised Service delivery Guidelines	2017	<ul style="list-style-type: none"> ◆ Ministry of LG ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations

Partner State	Strategic intervention/Focus Area	Performance Indicator	Means of verification	Timeline	Responsibility
Tanzania	Democratize citizen representation at the lower levels of decentralization	No. of workshops to revised mechanism of democratic citizen representation	Revised citizen representation policy	2018	<ul style="list-style-type: none"> ◆ Ministry of LG ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations
	Strengthen governance institutions	No. of consultations to recommend on mechanisms for reviewing governance institutions	Revised governance structure	2017	<ul style="list-style-type: none"> ◆ State law Office ◆ Ministry of LG ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations
Uganda	Sensitization to harmonise policy understanding across the decentralized levels	No. of sensitization workshops on harmonized policy frameworks between national and districts	Sensitisation Reports	2017	<ul style="list-style-type: none"> ◆ Min of Local Government ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations
	Citizen empowerment for increased participation in LG activities	No. of sensitization works by district	Sensitisation Reports	2016-2020	<ul style="list-style-type: none"> ◆ Min of Local Government ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations
	Capacity building for civil society	No. of capacity building workshops for CSOs	Workshop Reports		<ul style="list-style-type: none"> ◆ Min of Local Government ◆ Sector ministries coordinating decentralized functions ◆ Coordinating public and private sector institutions ◆ Civil society organisations

Annex 2.1: Justifications Decentralisation/Governance principles, National Policies and Legal Frameworks

Partner State	Governance principles/Justifications for decentralisation	Policy Frameworks	Legal Frameworks
Burundi	<p>Justifications:</p> <ul style="list-style-type: none"> ◆ Historical civil conflict ◆ Democracy and representation ◆ Promote political stability and peaceful coexistence among citizens ◆ Fight poverty, promote socio-economic development of rural residents <p>Governance:</p> <ul style="list-style-type: none"> ◆ Encourage citizen participation in local level development ◆ Reform institutional systems to ride off exclusion, Promotion of equality ◆ Strengthening accountability 	<p>Vision 2025 National Decentralization Strategy (NDS) in 2009 Deconcentrating in communes</p>	<p>Constitution Art on Communal law and Electoral Code 2005 (Rev 2009) Arusha Accord 2000 Communal Law</p>
Kenya	<p>Justifications:</p> <ul style="list-style-type: none"> ◆ Diluting the power of the presidency ◆ Limit the powers of the executive ◆ Promote democracy and accountability ◆ Decentralize state organs to enhance separation of powers and governance ◆ Stronger representation through devolution ◆ Promote collaboration between central and devolved governments <p>Governance:</p> <ul style="list-style-type: none"> ◆ Enhanced public participation; ◆ Foster national unity by recognizing diversity; ◆ Promote self-governance and protect the right of communities ◆ Equity and equitable sharing of resources; ◆ Civic education for informed citizenry participation 	<p>Draft National Trade Policy Joint Loans Board for funding small scale traders National Distribution of essential services Vision 2030 MTP 2013-2017 Policy and legal reforms under devolution</p>	<p>Constitution, Art 6 Public Service Act 2012 Devolution Act (Draft)</p>
Rwanda	<p>Justification:</p> <ul style="list-style-type: none"> ◆ Promotion of nationalism/unity, cohesion and healing ◆ Promotion of good governance-transparency and accountability ◆ Poverty reduction ◆ Efficient, effective and accountable delivery of service ◆ Empowering local communities take charge of planning, implementing and monitoring activities impacting on their local needs ◆ Sustainable local level capacity development <p>Governance:</p> <ul style="list-style-type: none"> ◆ Subsidiarity and Separation of powers ◆ Local autonomy principle ◆ Flexibility across the LGs governments ◆ Gender equity and social inclusion 	<p>EDPRS Vision 2020 Decentralization strategy Framework 'gacaca' policy Community Development Policy</p>	<p>Constitution- Art 167 JADF (2007)</p>

Partner State	Governance principles/Justifications for decentralisation	Policy Frameworks	Legal Frameworks
<p>Tanzania</p>	<p>Justification:</p> <ul style="list-style-type: none"> ◆ Union-mainland and Zanzibar Island ◆ Political, Fiscal and Administrative Decentralization ◆ LGHR Management <p>Governance:</p> <ul style="list-style-type: none"> ◆ Subsidiarity ◆ Delegation of some responsibilities ◆ Poverty reduction ◆ Improve access to services ◆ Improve accountability ◆ Political autonomy of Zanzibar Island 	<p>Vision 2025 Decentralisation policy</p>	<p>Constitution Art 145 and 146 Government (Urban Authorities) Act 1982 Local/sub-national government Finance Act 1982 Urban Authorities (Rating) Act 1983 Regional Administration Act 1997 Local/ sub-national government Laws (Misc Amendments) Act 1999 Zanzibar Municipal Council Act 1995 District and Town Councils Act 1995 The Local/ sub-national government Services, Act No. 10 of 1982 The Local/ sub-national government Negotiating Machinery Act No. 11 of 1982 The Decentralization of Government Administration (Interim Provisions) (Amendment) Act No. 12 of 1982.</p>
<p>Uganda</p>	<p>Justification:</p> <ul style="list-style-type: none"> ◆ Political decentralization ◆ Transformation of society-empowering citizens to take charge of their development agenda ◆ Improving financial accountability ◆ Improving the capacity of local authorities to plan, finance and manage the delivery of services to users and ◆ To take charge of their development agenda <p>Governance:</p> <ul style="list-style-type: none"> ◆ Citizen empowerment ◆ Restoration of Governance ◆ Political democracy ◆ Enhanced access to services 	<p>Vision 2040 Decentralization policy</p>	<p>National Constitution 1995 Local Govt Act 1997</p>

Source: EALGF Strategy 2015-2020; UNDP, 2014; Partner State decentralisation policies and strategies

Annex 2.2: Operational Decentralisation Fiscal Policies, Laws and Regulations

County	Fiscal policies	Laws and Regulations
Burundi	<ul style="list-style-type: none"> ◆ National Policy on Decentralization adopted in 2009 (Government of Burundi 2009) ◆ Manual of Administrative and Financial Procedures of 2011 ◆ Burundi's economic and financial program, supported by the International Monetary Fund (IMF) ◆ R/Constitution ◆ Local administration law, ◆ Electoral law ◆ Transfer of functions ◆ Fiscal policy included in decentralization policy 	<ul style="list-style-type: none"> ◆ Decentralization Law of 2005 ◆ Communal law of April 20, 2005 ◆ Law on Communal Administration (Law 1/02 2010) ◆ A draft law long under discussion on the <i>transfert des compétences de l'État aux communes</i> du Burundi was presented to a parliamentary commission in the spring of 2013 - transferring responsibilities from the central to the commune level ◆ Law No. 1/02 of January 25, 2010 amending law No. 1/16 of April 20, 2005 on the organization of communal administration ◆ Investment Code; ◆ Tax Code /Fiscal code; ◆ EAC Common External Tariff; ◆ Municipal code; ◆ Free Zone; ◆ Law on Exports; ◆ R/ Public finance law ◆ VAT law ◆ Income taxation law
Kenya	<ul style="list-style-type: none"> ◆ VAT and Excise duty ◆ Competition Law ◆ Kenya Draft Devolution Policy (May 2015) ◆ Draft Kenya Regional Integration Policy April 2015 ◆ Country Partnership Strategy (CPS) 2014 - 2018 (World Bank) 	<ul style="list-style-type: none"> ◆ Intergovernmental Relations Act 2012 ◆ Urban Areas and Cities Act 2011 ◆ County Governments Act, No. 17 of 2012 (Rev 2014) ◆ Transition to Devolved Government Act, No. 7 of 2013 ◆ Coordination of National Govt Act 2013 ◆ Constituencies Development Fund Act, 2013 ◆ Procurement Act 2005 ◆ PPP Regulations 2014 ◆ The Intergovernmental Relations (Amendment) Bill, 2014 ◆ National Government Co-ordination Act, No. 1 of 2013 ◆ Constitution Art. 203(2) ◆ Public Finance mgmt. Act 2012 ◆ Transition County Allocation Act 2012 ◆ Transition Act, No 8 of 2013 ◆ Public Finance Management Act, No. 18 of 2012 ◆ County Allocation of Revenue Act 2012 (Rev No 10 of 2015) ◆ Division of Revenue Act (No 7 of 2015)

County	Fiscal policies	Laws and Regulations
Rwanda	<ul style="list-style-type: none"> ◆ National decentralization policy, June 2012 ◆ Decentralization Implementation Plan (DIP) 2011 – 2015 ◆ Revised Community Development Policy (2008) ◆ Fiscal and Finance Decentralization Policy 2011 ◆ National Industrial Policy 2011 ◆ National Strategy For Community Development and Local Economic Development 2013 - 2018 ◆ Economic Development and Poverty Reduction Strategy 2013 – 2018 ◆ Competition and Consumer Protection Policy (2010), ◆ Rwanda Industrial Policy and Master Plan (2010) ◆ Rwanda SME Policy and Strategy (2010) 	<ul style="list-style-type: none"> ◆ Law N° 87/2013 of 11/09/2013 on decentralized administrative entities ◆ Law N° 62/2013 of 27/08/2013 on Local Administrative Entities Development Agency (LODA) ◆ Law N°86/2013 Of 11/09/2013 on The General Statutes for Public Service ◆ Organic Law N° 53/2008 Of 02/09/2008 on Rwanda Development Board (RDB) ◆ N° 12/2013/OL of 12/09/2013: Organic Law on State finances and property ◆ N° 12/2007 of 29/03/2007 Law on Public Procurement
Tanzania	<ul style="list-style-type: none"> ◆ Sustainable Industries Development Policy SIDP (1996-2020) ◆ National Trade Policy (2003) ◆ D by D Policy Paper, 1998 ◆ PFM reforms, ◆ Public Sector Reform, ◆ Legal Reforms and ◆ MKUKUTA Strategy 	<ul style="list-style-type: none"> ◆ The Local (District Authorities) Act, 1982 (Rev 1999) ◆ Regional Administration Act (No. 19) of 1997 ◆ Local Finance Act 1982 (Rev 1999;2000); ◆ Urban Authorities (Rating) Act 1983 (Rev 1999) ◆ Regional Administration Act 1997 (Rev 1999) ◆ Local Laws (Miscellaneous Amendments) Act 1999; ◆ Amendment Of The District Corporations Act, 1973; ◆ The Constituencies Development Catalyst Fund Act, 2009 ◆ Public Finance Act, 2001 (Revised 2004) and its Regulations, 2005; ◆ Public Audit Act, No. 11 of 2008 and its Regulations, 2009; ◆ The Budget Act, 2015 ◆ Public Procurement Act No. 7 of 2011 and its Regulations, 2013
Uganda	<ul style="list-style-type: none"> ◆ Local Govt Development Programme ◆ Decentralization Policy Strategic Framework – 2013/2023 ◆ Poverty Eradication Plan, 2000 ◆ The National Development Plan (2010/11-2014/15) ◆ Fiscal Decentralization Strategy, 2002 ◆ Local Finance Commission Strategic Plan 2012/2013 - 2015/2016 ◆ National Local Economic Development Policy 2014 ◆ Local Sector Strategic Plan (LGSSP) 2013-2023 ◆ National Local Economic Development Policy 2014 ◆ National Local Capacity Building Policy 2013 ◆ Local Sector Investment Plan (LGSIP 2006-2016) 	

Source: Various national documents

Annex 2.3: Decentralized/Devolved Functions

Partner State	Decentralized/Devolved Functions
Burundi	<ul style="list-style-type: none"> ◆ Conflict resolution ◆ However, Lack of clarity on national and local functions , due in part from lack of local capacity and resources to be decentralised ◆ Health services; ◆ Environment conservation; ◆ Infrastructure (roads, street lighting, parking, etc.); ◆ Pre-primary education, village polytechnics and childcare facilities; ◆ Fire fighting services and Disaster management; and ◆ Coordination of community/citizen participation in governance at the local level
Kenya	<ul style="list-style-type: none"> ◆ Agriculture and agricultural services and fisheries ◆ Health, veterinary and environment services ◆ Control of pollution ◆ Cultural activities ◆ County transport ◆ Animal control and welfare ◆ County planning and development ◆ County public works and services ◆ Control of drugs and pornography ◆ Coordination of community/citizen participation and governance
Rwanda	<ul style="list-style-type: none"> ◆ Social services ◆ Local level Planning ◆ Local economic activities ◆ Environmental services
Tanzania	<ul style="list-style-type: none"> ◆ Basic education ◆ Basic healthcare ◆ Local roads ◆ Local water supply ◆ Agricultural extension ◆ Peace, order and governance ◆ Social welfare and economic wellbeing ◆ Social and economic development ◆ Other local services
Uganda	<ul style="list-style-type: none"> ◆ Primary health ◆ Primary education ◆ Water and sanitation ◆ Feeder roads ◆ Agricultural production ◆ Local planning ◆ Legislative/Judicial powers at LG level ◆ HR recruitment

Source: Partner State Constitutions and Decentralisation policies

Annex 2:4: Lessons, Roles of Local/sub-national Governments in the EAC Partner States

Partner state	Type of representation	Roles/Achievements	Service delivery mechanisms	Lessons and success factors
Burundi	Nominated	<ul style="list-style-type: none"> Used NGOs in LED activities 	National Fund for Communal Investment	<ul style="list-style-type: none"> Improved fiscal policies from funds to cover recurrent expenditure paving way for promotion of accountability; Opportunities in mining, registration of communal land;
Kenya	Election and appointment	<ul style="list-style-type: none"> Promoting a participatory approach to LG Enhancing LG capacity Promoting a collaborative and effective CG connection 	Democratic process with limited appointments	<ul style="list-style-type: none"> Review of the LG Act LG embraced RBM, ICT assisted systems, PPPs to bridge capacity constraints
Rwanda	Elected and nominated Decentralized structure specifying activities and funding mechanisms while registering very positive citizen participation	<ul style="list-style-type: none"> Provision of services within proximity of recipients Inclusive service delivery engaging Citizens Equitable resource allocation Improved and sustained economic growth Enhanced political participation Favourable policy and political environment for mainstreaming gender Improved service delivery and accountability Enhanced patriotism/responsibility More responsive LG Promotion of regional equalities Improved and sustained economic growth Enhanced political participation Favourable policy and political environment for mainstreaming gender Improved service delivery and accountability More responsive LG 	<ul style="list-style-type: none"> LG Planning and Imihigo system enforcing delivery of promises Accountability of public entities Phased approach Public private sector dialogue 	<ul style="list-style-type: none"> Leadership and goodwill; Effective management, and cultural change- National will –through culture and value systems and changes; Establishment of an enabling policy and legal frameworks to guide systematic implementation of LG programmes; Providing structured platforms for effective community participation and involvement; Improving M&E; Control of corruption; Democracy; Institutional capacity development; Donor coordination; Revenue enhancement; Perception surveys to gauge citizen satisfaction;

Partner state	Type of representation	Roles/Achievements	Service delivery mechanisms	Lessons and success factors
Tanzania	Structured decentralization system supported by appropriate policies and laws and financing mechanisms	<ul style="list-style-type: none"> Maintenance of law, order and good governance Promotion of economic and social welfare of the people within their jurisdiction areas Ensuring effective, and equitable of delivery of qualitative and quantitative services to the people within their jurisdiction areas Equitable access to public services by all; Intergovernmental fiscal reforms; Value-adding partnerships Enhanced technical capacities of LGs for implementation of the programmes; Improved financial management practices 	<ul style="list-style-type: none"> LG Planning cycles synchronized with CG cycles PPPs 	<ul style="list-style-type: none"> Multi-faceted public sector reforms (LG, public service, capacity building); Improved coordination and partnerships within and between CG, LGs and Partners; Improved community participation and monitoring; Flexibility on LG financing to include credit/loan facilities; Partnerships and coordination to focus resources (from public, private, donors etc) on priority areas at a time Political goodwill to drive fiscal decentralization; Continuous capacity building for implementing agencies- structures/institutions, M&E; Objective and transparent resource allocation models Need for vibrant civil society –for effective lobbying and advocacy
Uganda	Structured LG system Institutionalized LG with Operational manuals at all levels Capacity building programmes at the University	<ul style="list-style-type: none"> Increased level of citizen participation and involvement Improved infrastructure development Development of policy and legal frameworks that promote gender mainstreaming Reduced backlog in civil courts Improved service delivery and resource allocation Relatively strong civil society 	<ul style="list-style-type: none"> Synchronized planning cycles for CG and LGs Harmonized accountability systems in CG and LGs Quarterly fund releases 	<ul style="list-style-type: none"> Decentralized access to justice Market based approach to capacity building with operational service standards and scheduled programme assessments Promotion of PPPs in service delivery Political goodwill Gender mainstreaming Inclusive planning process Targeted capacity building at all levels Community participation and involvement Pro-poor initiatives Regular M&E as provided for in the LG Act Local dispute settlement mechanisms

Source: Various National, Regional and International documents

Annex 2.5: Status of the Achievement of the MDG/SDG Indicators, 2015

	International Benchmark	Kenya	Uganda	Tanzania	Rwanda	Burundi
Agriculture & Food	In 2003, African governments meeting in Maputo committed themselves to spend at least 10% of budgets on agriculture within five years End hunger by 2030	3% (2015/2016)	3% (2015/2016)	4.98% (2014/2015)	5.29% (2014/2015)	12.21% (2014/2015)
Education	There are two international benchmarks for spending on education: governments should spend 6% of GNP and 20% of their overall budgets on education. Hence, GSW tracks total education spending as a percentage of both overall spending and GDP.	22% (2015/2016)	14% (2015/2016)	17.14% (2014/2015)	15.16% (2014/2015)	19.83% (2014/2015)
Environment	No target was set for the MDG and continues to receive less than 1%	-	-	-	0.95% (2014/2015)	-
Health	In 2002, at a Special Summit in Abuja, Nigeria, African Heads of State committed themselves to allocate 15% of government expenditure to health. Globally, the WHO Commission on Macroeconomics and Health in 2001 concluded that a minimum of US\$ 34 per capita is required to be spent on health to reach health related MDGs. More recently the Taskforce on Innovative International Financing forecast that by 2015 US\$60 per capita was needed to strengthen health systems and provide essential services in 49 low-income countries.	4% of the Budget (2015/2016) \$27.01 per capita (2014)	7% of the Budget (2015/2016) \$11.99 per capita (2014)	8.21% of the Budget (2014/2015) \$19.76 per capita (2014)	9.53% of the Budget (2014/2015) \$21.5 per capita (2014)	11.48% of the Budget (2014/2015) \$11.36 per capita (2014)
Water/ Sanitation/ Hygiene	GSW tracks spending on water and sanitation using a target of 1.5% of GDP. This is based on two components: the agreement in 2008, at the eThekweni meeting of AU ministers, to spend 0.5% of GDP on sanitation and hygiene; and studies, including by UNDP, which have suggested that meeting the MDG water goal requires 1% of GDP annually.	4% of Budget (2015/2016) 0.79% of GDP (2014)	3% of Budget (2015/2016) 0.42% of GDP (2014)	4.1% Budget (2014/2015) 1% of GDP (2014)	2.48% Budget (2014/2015) 0.75% of GDP (2014)	-

Women's Rights/ Social Protection	<p>In 2008 at the AU Windhoek Conference, African governments committed to a basic Social Protection Floor, the cost of which was determined at 4.5% of GDP.</p> <p>In addition, the International Labour Organization (ILO) and others have estimated the level of government spending needed to provide basic social protection at between 2.9% and 5.2% of GDP.⁵⁰</p>	<p>0% of 2015/2016 budget</p> <p>1.15% of GDP 2014</p>	<p>1% 2015/2016 budget</p> <p>0.01% of GDP 2014</p>	<p>-</p>	<p>2.88% Budget (2014/2015)</p> <p>0.87% of GDP 2014</p>	<p>1.09% of Budget (2014/2015)</p> <p>0.32% of GDP 2014</p>
Energy	<p>Universal access to electricity and modern cooking fuels by 2030 {or 2050}</p>	<p>27% of Budget 2015/2016</p> <p>National Electrification rate 20%</p>	<p>6% of Budget 2015/2016</p> <p>15%</p>	<p>****</p> <p>24%</p>	<p>*****</p> <p>17%</p>	<p>****</p> <p>10%</p>

Source: *Financing for Sustainable Development Goals: Government Spending Watch 2015*

Annex 2.6: Challenges in Local Economic Development

Partner State	Planning & Programming	Implementation	Communication	M&E
Burundi	<ul style="list-style-type: none"> ◆ Dependence on limited economic activities ◆ Inadequate infrastructure ◆ Scarcity and land tenure system ◆ Conflicts ◆ Access to investment resources ◆ Local fiscal law which are included in decentralization policy are yet to be adopted ◆ Lack of strategic vision on basis of fragmented legislative process ◆ Weak fiscal decentralization including lack of a mechanism on equitable transparent intergovernmental funds transfer ◆ Small size of communes ◆ Weak land tenure systems ◆ Weak citizenry participation ◆ Weak accountability systems ◆ High poverty incidences 	<ul style="list-style-type: none"> ◆ Lack of institutional structures ◆ Elite capture using Local Authorities for power and political purpose ◆ Competition between national and local/sub-national government ◆ Weak local/sub-national government capacities to manage decentralized fiscal policies 	<p>Delayed implementation of the existing Communication mechanisms</p>	<p>Inadequate capacity</p>

Partner State	Planning & Programming	Implementation	Communication	M&E
<p>Kenya</p> <ul style="list-style-type: none"> ◆ High community expectations from devolution; ◆ Low budget allocations; ◆ Insufficient legal frameworks & quality legislations; ◆ Weak collaboration among stakeholders ◆ Duplications and conflicts of roles and functions; ◆ Insecurity/terrorism impacting negatively on tourism and related support activities and sources of local/sub-national government resources ◆ Conflicting terms of service across counties and with national govt ◆ High wage bill and HR constraints; ◆ Lack of synchrony between County plans, national plans and Vision 2030 ◆ Weak coordination between national and County govts; ◆ Limited knowledge to the stakeholders on LED ◆ Poverty and income disparities ◆ Leadership challenges since the posts of governors and Senators are highly politicised; ◆ Inadequate skills and structures; ◆ Limited public participation; ◆ Poor financial management; ◆ Rapid population growth unmatched with service provision; ◆ Weak public service culture; ◆ Political interference in LG operations; ◆ Inadequate supporting infrastructure, in particular in Mombasa port serving the region and urban areas; ◆ Mismatch of resources and county resource allocation, especially those contributing heavily to GDP- eg 50% from Nairobi; 30% from Mombasa; ◆ Change of community priorities by County Assemblies; ◆ Limited support infrastructure, particularly the urban areas 	<ul style="list-style-type: none"> ◆ Delayed resource transfers ◆ Attraction and retention of qualified staff ◆ Mismatch of skills and staff deployment ◆ Competition of power capture at different levels of govt ◆ Incomplete policy and legal provisioning or devolution ◆ Inadequate infrastructure ◆ Limited human resource capacity ◆ Inadequate HRM and other management systems at the local level ◆ Inadequate management systems ◆ Lack of capacity building strategy ◆ Lack of institutional infrastructure to facilitate partnership between central and county governments ◆ Devolved functions without resources, eg in roads, fisheries, land records, betting, tourism, etc; ◆ Transport congestion in the urban areas ◆ Defining of participants to public participation forums ◆ High levels of litigations, often delaying implementation; ◆ Limitations of the mining act lacking provisions for royalties; ◆ Youth unemployment ◆ Vast areas to cover with limited available resources ◆ High wage bill leaving little for investment; ◆ Frequent stand-offs between the executive and the county assemblies; ◆ Overambitious budgets not realisable; 	<ul style="list-style-type: none"> ◆ Citizen apathy ◆ Limitations on use of ICT platforms to interrogate performance ◆ Lack of a direct communication framework between national and County governments 	<ul style="list-style-type: none"> ◆ Weak M&E systems ◆ Gaps in the management of public funds- corruption, waste, procurements, compliance ◆ Lack of accountability mechanisms 	

Partner State	Planning & Programming	Implementation	Communication	M&E
Rwanda	<ul style="list-style-type: none"> ◆ Guidelines for implementation at district level ◆ Central govt still has strong control ◆ Lack of synergy between national and local govt planning ◆ Lack of appreciation and understanding from Counties on importance of harmonising local and central govt policies ◆ Involving CSOs, PSOs, donors ◆ Support extended to local NGOs at district level ◆ Systemic and political factors due to inadequate policy and legal frameworks, institutional capacities and inflated beneficiary expectations ◆ Financial constraints to meet mandate 	<ul style="list-style-type: none"> ◆ Limited sectoral manuals/service charters to guide implementation at the local level ◆ Incomplete installation of One Stop Centres for service delivery ◆ Inadequate staff capacities to manage activities ◆ Socio-cultural barriers 	<ul style="list-style-type: none"> ◆ Technological barriers to harness ICT facilitations in the rural areas. 	<ul style="list-style-type: none"> ◆ Capturing real time data
Tanzania	<ul style="list-style-type: none"> ◆ Systemic and political factors –de-enfranchised participants ◆ Financial constraints and delays in release of resources 	<ul style="list-style-type: none"> ◆ Weak institutions ◆ Limited stakeholder involvement ◆ Technical barriers ◆ Limited capacities of stakeholders for meaningful engagement 		<ul style="list-style-type: none"> Limited CG capacity for performance evaluation, M&E, and impact assessment to enforce accountability
Uganda	<ul style="list-style-type: none"> ◆ Weak private sector ◆ Weak local economies anchored on informal sector ◆ Delays in resource transfers ◆ Weak local revenue bases to support development programmes ◆ Lack of a formal policy on creation of new LGs 	<ul style="list-style-type: none"> ◆ Inadequate sector standards to guide implementation at the local level ◆ Capacity challenges at the local level ◆ Inadequate financial resources ◆ Poor coordination of government and NSAs ◆ Inadequate procurement capacity in the LGs ◆ Human resource constraints ◆ Corruption and undue political influence; ◆ Insecurity impacting negatively on tourism and new investments 	<ul style="list-style-type: none"> ◆ Institutional handicaps ◆ Low integration of ICT in service delivery 	<ul style="list-style-type: none"> ◆ Weak M&E systems ◆ Inadequate M&E capacities

Source Partner States

Annex 3: Number of Institutions visited

Category	Burundi	Kenya	Rwanda	Tanzania	Uganda
Public Sector:					
Ministries	5	3	2	1	4
Agencies	1	1	5		1
Local/sub-national government:					
Local/sub-national govts	-	15	3	2	2
National Associations	1	3	1	1	2
Responses (No)	7	22	11	4	9

Annex 4: Partner State Respondents

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Country/Name	Title	Ministry/Institution	Tel/ email
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Festus Machari	PCM	Nairobi County	0721896995
Nimrod Harrison Masaka	Urban Planning	Nairobi County	0722219220
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L.M. Gatimu	Finance	Nairobi County	0721959213
Adan Onyango	County Assembly	Nairobi County	0722894062
Gregory S. Mwakananon	CEC	Nairobi County	0721786445

Country/Name	Title	Ministry/Institution	Tel/ email
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Susan Katusya	Admin	Kitui County	
Alex Kimanzi	Finance	Kitui County	
Duncan Ndingi		Kitui County	
Mohamed Patesh	Service delivery	Mombasa County	
Dorothy Auma	County Assembly	Mombasa County	
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Martin Onyango Achari		Mombasa County	
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Martin M Mwaro	County Secretary	Kwale County	
Dennis Mutui	Clerk	Kwale County Assembly	
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Eric Parmet	Economic and Resource mobilization - adviser to the Governor	Kwale County	
Athumani Mwatunza	Director in charge of economic Planning and budgeting	Kwale County	
Heidi Mumia	County Trade officer	Kwale County	
Daniel Mbinda	Clerk, Budget committee	Kwale County	
A.M. Halake	Deputy Clerk, County Assembly	Isiolo County	
		Muranga County	
		Meru County	
Ibalai Chrispinus	Budget	Kisii County	
Charles Nyakweba	Administration	Kisii County	
Alfred Mareka	Strategy	Kisii County	
Pamela Kiritu	Administration	Kisii County	
Vincent Mirera	HRM	Kisii County	

Country/Name	Title	Ministry/Institution	Tel/ email
Peterson Nyakeri	Planning	Kisii County	
Gitonga	Public Participation	Meru County	
Mwenda	Finance	Meru County	
Rutere	Economic Planning	Meru County	
Queen Kimogol	HRM	Narok County	
Paire Kaku	Finance	Narok County	
Walter Chanua	Finance	Narok County	
S. Gekara	Planning	Narok County	
H.E Sospeter Ojamong,	Governor	Busia County	
Mr. Korir Kiplangat	Planning Officer	Busia County	
Mrs. Prisca I. Omoit	Head of Treasury (Budgeting)	Busia County	
Mr. Alan Omochar	Chief Officer, Finance & Economic Planning	Busia County	
Mr. Robert Papa	Chief of Staff	Busia County	
Richard Koech	Finance	Baringo County	
Douglas mulei	Finance	Baringo County	
Kiprono Kosgei	Planning	Baringo County	
G.K. Boenge	Treasury	Baringo County	
Hilary Sitro	Revenue Officer	Baringo County	
Stephen K. Maritim	CEC-ICT	Nakuru County	
Geofrey Kioko	Director ICT	Nakuru County	
Francis G. Mathea	CEC-Education	Nakuru County	
Hazi Gakinya	Legal Advisor	Nakuru County	
P.K. Sigei	Chief Officer, Public Service Management	Nakuru County	
B. Kalinge	Economist	Nakuru County	
H.E. Moses Akaranga	Governor	Vihiga County	
Hon. Moses Luvisi	CEC – Finance & Economic Planning	Vihiga County	
Hon.Halima Abdi	CEC Public Service & Adm.	Vihiga County	
Ms Linet Abdullah	County Secretary	Vihiga County	
Mr. Wilberforce Ndula	Chief Officer - Finance	Vihiga County	

Country/Name	Title	Ministry/Institution	Tel/ email
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J.P. Mwaikatale	Revenue Officer	Kinondoni Municipal Council	
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Paul Kasule Mukasa	Projects Coordinator		
Debrief Session with PS			
1. Patrick Mutabwire			
2. John Gende Walala			
3. Tugabirwe Emmanuel			
4. Sendaule Yasin			
5. Swizin K. Mugyema			
6. Jane Margaret Akurut			
7. Justinian Niwagaba			
8. Tibamwenda Assumpta			
9. Nuwagaba Benson			
Abyeto Stella	Deputy Chief Admin Officer	Jinja District	
George Izale	Deputy Mayor	Jinja Municipal Council	
Waidhuuba Jofram	Deputy Town Clerk		
Christine Kayongo Olam	Statistician/Population Officer		
Lawrence Pario	Manager, Bridges and Structures	Uganda Roads Authority	
Raymond Agaba		Ministry of Trade, Industry and Cooperatives	
Zake Kalega			
Robert Okudi	Acting Commissioner Budget, Policy and Evaluation	Ministry of Finance, Planning and Economic Development	
Robert Sekate	Senior Economist, Fiscal Decentralization.		
Henry Jabo Obbo	Political and Legal Support	Ministry of East Africa Affairs	
Alfred Ogyang	Programmes and Training Manager	Urban Authorities Association of Uganda (UAAU)	



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