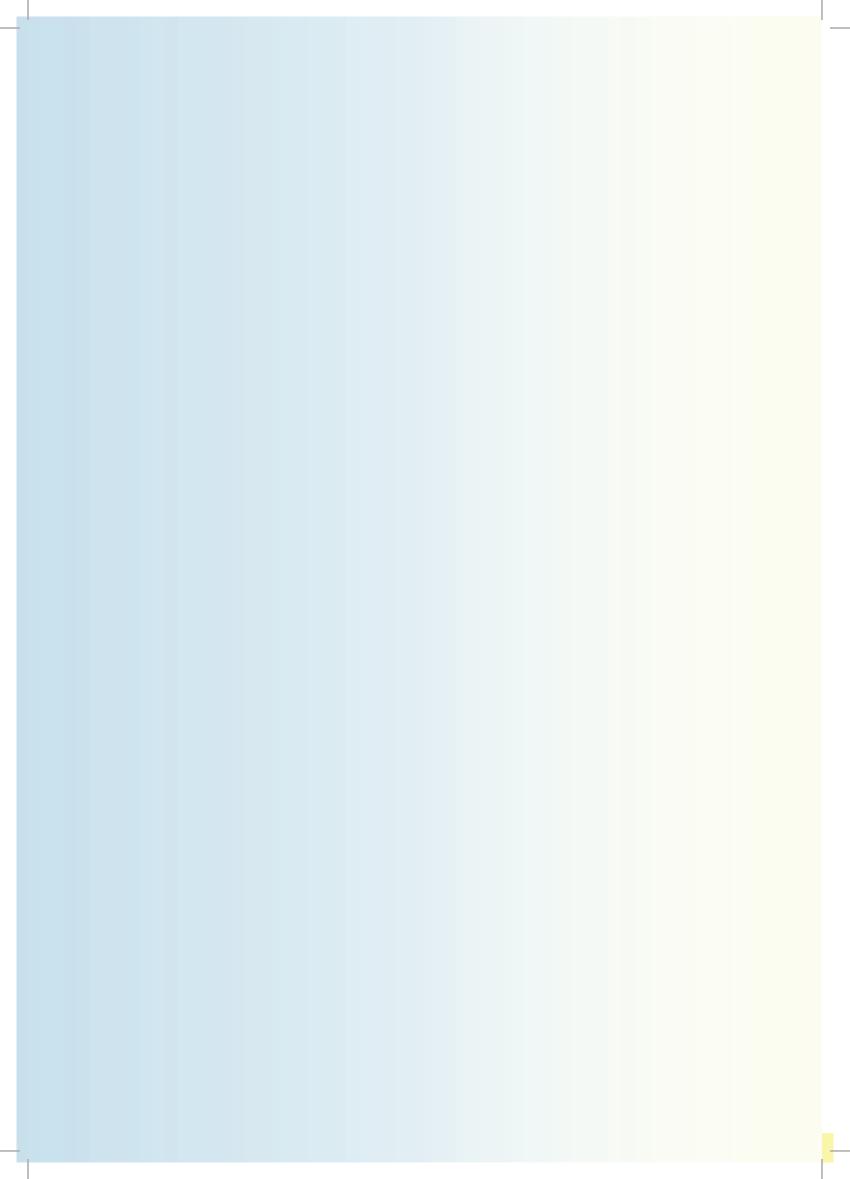


### **MINISTRY OF LOCAL GOVERNMENT**

# A STUDY OF INCONSISTENCIES AND BEST PRACTICES IN SERVICE DELIVERY AND PROGRAMME MANAGEMENT APPROACHES IN LOCAL GOVERNMENTS

**REPORT** 

November 2013





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### **Foreword**

I have the honour to present to you this document that captures findings arising out a study carried out on the inconsistencies and best practices in service delivery and programme management approaches in Local Governments.

The purpose of the study was to identify inconsistencies and best practices in service delivery and programme management approaches. The findings of the study are to be used to develop principles to guide service delivery in local governments. It is also envisaged that findings will help the Ministry of Local Government to develop training materials for use in sensitization programmes of local government officials at all levels.

I would like to thank the United Nations Development Programme (UNDP) for accepting to fund the study. Secondly, I wish to commend the consultant Dr. Sabiiti Makara for conducting the study in the time frame given to him by the Ministry. Furthermore, I would also like to acknowledge the contributions made by the sampled Local Governments where the consultant carried out this study. The Decentralization Technical Working Group (DTWG) is also appreciated for the input they made into the study and for validating the findings and recommendations of the study.

It is my sincere hope that the local government fraternity, Development partners and Civil Society Organizations will find this document informative and useful in designing and implementation of service delivery programmes and interventions for our communities.

I would, therefore, like to recommend and urge Local governments to use this document as a resource at their disposal for effective service delivery.

Patrick K Mutabwire

**Acting Permanent Secretary** 

July 2013

### **Acknowledgement**

The Ministry of Local Government is very grateful to our development partners, particularly the United Nations Development Programme (UNDP) for supporting the study of inconsistencies and best practices in service delivery and programme management approaches in Local Governments through financial and technical resources. We also appreciate the contribution of the various Local Governments and partners and the Clearing House of the United Nations Capital Development Fund (UNCDF) that provided necessary information to the consultants during the development of the Guidelines.

We extend our sincere gratitude to the facilitator – Dr. Sabiti Makara, who undertook the task under the supervision and guidance of the Department of the Local Government Administrations.

Patrick K. Mutabwire

Ag Permanent Secretary

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### **List of Acronyms:**

ACORD Agency for Cooperation and Research in Development

BOQs Bills of Quantities

CAO Chief Administrative Officer
CBOs Community Based Organizations
CDD Community Driven Development
CDO Community Development Officer
CIT Communication Information Technology

CSO Civil Society Organization

DPSF Decentralization Policy Strategic Framework

DSCs District Service Commissions

DTPC District Technical Planning Committee
FAO Food and Agricultural Organization
FDS Fiscal Decentralization Strategy

HIV/AIDS Human immunodeficiency virus infection / acquired immunodeficiency syndrome

ICT Information Communication Technology

IGG Inspectorate of Government

JARD Joint Annual Review of Decentralization

KCCA Kampala Capital City Authority

KI Key Information KM Kilometers

LED Local Economic Development

LC1 Local Council 1

LC5 Local Council Five (District Chair)

LGs Local Governments

LGFC Local Government Finance Commissions

LGSMDP Local Government Management and Service Delivery Project

MOES Ministry of Education and Sports

MOFPED Ministry of Finance Planning and Economic Development

MoLG Ministry of Local Government

MoW Ministry of Works

NAADS National Agricultural Advisory Services

NDP National Development Plan

NEMA National Environmental Management Authority

NGO Non-Governmental Organization

NPA National Priority Areas

NUDEIL Northern Uganda Development of Enhanced Infrastructure and Livelihoods

NUSAF Northern Uganda Social Action Fund

OBT Output Budget Tool

OPM Office of the Prime Minister
O&M Organization & Methods

PMC Project Management Committee
PPDA Public Procurement and Disposal
PPP Public-Private Partnerships

PSM-SIP Public Sector Management Sector Investment Plan

SCOUL Sugar Corporation of Uganda Limited
TASO The AIDS support Organization
UMI Uganda Management Institute
UNBS Uganda National Bureau of Standards
UNRA Uganda National Roads Authority

LOGSIP Local Government Sector Investment Plan

URA Uganda Revenue Authority

USAID United States Agency for International Development

WHO World Health Organization WFP World Food Programme

## FINDINGS FROM A STUDY ON INCONSISTENCIES AND BEST PRACTICES IN SERVICE DELIVERY AND PROGRAMME MANAGEMENT APPROACHES IN LOCAL GOVERNMENT

### 1.1 Background to the Study

Uganda's decentralization policy was introduced by Government in 1992 in order to enable citizens to have more say in determining their affairs and to improve on the provision of services. In the past, most of the decisions were made at Central Government level, which made the system undemocratic and provision of services very difficult.

Specifically, the policy of decentralization was put in place to achieve the following objectives:

- 1. Transfer real powers to local governments and thus reduce the workload of remote underresourced central officials;
- 2. Bring political and administrative control over services to the point where they are actually delivered, and thereby improve accountability and effectiveness, and promote people's feeling of "ownership" of programmes and projects executed in their local governments;
- 3. Free local managers from central government constraints and enable them to develop effective and sustainable organizational structures that are tailored to local circumstances;
- 4. Improve financial accountability and responsibility by establishing a clear link between payment of taxes and provision of services;
- 5. Improve the capacity of local authorities to plan, finance and manage the delivery of services; and
- 6. Enhance local economic development in order to increase local incomes and expand local revenue bases.

The decentralization policy reform has registered significant progress towards realization of its objectives. The reform was not meant just to shift responsibility for development from central government to local government. It is a policy instrument aimed at sharing of power and improving local democracy, whilst improving effectiveness and efficiency in the use of scarce public resources. To date decentralization remains the main *modus operandi* of government business and development initiatives. However, over the years, some challenges have been encountered and corrective measures taken. The gist of this project is to study the dimensions of these challenges and the best practices in service delivery.

### 1.2 Purpose of the study

The purpose of this study is to identify inconsistencies and best practices in service delivery and program management approaches, and develop principles to guide service delivery in local governments; including CSOs. The specific purposes of the study are:

- a) To study current approaches to local government service delivery,
- b) To identify inconsistencies and best practices in service delivery and program management,
- c) To develop principles to guide service delivery and program management in local governments (and civil society organizations);
- d) To develop materials for use in sensitization programmes of local government officials at all levels.

### 1.3: Objectives of the Study

- To create awareness on key issues of decentralization including its objectives and implication on service delivery,
- b) To give the wider public awareness on the vision and political will behind the decentralization policy;
- c) To enable the local councilors access key decentralization reference materials;
- d) To empower local council officials and the general public with knowledge on aspects of participatory planning, budgeting and service delivery in Local Governments;
- e) To highlight the roles and obligations of citizens, NGOs, CSOs and other stakeholders; and
- f) To standardize approaches to Programme implementation in Local Governments.

### 1.4 Tasks undertaken

- a) Reviewed relevant literature, collect and compile data on inconsistencies in service delivery and study program management approaches employed in Local Governments and CSOs.
- b) Identified best practices in service delivery and program management in local governments and management in local governments and CSOs that will lead to efficient and effective service delivery.
- c) To develop principles to guide service delivery and program management in Local Governments including CSOs.
- d) To conduct validation meetings.
- e) To produce materials to be used in the sensitization of local government officials, stakeholders and citizens.

### 1.5: Definition of Basic Concepts

Decentralization refers to the transfer of powers over decision-making and implementation from central Government to lower administrative levels to improve efficiency and effectiveness of service delivery. Decentralization takes the following main forms: devolution, de-concentration, delegation and privatization. Under devolution, lower units are given substantial control over decision-making, planning, administration and financial management, with the centre largely restricted to policy-making and oversight functions to ensure that implementation is done in line with national objectives and goals. Under de-concentration division of powers and responsibilities is limited since the centre retains control over field officials. Delegation means that allowing local organizations to perform specific functions on behalf of the centre. Privatization means that private sector organizations or individuals are allowed to perform functions that would ordinarily be provided by the state.

Uganda's decentralization takes the form of devolution. Devolution is guided by a legal framework that subjects the units to control by local beneficiaries and the central government. Although all the four forms are driven by efficiency and effectiveness in service delivery, devolution offers greater scope to citizens to influence decision-making and implementation of programmes that affect them and, as a consequence, has more appeal in matters relating to service delivery at the local level. Decentralization is both a political and technical process. At the political level it involves leadership, participation, inclusion, representation, decision-making and power relations between central and local governments. On the technical level it involves administration planning, budgeting, financial management, human resources management and development, monitoring an on careful and effective synchronization of political and technical elements and functions. Uganda's overall goal is for

her citizens to enjoy a high quality of life by determining the priorities, influencing their governance, asserting their rights and discharging their obligations. Devolution offers the most effective form of decentralization for realizing those aspirations.

Uganda's decentralization seeks to promote popular participation by empowering local people to make decisions that affect their wellbeing and to enhance transparency, accountability, efficiency, effectiveness and responsibility in the management of public resources and delivery of services.

### For purposes of this study, we define the working concepts as follows:

**Decentralization**: means transfer of specific executive, legislative, planning and financial powers from the centre to the local institutions. These are mainly local governments and civil society institutions. To some extent, it involves 'privatization' or the private sector in terms of public-private partnerships.

Decentralization also means local ownership of programs, effective participation of ordinary people and demand for value of money.

**Service delivery**: refers to a relationship between policy makers, service providers, and consumers of those services, and encompasses both services and their supporting systems. In public administration we make a distinction between **service delivery** and **service provision**. Service provision generally refers to the principal actor (mainly a government department) offering services either directly or indirectly. Service delivery as it suggests, refers to the actual policy implementation/ or delivery, and the agencies doing so.

**Inconsistency:** According to Oxford English Dictionary inconsistency means an idea, opinion, not in agreement between parts of itself or with something else. From this definition, we take inconsistencies in decentralization policy and service delivery to mean variations, or unpredictable changes in policy and anticipated service. For our purposes we refer to inconsistencies as challenges/constraints to implementation of decentralization and service delivery in Uganda.

Best practice: according to Edward Jennings means "learning what works and what does not work" or "identification of a variety of approaches to a particular issue". Some best practices are found among others, in the Local Government Act (Cap 243), the Constitution, the Decentralization Policy Strategic Framework Paper, Fiscal Decentralization Strategy (FDS) Joint Annual Review of Decentralization (JARD) from 2004 onwards, Local Government Annual Review reports, and Reports of the Local Government Finance Commission. Some of the "points of action" on tackling challenges are suggestive of "best practices" which will be studied. This exercise follows thematic pillars of decentralization in terms of devolved powers vis: political, administrative, fiscal, planning, legislative, and local economic development. In addition we consider cross-cutting and sectoral issues.

### **1.6: Policy Framework**

The Ministry of Local Government develops sector policies, coordinates, monitors, guide, supervises, mentors and supports local governments in implementation of decentralized services.

The policy is guided by the Constitution, the Local Government Act (cap 243), the Decentralization Policy Strategic Framework (DPSF), the Fiscal Decentralization Strategy (FDS), the Local Government

Sector Investment Plan (LOGSIP), and recently two other important policy documents with significant

Edward T Jennings Jr. (2007), "Best practices in Public Administration, how do we know them? How can we use them?" In Administrative Management Public Vol. 9, 2007.

implication for the implementation of decentralization were added. These are the Public Sector Management Strategic Investment Plan (PSM-SIP) and the National Development Plan (NDP). PSM-SIP outlines strategic coordination and investment in key strategic sectors of government. The Office of the Prime Minster (OPM) coordinates the sectors. Strategic public sectors under PSM-SIP include: Ministry of Local Government, local government associations, Local Government Finance Commission, Ministry of Public Service, Public Service Commission, and Kampala Capital City Authority (KCCA). PSM-SIP recognizes that in local governments "Public service delivery challenges are currently very serious". It points at key decentralization challenges including: a high rate of district creation, lack of implementation capacity, understaffing, revenue shortfalls, waste and corruption, poor funding, and low local revenue generation. On its part, the NDP calls for streamlining of the planning processes and harmonization of service delivery sectors.

### 1.7: Service delivery and programme management approaches

Service delivery in government especially at the local government level has been evolving, and various approaches adopted depend on the context and decisions of each local government.

Service delivery is slightly different from service provision. Service provision refers to the whole process of planning public services while service delivery refers to mechanisms of policy implementation. In Uganda's local government system, service delivery approaches include: direct provision by the local government, public-private partnerships (PPPs), participation of civil society (CSOs) and privatization (letting individuals or companies to provide the services). Much of the service provision is done by the stakeholders, either independently or in partnership with local state institutions.

### 1.7.1: Approaches to management of service delivery:

(a)Direct provision:

This is the traditional approach to service provision. A local government takes up the responsibility of providing services direct to the community. Thus, a local government plans, executes, monitors and evaluates the service. This has worked successfully to some extent. For example, the government of Uganda has given road maintenance equipment to most of the local governments, anticipating that they will directly service the roads in their areas. This is intended to be cost-saving. There are a number of limitations to this approach such as inadequate transparency and accountability, corruption, local capture, low levels of efficiency, red tape bureaucracy, low levels of job completion and many other challenges.

### (b) Public-Private Partnerships:

Public private partnerships are now a national strategy for service delivery<sup>2</sup>. These are arrangements between Government and the private sector for the purpose of providing public infrastructure, community facilities and services in general. The partnerships include the private sector, public sector and civil society organizations. The partners share investments, risks and the benefits among themselves.

There are contractual relationships between local governments and profit organizations (either companies or individuals giving a service with a motive of profit). Other arrangements are with non-profit organizations or civil society organizations (CSOs). CSOs are partners because they either provide or monitor on behalf of the local government or the public to ensure that people's interests are taken care of.

(c)Public-Private Partnerships (PPP) arrangement:

These arrangements are managed on the basis of principal- agent principle. A local government is the principal while the private actor is the agent. Each of the two has duties and

<sup>2</sup> See The National Development Plan pp.64-66.

obligations. The principal supervises, while the agent meets his/ her contractual obligations. A key assumption is PPP arrangement has advantages over direct service provision in terms of efficiency, cost-cutting, quality and mobilization of capital. There is also answerability as well as questions of "value for money".

Public-private partnerships vary depending on a number of factors such as allocative efficiency, magnitude of risks, size of investment, capacity of partners and responsibilities expected from each partner. Transparency and accountability underpin the contractual arrangements. In Uganda, the institutional and legal frameworks for PPP are still weak.

### 1.7.2: Types of Public Private Partnerships

The typologies of PPP depend on what a local government and its partners want to achieve, hence the choice of one or more. These are of various kinds, but the main ones used in Uganda include:

### (a) Operations and Maintenance

This is where the local government contracts with a private sector partner to operate and maintain a publicly owned facility e.g. a solid waste water treatment.

### (b) Design-Build:

In this case, a local government contracts a private sector provider to design and build a facility. The provider conforms to standards and performance set by the local government. Once the facility has been built, the local government takes ownership and becomes responsible for the operation of the facility.

### (c) Turn Key Operations:

In this case, a local government provides financing while private sector provider designs, constructs and operates the facility for a specified period of time. A local government maintains ownership or at least a high degree of control.

### (d) Wrap Around Addition:

This is where the private contractor finances and constructs an addition to an existing public facility. The private partner may then operate the addition to the facility for a specific period of time until after the agreed return on investment has been recouped. This may include both the costs of construction plus a reasonable profit.

### (e) Lease-Develop-Operate:

This is where a private partner buys or leases a facility from a local government and modernizes or expands it and then is allowed to operate it under a contractual agreement with the local government. The time period of recovery of the costs of investment and the profit is clearly spelt out.

### (f) Build-Transfer-Operate:

Under this arrangement, a local government contracts a private partner to finance and build a facility and when the facility is ready its ownership is transferred to the local government. The local government then leases the facility to the contractor on long time basis for the contactor to recoup their costs.

### (g) Lease Purchase:

The local government contracts the private partner to design, finance and build a facility to provide a public service. The private partner then leases the facility to the local government for a specified period of time, after which the facility reverts to the local government.

### (h) Temporary privatization:

This is where ownership of an existing facility is transferred to a private partner who improves and/or expands the facility. The facility is then put into the hands/ownership of and operated

by the private partner for a specific period of time for them to recover their funds; thereafter it reverts to the local government.

### (i) Build-Own-Operate-Transfer

The private partner gets a franchise/permission to finance, build and operate as well as manage, maintain and collect user fees for a given period of time. This enables the community to access a service or facility without the local government worrying about how to raise the funds which it may not get.

### (j) Build-Own-Operate

Under this approach a local government may allow a private partner to use its land to build a facility, or extend an existing facility. Because of the need for the service, a private partner is allowed to build, own and operate a new facility its own.

### 1.7.3: Civil Society Organizations

A Civil Society Organization (CSO) may be defined as a realm of organized social sphere of life that is voluntary, self-regulating, self-supporting, autonomous from the state and bound together by a set of shared rules and values. Functionally, a civil society is conceived in terms of organized activities by groups to improve society, but is not part of the state or business<sup>3</sup>. They are essentially private organizations that include: Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), religious organizations, pressure groups, cooperative societies and unions, etc.

The partnerships are intended to put communities at the centre of their own development. Their activities may range from service delivery engagement to broader advocacy. Partnering gives CSOs an opportunity to ensure that community participation happens and those communities are empowered. It is also important to remember that public-private partnerships cannot succeed without the support of the end user of the service or the agreement of those who will ultimately deliver the service. The role of civil society organizations therefore is critical, whether they are directly involved in the provision of the service or as observers in a partnership between private and public sectors.

Some of the activities of civil society organizations include information gathering, community consultation and facilitation of dialogue, monitoring and evaluation of partnerships and projects, lobbying of partners, ensuring accountability to communities, coordination of community groups, providing training and other capacity building initiatives, managing aspects of the projects, service provision and issues affecting CSOs in partnership. CBOs need to be clear on their role in relation to government and the private sector, and engage local governments with affirming commitment to their core values, which inform the way the work is executed. Some CSOs are accused of not being transparent in their operations.

### 1.7.4: Role of the Private Sector in service provision

Private sector service delivery is the most dominant form of provision. Benefits from the private sector partnerships include the following: possession of capital, profitability, efficiency, market development, competitive advantage, technological knowhow, risk management, legal compliance, innovation (new ideas) and growth of the local economy. The participation of the private sector reduces the burden of service provision on local government, which assumes the roles of negotiation of contracts, supervision, monitoring and evaluation. Private sector partners make profits. However, they make a significant contribution to the welfare and development of society. Private sector participation also increases transparency in the process of contracts and service delivery.

John W. Herbeson, "Civil society and political renaissance in Africa" in John W. Herbeson, D. Rothchild and N. Chazan, *Civil Society and the State in Africa* Boulder, Lynne Reinner, 1994; p2.

### 1.7.5: Actors in Service Delivery

The actors in service delivery include national and local levels. At national level, key actors are Ministry of Local Government, Ministry of Public Service, Ministry of Finance, Ministry of Education, Ministry of Health and Ministry of Agriculture. National agencies include: National Planning Authority (NPA), Uganda National Roads Authority (UNRA), National Agricultural Advisory Services (NAADS), Local Government Finance Commission (LGFC), Inspectorate of Government (IGG), Auditor-General's Office, Solicitor General's office and Public Procurement and Disposal of Assets Authority (PPDA).

Actors in service delivery at the local government level include: the local council, the executive committee, office of the Chief Administrative Officer (CAO)/Town Clerk, Statutory bodies and committees-District Service Commission, District Accounting Committee, District Land Board, and District Procurement Committee. Key departments at local level: Finance, Education, Health, Social Services, Production and Environment, Water and Works. Key persons at Sub-county level are the Chairperson, Sub-county Chief and Heads of Department. At the local levels, focus will also be on partners in service delivery. Non-state actors at the local level include private sector and CSO partners.

### 1.7.6. Standardization of approaches to service delivery

The main objective of the study is to come up with standardized approaches to service delivery in local governments. This will take two forms: (a) an overview of the decentralization framework for service delivery (challenges and opportunities) and (b) the management approaches adopted by local governments (inconsistencies and best practices). The guiding question is: if local government X has used a certain approach, is it replicable across the board? What lessons are there to learn?

### 1.8: Implementation Framework

A number of studies and policy documents by the MOLG, LGFC, Ministries and stakeholders have identified several constraints to implementation of decentralization. Key documents include: the Fiscal Decentralization Strategy,

Decentralization Policy Strategic Framework, LOGSIP, Joint Annual Review of Decentralization and National Assessment Reports, Capacity Building Policy, National Urban Policy, Planning Guidelines for Local Governments and several others. A review of these documents shows there are several constraints and challenges in implementing decentralization.

### 1.9: Identification of Inconsistencies and Best Practices

Inconsistencies and best practices have been identified by going through the Local Government Act (Cap 243), the Constitution, the Decentralization Policy Strategic Framework Paper, Fiscal Decentralization Strategy (FDS) Joint Annual Review of Decentralization (JARD) reports, Local Government Annual Review reports, and reports of the Local Government Finance Commission. Inconsistencies are identified as challenges in the policy of decentralization and its implementation. Some of the "points of action" on tackling challenges are suggestive of "best practices" which have been identified for study. The consultant identified the thematic pillars of decentralization in terms of devolved powers vis: political, administrative, fiscal, planning, legislative, and local economic development. The study will be done at two levels (a) institutional framework for service delivery (2.4.1) and (b) approaches to service delivery (2.4.2).

### 1.9.1 Framework for service delivery:

## 1. Decision to deliver a particular service is influenced by the political framework of a local government

Constraint/ inconsistency	Best practice
<ul> <li>Political decision-making in LGs under a multiparty system a threat to consensus in decision making.</li> </ul>	<ul> <li>Steps taken to align LG working procedures with new democratic practices</li> </ul>
<ul> <li>Councilors' levels of education inadequate for the challenging tasks of oversight in LGs.</li> </ul>	<ul> <li>Capacity building initiatives for councilors undertaken</li> </ul>
<ul> <li>Performance of statutory bodies affected by lack of adequate facilitation.</li> </ul>	<ul> <li>Actions taken to overcome facilitation challenges</li> </ul>
<ul> <li>Constrained relationship between centrally appointed officials and elected leaders hamper effective service delivery.</li> </ul>	<ul> <li>Capacity building measures to strengthen relationships between officials.</li> </ul>
<ul> <li>Low participation of citizens in local decision-making has undermined popular oversight.</li> </ul>	<ul> <li>Sensitization and mobilization programmes undertaken.</li> </ul>
<ul> <li>Local government committees' performance of oversight functions limited by lack of adequate facilitation.</li> </ul>	<ul> <li>Facilitation to enable local government committees to execute oversight role.</li> </ul>
<ul> <li>Local Government Act not in tandem with new political dispensation.</li> </ul>	<ul> <li>Review of the Local Government Act to reflect changes under way.</li> </ul>

### 2: Effective Service delivery depends on the efficacy of administrative arrangements

Recentralization of the position of the CAO and town clerk has implications on accountability decisions	Review the effect of recentralization of these positions on accountability decisions.
New districts and municipalities experiencing service delivery bottlenecks.	Review the process of new Local Governments' creation.
Low staffing levels of LGs in critical positions affecting service delivery.	Review the Public Service Ministry guidelines for staffing of local governments.
District Service Commissions (DSCs) lack sufficient resources to execute their mandates in a timely manner.	Assess the modalities for facilitation of DSCs.
Insufficient career progression for LG staff	Revisit job grading in LGs.
Service delivery standards in LGs not fully developed.	Revisit service delivery standards.
Service charters developed but not implemented in LGs.	Operationalization of the service charter in LGs.
Local government personnel lacking organization and methods (O&M) imperative.	Training in O&M in all Local Governments.
Monitoring and evaluation falls in various sectors, lacks harmonization.	M&E harmonization in all Local Governments.

### 3. Effective service delivery depends on the fiscal arrangements for local governments

Methods of allocation of resources from the centre to LGs are inconsistent with devolved functions.	Review of allocation of resources formula.
Declining local revenue undermine LGs prioritization, and financing of local projects.	Review of existing measures aimed at enhancement of local revenue.
Conditional sector grants constrain prioritization and discretion of LGs in service delivery.	Review of existing formula used for conditional grants.
Financial monitoring is weak in some LGs.	Review measures of strengthening internal financial controls in LGs.
	Strengthening the capacity of LG Accounts
	Committees.
LGs failure to produce annual final accounts	. ,
LGs failure to produce annual final accounts  Local government collection of taxes on behalf of Uganda Revenue Authority (URA) does not give financial rewards.	Committees.  Adherence of LGs to the Local Government

### 4: Effective service delivery is result of proper development planning in LGs

Inclusive and participatory planning from village up to sub-county but plans not effectively implemented.	Matching financing to planning activities.
Some LG plans not aligned with the National Development Plan(NDP)	Review the integrated planning model.
Technical Planning Committees in LGs make voluntary contribution, lack guidance and facilitation.	Technical guidance and motivation to technical planning committees.
Planning indicative figures (PIF) distort realistic planning.	Planning indicative figures be close to reality.

### 5: Effective legislation a necessary condition for effective service delivery

Low capacity of councils for enacting ordinances and byelaws in LGs.	Capacity building for councilors in LGs.
LG councilors' emoluments insufficient for their motivation to attend council business.	Review of policy on emoluments of councilors.
Impact of multiparty dispensation on legislative agenda of LG councils.	Appropriate guidelines developed  Sensitization of councilors on Legislation.
Election of lower administrative councils (LC1 and LC2) delayed since 2002, affecting service delivery.	Government action on elections of lower administrative councils.

### 6: Local Economic Development (LED) framework is facilitating service delivery in LGs

Weak linkage of LED with other poverty fighting strategies.	Linkage between LED and other poverty fighting strategies is established.
Weak linkage of LED with local tax bases.	Review of local tax base needed.
Weak linkage of LED with the cooperative movement.	Linkage between LED and cooperative movement is established.
LED constrained by inadequate resources at the disposal of local stakeholders.	Linkage of LED to community resources.
Low awareness of people at the grassroots of LED policy.	Intensification of sensitization on LED policy needed.
Lack of LED implementation offices in LGs.	Establishment of LED contact office in all LGs.

### 1.10: Service delivery and Management approaches:

1. Institutional framework for service delivery is essential for management of PPPs.

Local governments lack standards of measuring service delivery	Local Government ministry should develop service delivery standards
Transparent and accountable management of LG resources is affected by weak institutional capacity	<ul> <li>Enforcement of the leadership code</li> <li>Procedures of using LG resources are transparent and known to all stakeholders</li> <li>LG Accounts Committee is facilitated and working</li> <li>Implement service charter in LG</li> <li>Value for money audit in place</li> </ul>
Framework for service delivery is uncoordinated and affects effective and efficient delivery of services at all LG levels.	<ul> <li>Minimum national standards of LG services be developed</li> <li>Assessment system be aligned to minimum standards of service</li> <li>Public-private partnership policy be implemented</li> <li>Service delivery in LGs is context specific</li> </ul>
LGs service system is at times unresponsive to citizens' demands, wishes and aspiration	<ul> <li>Citizens' satisfaction surveys need to be conducted for citizens feedback</li> <li>Grant system needs to be flexible</li> </ul>
Streamlining cross-cutting issues of HIV/ AIDS, gender, environment and children's welfare into other departments limits their effective monitoring	<ul> <li>Specific tools for monitoring cross cutting issues</li> </ul>

### 2. Local government capacity to manage PPPs is critical for their success.

Capacity of LG to guide, supervise and monitor PPPs is limited in some LGs	Local Government ministry should develop guidelines for PPPs
Corruption and manipulation in LGs undermine effectiveness of the PPPs	Need for transparent processes as in the PPDA guidelines
Some LGs do not disclose information sufficiently on contracts	<ul> <li>LGs should use public media to inform the public about contracts</li> <li>CIT should be used to monitor companies</li> </ul>
Lack of research capacity limits the capacity of LGs to make proper choices in PPPs	LGs should have a research department
Technical expertise to manage PPPs is lacking in some LGs	LGs should employ specialists to advise contracts committees

### 3. Private sector capacity to deliver services under PPPs is a necessary condition for their success.

Some companies continue inflating costs of service delivery	Companies should follow PPDA guidelines
Some local companies lack capacity to deliver on contracts	LGs should insist on bank guarantees in contracts management
In some LGs a few companies monopolize contracts due to limited available choices	Most contracts should be advertised nationally and internationally
Some companies lack long term financing	LGs should ascertain the financial viability of companies
Some companies present false information to get tenders	PPDA should penalize companies which falsely present themselves
Some companies are not responsive to the demands of the citizens	LGs should ensure citizens audit all projects
Some companies are paid before contract completion	PPDA regulations should penalize such acts

### 4. Civil society organizations play a significant role in service delivery

Some LGs do not have a regulatory framework for cooperating with civil society	LGs should put in place the rules to guide engagements between LGs and CSOs.
Some CSOs do not disclose fully their work plans and resources	CSOs should present their financial and operational plans
Some CSOs have programmes which are considered unacceptable to LGs	Programmes should be harmonized between CSOs and LGs
Some CSOs want to give conditional support to LGs	CSOs support to LG service delivery should be negotiated
Some CSOs do not want to work with rural communities	CSOs should diversify their services
CSOs emphasize advocacy while LGs want prefer material support	CSOs and LGs should harmonize their preferences of service delivery

### **Methodology**

### 2.1 Approaches to the Study

Data was collected following a thematic approach as indicated above. These are; political decentralization, administrative decentralization, fiscal decentralization, development planning, legislative decentralization, and local economic development. In addition, we cover good governance and cross-cutting themes of local-level justice, capacity building, accountability and transparency in service delivery, gender, environment, and child welfare. Interest is taken in key themes of civil society and private sector participation in local governance and service delivery.

### 2.2 Study Design

Field work was preceded by a review of literature, mainly policy documents available in the MoLG and other departments. More literature was collected from Local Governments. The study adopted both qualitative and quantitative study designs. Qualitative data was collected using an interview guide administered on key informants (KIs). Participants for interview with an open-ended questionnaire were selected using a simple random sample at the village level. This was particularly important because we wanted to capture the views of ordinary people about the state of services at the local level. Care was taken to ensure a gendered representation of the sample.

### 2.3 Data collection

The study was cross-sectional utilising primary and secondary data sources. It employed mainly qualitative methods of data collection since most of the study participants were KIs. These methods included: documentary review, key-informant interviews, checklists, and observations. Open-ended questionnaire were administered at the village level, to get views of ordinary citizens. The findings are triangulated to reinforce one another and deepen the understanding of the policy issues.

### 2.4 Secondary Data Sources

The key documents relating to good practice in decentralisation in the country were reviewed. These included policy documents of the Sector wide Working Group, Reports Public Sector Coordination Committee, JARD reports, National Annual Reviews, Policy Statements, Planning Guidelines, working papers, Status reports, Capacity Building Policy, Training manuals, National local government level policy document including: NDP, PSM-SIP and Plan for Modernisation of Agriculture (PMA), Universal Primary Education (UPE), Water sector, Road sector, and the Health sector. Literature review informed the data collection process and analysis.

### 2.5 Primary Data Sources

Primary data was collected using the following methods:

### Interviews with key informants key informant (KIs)

Interviews were conducted to collect data from respondents, who were strategically placed to give detailed information on issues being raised. At village level, random sample was used to solicit ordinary people's views. 10 people will be interviewed in selected villages of Kiyindi Village in Kiyindi parish, Najja Sub County, Buikwe district, Loro trading Center, Loro Parish Loro sub county oyam district, Kyenkunga village, Kyagaaju Parish Kagango Sub County, Sheema district and Sapiri Village, Budaka Sub County, Budaka district.

### 2.6 Field Consultations

The study started with consultations between the Consultant and senior staff of the Ministry of Local Government. Other Ministries consulted were Finance and Economic Planning, Office of the Prime

Minister, Agriculture, Health, Public service, Justice, Works, Water and Environment, and Education. Most of the service delivery goes through these sectors and the Prime Minister's Office coordinates government programmes.

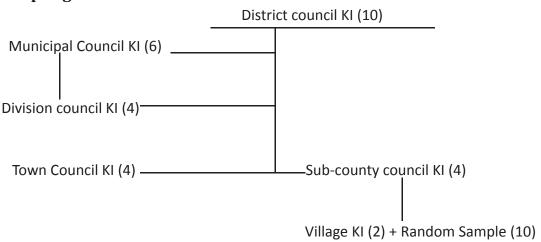
### 2. 7 Designing Study Instruments

Following the consultative meetings, we developed the various survey tools/instruments. The tools particularly the semi-structured questionnaires were pre-tested in Wakiso district before actual administration. Pre-testing facilitated fine-tuning the tools to ensure relevance, consistency, completeness and coherency of questions. Furthermore, interview guides for collection of information during key informant interviews were developed.

### 2.8 Field Assistants Recruitment and Training

Field assistants were recruited by the Consultant taking into account previous research experience as well as ability to communicate in the local language of the areas we visited. Emphasis was put on research assistants conversant with local government service delivery system. Research Assistants were trained in data collection techniques, understanding of the survey tools before field data collection exercise.

### 2.9 Sampling Procedure



Sampling procedure took into account regional representativeness, old and new LGs, higher and lower LGs, and cost effectiveness of the study. The targeted study population was 160 people.

Given the nature of the study, purposive sampling was done for key informants. At district council level, 10 officials were selected (5 administrative, 5 political), at municipal council level 4 (2 political, 2 administrative, at town council level 4 officials (political 2, and 2 administrative) and at Sub county council level 2 local officials. In addition 10 ordinary residents were randomly sampled. The latter represented people's views since most of the key informants represented official views. Each regional cluster had 40 respondents.

The selection of study areas was representative. However, it was designed bearing the financial constraints of the consultant. The study covered 4 regional clusters i.e. North, East, South, and Central regions. It covered 8 district councils (4 old, 4 new ones), 4 municipal councils, 4 town councils, 4 sub county councils, and 4 village councils. The following regional clusters were selected:

a) Eastern; Mbale district council, Mbale Municipal Council, Budaka Town Council and 1 sub-county council (identified in Budaka district, and 1 village in that sub-county)

- b) Northern: Gulu District council, Gulu Municipal Council, Oyam district council, Oyam town council, one sub-county council in Oyam district (identified, and 1 village in that sub-county).
- c) Central: Mukono district, Mukono Municipal Council, Buikwe district, Buikwe Town Council, one Sub County in Buikwe, (identified, and 1 village in that sub-county).
- d) Western: Rukungiri district council, Rukungiri Municipal Council, Sheema district council, Kabwohe-Itendero Towm Council, I sub county council in Sheema district, (identified, and 1 village in that sub-county).

### 2.10 Local Government Structure in Uganda

Uganda's local government structure comprises 1 city authority, 111 district councils, 22 municipal councils, 174 town councils, 197 town boards, over 900 sub counties and 45,000 village councils. This information will be taken into account when reviewing the background to this study.

### 2.11 Data Processing and Analysis

Data processing was done at two levels (manual and computerised). As data was obtained, it was coded every day on a thematic basis. All data was integrated and triangulated, and then processed. Data was interpreted, discussed and presented in themes into a draft report.

### 2.12 Data Quality Control

In order to realize high quality data was collected and processed to ensure that:

- Undertook training of research assistants to ensure that they grasped the concepts, methodology and questionnaire administration. Standardized questionnaires were used. Also similar questionnaire administration procedures were followed by all research assistants. This ensured harmonization of data.
- Errors were reduced because research assistants administered the questionnaires themselves.
- Intensive supervision of research assistants was done by the consultants to ensure effective collection of data.
- Meetings were held at the end of every field day to address and sort out any queries arising from data collection as well as check for accuracy and consistency.
  - Data entry and analysis was done by an ICT expert as a support staff

### PRESENTATION OF FINDINGS

### Theme 1: Service Standards in LGs

### 3.1: Determinants of Service Standards in LGs

Service standards specify the quality, quantity and time of service to be delivered to the client.

For road works, standards are approved by Ministry of Works (MoW) or Uganda National Roads Authority (UNRA). While for buildings and construction works they have approved plans of buildings and specifications. They actually have the guidelines. Local Governments (LGs) follow procurement processes and time schedules. They also follow the Public Procurement and Disposal Act (PPDA) for procurement, Ethical code of conduct for medical services. Recently Mukono District Council passed the 'District Local Government Charter'. Other standards include Public Service Standing Orders, Circulars, Audit Guidelines, Financial Guidelines, Local Government Act, Accounting Regulations and the Client Charter. These standards and procedures have to be observed. In Mukono district LG, there is a service standard package for orphans and vulnerable children. For Functional Adult Education, there are a minimum number of hours an instructor has to stay in class and a curriculum to follow. In Sheema District it was reported that their local government has various guidelines to follow in service delivery to ensure standards. They have road guidelines from ministry of works and particular departments have their own guidelines. In Kabwohe-Itendero Town Council, there are external and internal mechanisms to check on service delivery standards. Internal assessment is done by the district. The National Assessment Team from Ministry of Local Government (MoLG) also visits to check on structures and performance. Another example is Oyam District. They follow various construction standards: for roads by the Ministry of Works and Transport, for classrooms by Ministry of Education and Sports (MoES) and for health centres by Ministry of Health (MoH). They follow specifications and drawings specified in contract documents/bid documents during supervision of works.

Some LGs are using client charters, for example, Gulu district LG is now using a client charter. It spells out services delivered, time of delivery, beneficiaries and how to locate them. This charter is among the standards they have to follow.

### Theme 2: Quality of Service

### 3.2: Measurement of services delivered in local councils

LGs have different ways of measuring services. For example, they use the number of kilometers of roads constructed or improved in a particular period. They also have to adhere to bills of quantities (BOQs). In education services, some LGs have given targets to administration of primary schools. For example, each school is expected to aim at a minimum of five passes in first grade in primary leaving examinations. Head-teachers who fail to attain this minimum are warmed, and threatened with demotion.

In LGs, service delivery is considered successful if the needs and demands of the people are met and when LG plans are implemented to greater degree. This is used as a measure of service delivery. However, this is not systematic because most LGs lack Monitoring and Evaluation function. For example, in Buikwe District LG, they rely on the District Engineer who is overall supervisor of contracts to ensure quality services. Ordinary people are also encouraged to monitor but not stop the works as they are not technically knowledgeable about the technical details of works. There is also self-evaluation at the end of the year based on the targets and budget in work plans. In Rukungiri District LG, the quality of health service delivery has been ensured by addressing the problem of shortage of drug supply. The district ensures that drugs are in regular supply. Some hospitals may be closed, but drugs are there. There may also be complaints about staff being rude because of poor motivation but as long as they have drugs there is no problem. The district health service system tries to ensure availability of drugs by monitoring different health centres, and where a drug is over stocked it is taken to the district medical store. Units that are short of certain drugs are encouraged to consult the District Director of Health Services (DDHS).

LGs follow established government laws and regulations such as LGA, Uganda National Bureau of Standards (UNBS), Environment Act, Education Act, Health Standards Act and Market Standards. For example, all engineers implement projects following the National Environmental Management Authority (NEMA) Regulations. LGs conduct needs assessment to identify local needs. However, in Mbale District LG there is no checklist to ascertain the quality of services.

### 3.2.1: Performance of Contractors in Service Delivery

The LGs use certification of works to manage the work of contractors. This is done by checking the work plan and measuring the works done by a contractor. After certification, the contractor is recommended for payment in a report to the payment officer.

There are specifications stated by different engineers which a contractor must agree to in a contract. In case of a building, ratio of cement and sand, quality of workmanship, gauge of iron sheets, and strength of materials are specified. Performance is also measured from the reports of the district engineer or technical person assigned to inspect the project activities. District political leaders also inspect the project in close cooperation with the construction committee on site. In Sheema District, members of Contracts Committee travel to the point of service delivery to ensure quality work. When they observe that quality is lacking, the project is stopped. Local people also ensure quality work and where the work is below standard; they are expected to complain. In most LGs, there are routine activities taken during the project cycle to ensure quality. They include launching, monitoring, certificate of completion, 6 months retention period and reports from technical staff. Contractors are required to stick to bills of quantities. In Oyam Town Council, they determine the quality of performance of a contractor through monitoring contracts and use of BOQs. For example, if a particular culvert of a given dimension is supposed to be used, it must be proved to be on the ground, if it is not, they demand for a replacement.

In most LGs the performance of a contractor is determined by use of supervisory reports, technical and financial audit by the Internal Auditor and Auditor General. Standards follow contract documents. For example, in the case of supply of desks to schools, the type of timber used, the quality and quantity, are compared to the bid documents to determine whether the contractor has performed to specifications. In Gulu Municipal Council, there is a contract management committee where councilors and user departments monitor and supervise projects from groundbreaking to commissioning of the project. The monitoring and supervision reports are then used to confirm whether the contractor has performed well or not .In case of faults the contractor is notified and asked to rectify the mistakes.

LGs have copies of the Procurement rules and guidelines, for example they have the PPDA Act 2003; PPDA regulations 2003, the Local Government Act (Cap.243) as amended 2010, the Local Government Finance and Accounting Regulations 2007 and PPDA Regulations and Guidelines 2006.

Findings show that technical officials in LGs have good knowledge of procurement rules. However, it was revealed that politicians put pressure on technocrats to award contracts to preferred companies. Technical officials encourage competitive bidding because where selective bidding is used it puts them at risk of pressure from powerful politicians to have their companies selected.

Technocrats seem to be satisfied with the process of procurement as noted by DDHS, Rukungiri District LG: "We have systems which are working. We have a procurement process that starts at the department. I am involved in the supervision. Nobody is paid without my consent. There is a system that is functional. I identify some gaps. If I need new staff I inform the CAO. I am involved in the recruitment for my department". On quality of service, He adds that, "we have technical people with whom we work. We have engineers who do BOQs, and they guide us".

The creation of new districts was reported to have improved awareness of the procurement process. For example, it was revealed that when Sheema district was created out of Bushenyi, more local contractors in Sheema became more aware of contract adverts than was the case before. In some LGs there is preferential treatment for marginalised groups in the process of procurement. In LGs, PWDs are given opportunity to compete for bids. In the management of markets PWDS are given opportunity. However, there is no Contracts Committee at the Town Council; it is at the district.

### 3.2.2: Adherence to Procurement Rules and Guidelines

Findings show that LGs follow procurement guidelines. They also show that in some cases they are not followed. For example, in the process of construction of Health Centre II at Katogo, Nama Sub-County in Mukono District, the contractor did not follow the BOQs. The contract was stopped and the work re-advertised and awarded to another contractor.

Some respondents contend that some contracts are awarded without considering the budget. In Mukono District the relevance of filling Form 1 was questioned. The department may fill the Form, put the project budget of say Shs.50 million but when it reaches the Procurement Unit, they give a contract of Shs. 60 million which is not in the LG budget. The reason given was that when all bidders

submit, the lowest is Shs.60 million and it is just awarded without calling the winner to a negotiating table which should be the right procedure. According to this logic, the contractor will be told to either remove some items or do things in phases and to do work that fits in Shs. 50million budget. The question then is: why put the contract at Shs.60 million? In addition, the sub county prepares and estimates Shs. 26 million is sufficient for a given work. When the requisition reaches the Engineer, he costs the work at Shs. 46 million. It is difficult to contest his decision. It is the Engineer, who is the overall supervisor, and even if the contractor does shoddy work, he has powers to issue a certificate of completion even if people are not satisfied; they have no much say.

The PPDA recently passed regulations allowing LGs to use Force Account. This is a provision for LGs to implement projects without contracting outsiders. For example, LGs are using this to work on roads. To use Force Account, the LG must have equipment and personnel. Workers are directly employed and fuel is directly procured. "There are advantages in the use of Force Account. With it, we can use Shs. 10m to construct 1km of a road instead of Shs. 30m given to a contractor", (Deputy CAO, Rukungiri District).

However, that there are cases where Force Account is misused. "Force Account has been misused because it is left to CAO and Engineer alone. For example, for the Kyomera-Kyabukumba Road in Ruhinda Sub county there is no work done but accountability shows it has been worked on using Force Account," ( Key informant in Rukungiri District).

The new approach of Force Account is a good idea. Improvements in its use would facilitate better service delivery. LGs believe labour is cheaper. In Rukungiri district LG, the district Engineer reported that hiring a grader to do a 21km road and was much cheaper than contracting to the private companies. He believes that if LGs had equipment and road gangs they would have the needed infrastructure in time.

The procurement process is very long and bureaucratic. At times it makes the district remit the funds back to the Treasury and yet the funds should have been utilized within the district to provide services urgently needed by the local community. Sometimes this leads to delay in service delivery.

The issue of quarterly releases of funds by Government is questioned. The quarterly release of funds leads to high pressure on the execution of the planned projects like construction of roads. At times, it leads to shoddy work because the LG is hurrying to do the work before the financial year elapses. Sometimes the Local Government may just want to clear the money so that it is not returned to the Treasury of Government.

Procurement begins and ends with a particular day, particularly the date of submission of bid documents. There are some inconsistencies and sometimes unnecessary extension of closing date. Sometimes it favors some people and also is a disadvantage to others. The best evaluated bidder sometimes does not get the contract. It is difficult to explain how this comes about yet the contracts

committees and their findings are always based on the recommendation of the technical evaluation committee.

During the construction of staff houses at Ader primary school by in NUSAF in Oyam, the community was told to select the contractor. They felt they could do the work but the technical people in NUSAF desk office had already selected the contractor. The community complained about the selection process because they were the ones supposed to select the best bidder. This provoked the community members to write to the Chairman LCIII complaining of the selection exercise. In addition, the NUDEIL project under USAID, one of the roads was to be worked on under labor based management. The agreement was that the contractor pays works after every two weeks but breached the contract even after he received funds. The contractor diverted money for other purposes. (Respondent, Oyam)

The Evaluation Committee is supposed to be Ad hoc. An Ad hoc committee is formed for a specific purpose and after completion of the purpose then it is dissolved. But with Gulu District, the Evaluation Committee is permanent not Ad hoc. This is an area where procurement guidelines are not followed.

There are situations where LGs are forced to go against the procurement rules. Under competitive bidding, there are cases when an accounting officer makes submission to contracts committee that there is no time for competitive bidding. The contracts committee is thus advised to delegate the user-department to implement the work at the expense of competitive bidding. The law allows but it is not good practice. This normally arises due to poor planning because they plan for contracts towards the end of financial year with no time for competitive bidding since it involves advertisement , evaluation and awarding, (Respondent, Gulu Municipal Council)

### 3.2.3: The Process through Which Procurement of Services Undergo

The procurement process begins with planning and budgeting, always for one financial year. With the plans in place, the Procurement and Disposal Unit (PDU) compiles district procurement plans showing the services to be procured for respective departments and other details like amount and source of funding, and the type of procurement to be used. With the approval of the budgets and plans by the council, departments make procurement requisitions according to the plan. These are sanctioned by the Chief Administrative Officer. The secretary contracts committee compiles all the procurement needs for advertisement and the contracts committee together approves them together with the bidding documents. The contracts committee then approves evaluation committee depending on expertise of the procurement such as an expert on roads for road works. The bids are then opened and subsequently evaluated. After preliminary evaluation like licenses, tax clearance certificates, and physical location, technical and financial evaluations are done. An evaluation report is made and sent to contracts committee for consideration and approval and minutes of decisions of contract committee are submitted to CAO or Town Clerk in case of municipalities. Both the successful and unsuccessful applicants/bidders are informed of the outcome of their bids. The decision is also displayed on notice boards for public viewing to allow parties unsatisfied with the decision to raise complaints within ten working days. In case there are no complaints, the best bidder is awarded

the contract and signs it. Letter of bid acceptance is issued by CAO and the LG entity (district or municipality) enters an agreement with the service provider.

For contracts whose amount is Shs. 50 million and above, the decision of contracts committee, the minutes and the bid documents of successful bidders are submitted to Solicitor General. The last stage is the implementation of the projects. The work is monitored by the district and/or municipal council and members of the community where the project is being done until it is executed according to needs of user department. Supervision is done by technical persons assigned for each contract awarded. Supervisors assess the work done and certify that it meets the standards.

Contracts that are more than Shs. 50 million works go for competitive bidding. Where it is less than Shs. 50 million selective national bidding may be used. If it is less than Shs. 1 million it is microprocurement. A sub county has no contracts committee. It is only allowed to contract work worth Shs. 1 million and below and is supposed to advertise on notice boards.

### **Theme 3: The quality of Companies**

Local Governments contract work to companies from within and without districts. For contracts between 1million and 49 million local bidding is done and mainly attracts companies from within the district and local bidders apply. These are always district roads, schools facility grant builders. Contracts above Shs. 50 million require national bidding which may be won by local companies or those from outside the district. However, there are cases where it is not possible to get contractors from within the districts like tarmacking roads.

Local contractors are limited by several factors like Lack of access to newspaper adverts, lack of money to pay for bids documents, lack of security to access bank loans, and hiking of lending rates by Bank of Uganda. In cases where contractors are advanced money they put it to other uses hence delay in completion of contracts. There is also a problem of volatile market like the constant changes in the cost of cement and other construction materials.

Companies have been found with a lot of shortfalls. They do not keep the schedule. They take more time than that stated on work plan to complete. For example, in Mukono, Akugoba Construction Company which won a tender to construct Katongo HCII did not finish the work. In Budaka district, Bisca, MS Galax Agro-tech and Ms Agola General Enterprises which were contracted to construct twenty six boreholes over-delayed. The district engineer informed the CAO about the delayed work, an indication of possible lack of capacity on the side of contractors. An intention to terminate their contracts was issued to the contractors and terminated in June 2012. In Oyam district, Mawenzi Investment Limited and Andres (ESA) Limited contracts were terminated for poor performance. They failed to beat the deadline. Sometimes delayed completion may be due to delays in the flow of funds from central government.

Some companies get contracts in hard to reach areas like islands and highlands. These face severe

difficulties and most times do not complete in time. We take the case of Kome Island in Mukono district: The geographical location of Kome is complicated. Building materials are ferried from main land. Sand and bricks are transported using a boat because there is no ferry. For one tipper of sand, one makes 7 trips of the boat making it very expensive. People clamor to get contracts but find they cannot cope up and some abandon the work. For instance, works on construction of pit latrines on the islands has been abandoned. (Respondent, Mukono)

Use of low quality materials is common with some companies. For example, in Buikwe district, a contractor for the renovation of Nyenga Health Centre was supposed to use 28 gauge iron sheets to roof but instead used 32 gauges. The Chairperson LCIII arrested the contractors and imprisoned them. The sheets were removed and correct ones put. This is mostly because some of the contractors want to minimize costs by not following the Bills of Quantities and as a result they purchase low quality materials.

There is use of low qualified personnel (labour) than those mentioned while bidding. Companies use certificate holders instead of diplomas or degrees. For example they may have a lay person for an engineer.

For new districts, there is challenge of managing contracts awarded by mother districts. For example in Masheruka Sub County, Sheema district, mother district-Bushenyi never compensated residents and never effected payments for the labour based contracts. Locals blame this on the new district of Sheema.

Local governments have no control over centrally awarded contracts. For example, in Rukungiri district, there was a problem with Birara Bridge. The project to link Rukungiri and Kanungu district started in 2009. M&B company Based in Uganda House, Kampala, was paid SHS. 2.5 billion, and a certificate of completion was given. Retention funds were also paid but the bridge was not constructed, apart from the materials, equipment, and machines which are still there (Respondents, Rukungiri District).

There is a general tendency for companies to abandon work when they fail to fulfill contract guidelines. Some abandon the work midway. For example in Rukungiri District, works at three schools of Nyabitete SS, St. Jerome Ndama, St Paul's Katojo were abandoned due to inflated prices. In October 2012 central government re-advertised the projects.

Officials from central government do not inform LGs about local projects. Contractors from the centre do not give us bills of quantities and scope of work to be done, especially those awarded contracts for secondary schools and bridges. Contractors from UNRA and Ministry of Works do not respond to district officials.

Some companies do not follow specifications especially those assigned work by the central government. For example in Mbale district, Omega was given the work for resealing Naboa road in Mbale, in 2008/2009 Financial Year but did not follow the specifications and did shoddy work. Complaints were raised in a meeting held to solve the problem but no positive results due to interference from central

government. Shs. 528 million had been advanced to the contractor to do the work and only Shs. 125 million was remaining. The contractor was forwarded by the central government to do the work yet he has many other contracts that make him lack ample time and resources to concentrate on our work. "Imagine our road is already damaged, there was no hand over of the project, there are already pit holes, and everything is in shambles".

The companies always complain of payment that payment is done late to the contractor. Secondly, contractor tend to delay yet contractor is given little time to execute the construction or deliver service say supply under NAADS sometimes the supplier supplies when the period has ended. Even the money for supplies is release late. The government release money late, supplier get money late and supplier supply also late eg in Northern Uganda Cassava is planted in the month of March and when the cassava stems come in the month of September and it is planted animals come and spoil them when they are still young. Even other seeds when they arrive late eg groundnuts, sim sim when planted late you cannot harvest anything (Sub-accountant, Loro Sub-county, Oyam District

### 3.3.1: Blacklisting Companies

The mandate to blacklist companies lies with PPDA. Local governments do not blacklist but only send reports. However, PPDA rarely blacklist companies. In Rukungiri, the case of Birara Bridge scandal, M&B company was blacklisted and four engineers Suspended. In Budaka, Mpanga Metal Fabrications was blacklisted. This was awarded a contract to construct a two class room building in Kamonkoli Mixed Primary School in 2008/2009. Instead of using iron sheets of gauge 28, they used gauge 30. The floor was not made properly, and the finishing was not of the quality specified in the guidelines.

### 3.3.2: System of Appreciating Companies

There is no common system of appreciating companies with outstanding performance. Different things are done by different LGs to show appreciation. For example in Mukono, Sheema, and Gulu districts, when a company does a job very well, such a company tends to win another contact. If one does not perform well, it is denied another contract. In addition, in Mukono, companies are appreciated before the council on the basis of reports from works department. Reports are debated in the presence of the contractors. The contractors are rewarded before the council through verbal thanking and issue of certificates of appreciation and /or recognition.

### **Theme 4: Supervision of Contracts**

Contracts are supervised by technical personnel. This is always done by the district engineer as the overall supervisor of all works in the district. The engineer has powers to issue certificate of completion even if people are not satisfied, they have no say about a contractor who does shoddy work. There are, however, challenges in supervision. There is conflict of interest in the supervision of contracts. Implementers are again the ones giving contracts. In some cases certificate of completion is given for substandard work. There should be a neutral team to assess projects to minimize conflict of interest.

During contract implementation, technocrats sideline politicians by denying them chance to look at

the bids and details involved. At the same time, it is difficult for political leaders to understand budget. The budget may be wholesome but with technicalities hiding some information making it difficult for politicians to monitor contracts. There is lack of money to facilitate monitoring and supervision on a regular basis. The supervisors sometimes lack means of transport, and fuel may not be available.

### 3.4.1: Funds for Supervision of Contracts

There is a small component of funds for supervision. District engineer's office, District executive and district councilors are facilitated. It ranges from 1 – 5percent of the contract value. The percentage varies with programme. For PRDP, it is 2percent and LGMSD/LGDP, 5percent. Some grants do not have funds for supervision of their projects.

There is a percentage of local revenue meant for monitoring depending on demands and the budget. For donor funds, there is always a 5percent meant for monitoring. All councilors, are supposed to monitor but we are always told that the vote for monitoring is not there. As a result, by the time they go to the construction sites; they find construction has been completed. They only monitor and make reports but do not control funds. BOQs are hidden from politicians who do monitoring. In some cases, there is no specific fund set for each contract offered but rather use little amount budgeted for monitoring and supervision determined by the availability of resources.

Project management committees for all the Projects are not catered for. They do voluntary work but at times people want something. People are used to "something for something".

After awarding contracts, user departments have to appoint supervisors who report to the procurement officers. Councils and the executive report on projects in their localities. There is a project management committee for each project.

The role of Politicians in monitoring and supervision is counter-productive. "The quality of councillors we have is very low. You will tell him to read the budget and he will not. How can somebody who has completed P.7 deal with a sub-county Chief who is a graduate? (CDO Kagango Sub County, Sheema).

There is lack of cooperation between politicians and technocrats which leads to shoddy work. "When things are going to be wrong technical staff keep away the politicians and go alone in the field. Politicians are wanted only to look at paper work. (Vice Chairperson, Rukungiri LG)

For any project, there is a project management committee involving residents in the area and an engineer who assesses the nature of work. There are also contract managers selected by the procurement committee and approved by the district contracts committee. These are responsible for supervision of contracts and chosen from the user sectors. They follow the guidelines from the sector to supervise the contracts.

Supervision of contracts is done by technical department and engineers who do all civil works. If it is construction of a health facility, the DHO and engineer work together in supervision. While engineers

look at technical specification, BOQ, and other technical provision, the Doctor on the other hand looks at whether what is being delivered is the right for a maternity ward.

Funds for supervision are attached to specific departments like road funds are attached to engineering department, school facility grant basically attached to education. There is a project supervisor who takes the key role, then heads of departments, and the Town Clerks Audits. The supervision is done according to stages since even the payment are according to stages.

### 3.4.2: Schedule of Supervision of Contractor

Supervision is supposed to be done on a regular basis but supervisors work progressively. They see what is being done because they have to assess, certify and prove that really the work was done. For example, in Mukono, there is a wrangle in the district over strict supervision. On further scrutiny of the ongoing works, the supervisor found a lot of substandard work. When he made reports about the works, he was terribly attacked. He is being guarded by armed men at his home; his life has been threatened because he wants quality work. (Respondent, Mukono)

Supervision depends on the need, urgency and the phase which the project is in. For example, supervision reports are produced quarterly, but when there is an urgent need we supervise the project before the quarter reaches. Abrupt supervision is also done to confirm if the contractors are working.

### 3.4.3: Faults in Implementation of Contracts

During implementation of contracts, faults may be found. They may be intentional or accidental. Technical supervisors identify the faults and sometimes community members. When such faults are found, the contractor is notified. Some money on the contract is retained during defects liability period. The contractor is supposed to rectify the faults in that period. If the project is at the sub county level, the sub county chief informs the district engineer who intervenes. The political arm of LGs is always vigilant and always finds out faults. The engineer directs the contractor or talks to the contractor to collect the anomalies.

In case the contractor does not respond, the CAO writes a warning letter. Then the mess up is corrected. In case low quality products are used instead of those set in BOQs, work is demolished and re-done. For example in Budaka, Mpanga metal fabrications put wrong gauge of iron sheets on the two room block at Kamonkoli mixed government aided primary school. Sometimes, contracts are terminated in case of faults. Companies that under-perform are not given new contracts. Retention money is no paid if faults are not worked on amidst pressure from different corners. If the fault is big then litigation measures are sought.

### 3.4.4: Realizing Value for Money in Contract Implementation

Value for money is a great component of service delivery. It involves delivering the right quality, quantity within a specified time. Realizing value for money is thus important in the procurement process. For contracts, it is monitored at commencement by looking at BOQs if it is construction,

delivery of materials- specific sand for plastering and building, size of iron bars during construction and completion. When a contract is completed, the works are given 6 months as defect liability period; a product is put to test.

The value for money is detected through looking at savings at a particular contract in terms of actual money, work done and the time taken on the contract. When both internal and external auditors assess the work and confirm the quality, value for money is assumed to be realized.

### 3.4.5: Involvement of Ordinary People in the Supervision Contracts

Ordinary people are in most cases the beneficiaries of the contracts and other services of LGs. They are always at the site where works take place. They may not be technical enough to detect a technical problem but can always raise meaningful concerns. It is thus important to involve them in the monitoring of contracts. For some LGs, the concerns of the ordinary people and councilors are written in the site book.

Ordinary people are involved through project management committees (PMC) and school management committees (SMC) elected from within the community and notified about the project and are supposed to see how the contractor performs. The PMC involves stakeholders, chairpersons of the villages and whoever is chosen. They make telephone calls if BOQs are not being followed.

Citizens may make comments on the contract as advice or showing dissatisfaction. If they make comments, their ideas are involved. Some comments help in future planning. Where inconsistencies are realized from the comments of citizens, steps are taken to correct them.

### Theme 5: Citizens' Satisfaction with Service Delivery

Citizen satisfaction is gauged on the basis of how they perceive service delivery. LG progress reports, budget conferences and committees review levels of citizen's satisfaction. There are monthly *barazas* initiated by the office of the President and organized by Office of the Prime Minister. Inspectors of schools go to schools and are able to check. School Management Committee (SMCs) and Head teachers also to provide feedback on activities.

Executive Committee members move with technical staff to inspect health facilities, education, and road works. There are village meetings, radio talk shows, and suggestion boxes at the sub county levels. These provide a feedback on effectiveness of services delivery. Phone-ins on radio programmes prompt a response to the issues raised.

According to the District Chairperson of Budaka, "There is going to be a baraza show at every sub county with effect from December 2012. This is stipulated to begin at that time because we shall have many people back from Kampala and we expect them to know what we are doing at home, and they also give us insights about what they see and expect to be done, so the date targets every one that hails from the district but will have to be sustained. I carry out village meetings every month to detect

the satisfaction of citizens and as I speak I have one village meeting this afternoon". There is also a calendar of various events and distributed to the sub county level explaining what activities will done, and when they will be done. Joint meetings for both the politicians and technocrats at all levels are conducted to assess the performance of our targets and objectives.

According to the LC5 Chairperson, Mbale district, high quality services like in the health sector would only be effective if there were enough buildings and well equipped health centers. There is need to ensure that staff are well motivated and able to perform to the highest expectation. However, it there is a problem of staff motivation. There are no accommodation facilities which make it difficult for staff to attend to patients. In the education sector, the young generation recruited from primary colleges is not well exposed. In Chairperson's view, there should be an extension of one year of training primary teachers so that they complete the course when they are mature enough to understand what to do. To him, the increase of salaries which they normally complain about is not a solution to improve the primary teacher's motivation. In agriculture, there is a serious problem due to underfunding. It allocated only 3.5 percent of the budget yet over 80 percent of Ugandans derive their livelihoods from agriculture. LGs use the notice boards to disseminate information to the public. In Gulu District there is an information centre/ resource centre. Government is trying to introduce Baraza system where officials are called up onto account to the public. Besides, there is a vibrant media.

### 3.5.1: Indicators of Citizen Satisfaction with service delivery

LGs have a system of receiving complaints. Political leaders convey views of the people to the Council. Technical people have a duty to do something. It is sometimes difficult to detect whether they are satisfied or not.

It is difficult to satisfy citizens. Hard-to-reach areas are sometimes neglected. Rukungiri District is not given special facilitation for hard to reach and hard to stay area. This is done for Kanungu and Kisoro which have similar conditions. Hard to reach areas in Rukungiri District: Rwenshama (Queen Elizabeth National Park), Kikarara, Nyarwimuka, and Kabuga. For centrally contracted projects there is no way of finding out whether people are satisfied. "People complain about roads where we are not in-charge," (Chairperson of Rukungiri District).

In addition, LGs have found it difficult to satisfy people in health services. This is partly due to government restrictions on staff recruitment which have constrained service delivery. "There are more health centres than health workers," (Respondent Rukungiri District).

Insufficient financial resources for lower local governments have also interfered with provision of social services that would be appreciated by citizens. For example, in Mbale LG, only Shs.100 million is given to the sub county which is not enough to offer effective social services. This is in addition to bureaucratic procurement processes that delay actual work. As a result, Mbale LG had to return Shs. 11.9 billion to the central government Treasury in the financial year 2010/2011 due to failure to use it, yet citizens demand service delivery.

### 3.5.2: Citizens' Service Charter

Some districts have already developed a citizen's service charter while others are yet to develop it. In one LG in eastern Uganda they have worked on it but not operationalised it yet. One respondent suggested that it should be designed in a way that encourages citizens to question administrative and other matters. Most citizens' charters stress minimum standards of service delivery. In Mukono LG, the minimum standard in education is to inspect at least 187 government aided schools at least once a year and many other schools, ensuring that UPE grants go on time to schools, and that the Five Year Development Plan is participatory and operationalised. It was found that political leaders at sub county level in western Uganda are not aware of the service charter.

### **Theme 6: Outsourcing Services**

It was found that most LGs outsource and partner with private companies in service delivery. In Mukono District, Building for Tomorrow, a private company constructed a primary school in Nagojje in partnership with local government. New Vision built a Vocational training institute in Namarere-Kasawo. Mukono LG has also partnered with MTN to establish a youth centre for Buganda Region. Mukono LG provided the building facilities while MTN provides equipment and pays trainers of the youth, besides maintaining the centre. Where as in Buikwe Town Council, Sugar Corporation of Uganda Limited provided all sign posts for demarcation of town council boundaries on condition that they were not to pay for advertising taxes. Buikwe Town Council is also negotiating a partnership with Coca Cola and SCOUL on garbage kits and construction of a market, (Town Clerk, Buikwe Town Council)

Rukungiri Municipality outsources service providers for motor vehicle repair and supply of road equipment, management of revenue collection, public toilets, garbage collection, and maintenance of streets, ornamental flowers, and construction of health facilities among others. The partnerships are secured through newspaper adverts. However, LGs find outsourcing more expensive because of taxes and profit factor. The municipality also has a partnership with private individuals to construct a market. The LG acquired land for construction of a market while private individuals will construct the market and own it for twenty years. Land was divided into plots. They paid their premium but construction has failed to take off because it is too expensive for them. The LG is looking for ways of subsidizing their building "because after sometime it will come back to council and it is an important source of income," (Respondent, Rukungiri Municipality).

### 3.6.1: Public Private Partnerships

LGs find that there are certain services which have to be done by private persons and yet they have no capacity to engage them. For example the LGs have to mobilize the private sector to start income generating activities. This should be done by a private person. The challenge is lack of enough funds to engage the private sector.

Oyam district has a public-private partnership with Aber Hospital which provides health services. The central government supports the hospital through local government. The district also has a partnership with NUDEL which constructs community roads, classroom blocks, and teachers' houses.

In Budaka, Humanity First provides computer skills while DFCU Bank contributed Shs 10 million as partial contribution towards the construction of a fence for the district fence which cost Shs147 million.

While in Gulu, the district has public private partnership with Toyota Uganda Limited. Toyota Uganda Limited is renting the district workshop which it uses as a supply base for northern Uganda and South Sudan. They pay rent and they also service the districts vehicles on discount. The district has also signed a memorandum of understanding with Uganda Management institute (UMI).

### 3.6.2: How Partnerships are secured

When asked how partnerships are secured, LGs indicated that interested partners just come to them. They had to lobby for partners: "During induction, we were inducted on different ways of procuring partnership and one of them is through lobbying. The district chairperson talked to NUDEIL and lobbied them to come to Oyam", (District Chairperson, Oyam)

In Gulu, every end of year, the district invites the business community like banks, companies, private individuals and successful farmers and the general public. "We tell them the opportunities that exist in the district. When these go, they think about district plans. As a result, they follow up and partnerships are arranged," (District Planner, Gulu).

The services have to be secured by following legal procedures such as in PPDA and other laws. This includes advertising through newspapers and notice boards. Where they have volunteers, they meet and agree on a work plan.

### 3.6.3: Use of Communication Information Technology Contracts Management

On the use of Communication Information Technology (CIT) in sourcing and management of contracts, most LGs showed they did not have such a practice yet. However, Oyam District

LG indicated that they use CIT: "Yes we use CIT, at times we use CDs from Northern Uganda Development of Enhanced Infrastructure and Livelihoods (NUDEIL) to download bid documents, (CAO, Oyam District).

### 3.6.4: Research in LGs

There is a tendency of neglecting the contribution of research to effective planning and budgeting. As a result, many LGs lack a research department. They use consultative meetings and interface with the community members and during needs assessments for program designs. Other services provided are based on public concerns.

### 3.6.5: Specialists to advise Contracts Committee

Advice is sought depending on the competence required. The composition of the contracts committee is important because they are all technocrats from different departments. Contracts committee is always advised by the technocrats from the user sectors such as DDHS if it construction of health facility.

Some LGs believe that there is need for the specialists to always ascertain the competency and qualifications of the contractors. For example, for road design, consultants are outsourced because LGs lack experts and equipments. While others think there is no need of specialists because the scope of work is not big.

# 3.6.6 Capacity of private sector to deliver services under PPP a) Direct Service Delivery

LGs have been relying on contracting. Yet contracting is expensive because it involves profits. On the other hand, LGs cannot rely on contractors for quality work. LGs currently have capacity to build roads and started direct service delivery in this sector because of the recent allocation of road equipment/ units to all district and Municipality LGs. It is believed that a road built on contract may cost twice the amount of direct service delivery.

Government encourages LGs to deliver services directly through force account for roads. All LGs are currently training machine operators to man that equipment through force account. And fuel and operate the machines. Work is supervised by the Council and the technical team of LGs. Most LGs will, this financial year 2012/13, pay porters and operators of the road equipment directly.

### b) Fulfillment of Procurement Guidelines by Companies

To have good work done, one needs a competent company fulfilling the procurement guidelines. All procurement guidelines are fulfilled including the provision of certificate of incorporation, income tax clearance, non-refundable fee, bills of quantities, technical competencies, and bank guarantee as legal requirement.

### c) Bank Guarantee on Contracts

In some LGs, bank guarantee depends on the size of the contract and on requirement of bids e.g. where large amounts of money are involved like on roads. Bank guarantee is not required on supplies. It is mostly required when contractors want advance payment. For some LGs, Bank guarantee is a must do. It is part of the prerequisites for wining a contract because it shows financial capacity to sustain a contract. Some companies offer bank drafts and insurance bonds depending on conditions specified in the bid documents.

### d) Companies present bigger capacity to win contracts

To win a contract, a company has to convince the evaluation committee about its capacity. As a result, most companies are bound to make bigger presentations than they actually have for purposes of winning contracts. For example, most companies do not own equipments. They rely on hired equipments and for small contracts it is hard to assess the capacity.

Misrepresented companies are bound to sub-contract the work. This may lead to shoddy work or delayed completion. In such cases we only make sure there is no shoddy work. An example, in Rukungiri, FAW Construction Co. Ltd, won the contract to construct the district office block. Works were subcontracted and started on 30 May 2011 and was supposed to be completed 30 September 2011. Work was not completed as was scheduled. In addition, Kazahi Cooperative Society which was managing the bus park misrepresented its capacity and bid to manage revenue collection at SHS. 170million. Before they could sign the contract, they wrote a letter showing they could only manage

shs.150 million leading to the cancellation of their award/selection.

There is a way of finding out if a company is misrepresented. During the post qualification process where companies are required to show their equipment, experts, and financial capacity, we find out culprits of misrepresentation.

### e) Penalty for Misrepresentation

It is illegal for a company to provide wrong information. If they are found out, and forwarded to PPDA, there are chances of being blacklisted. If they are identified before winning contracts, the company is disqualified. If it is after winning the contract they are tightly supervised to confirm the quality of service delivery. Where a contractor is not performing as expected, time is given to improve, and if this persists the contract is terminated. Companies which fail to complete within the expected period pay for each extra day.

### f) Influence Pedaling for Specific Companies to Win Contracts

Influence pedaling is a common practice in Uganda. Influential people may canvas for support for some companies to win contracts. One respondent asked: "Can you eliminate influence pedaling in Uganda? Definitely, there are cases of influence - order from above. Yet there is fear of job security, - 'ono tajja kukoleka naye!' Meaning - it is difficult to work with this officer. He is uncooperative". When officials are uncooperative, they risk being branded saboteur of government programs (Buikwe)

### g) Underhand practices of companies in trying to win Contracts

In LGs there is a lot in fighting over awards of contracts. Most people have the mentality that there is no free service and hence all the bidders are willing to offer a bribe so as to win contracts. The highest bidder who takes the contract means the one who has managed to come to terms with the most influential official in the process of awarding contracts. However most respondents acknowledged that bribery is involved in the award of contracts they were reluctant to incriminate those involved. They said it was not easy to get evidence where contractors pay bribes. However, contractors complain that they do shoddy work because they share the money. They fear to reveal information for fear of missing on contracts.

Politicians are accused of fomenting corruption. Some politicians want to do business with government and hide behind other people's names. Where cases of bribery are discovered the committee is supposed to punish that contractor by not awarding them a contract. In one LG the case of an Indian who came with a chit to buy a contract is cited. The cheque was photocopied as evidence of malpractice. They were yet to submit the case to PPDA for black listing.

### Theme 7: Role of Civil Society in Service Delivery

In LGs civil society is playing a big role in service delivery. Some of the CSOs mentioned include Uganda Red Cross, World Vision, CARITAS, Building for Tomorrow, ANPPCAN-Uganda, Food for the Hungry and Vision for Africa in Mukono District. In Mukono NGOs are engaged in construction of health facilities, schools, roads, agricultural projects- improvement of varieties of *matooke* and maize. One of them provides a machine which makes bricks that are ready for construction and there is no need of cement and sand. ANPPCAN and ACCORD from Kampala sensitize people about their rights and entitlements. Building for Tomorrow also sensitizes parents about the need to feed children in schools. New Vision meets the head teachers reminding them of their roles. In Buikwe there is Child2Youth that gives scholastic materials to identified children.

While in Oyam, NGOs include World Vision which provides child protection, infrastructural development in primary schools and sponsorship in schools. Global Health Network that handles maternal health, RDP Uganda that provides youth empowerment and skills development, and NUDEIL which is engaged in the area of roads, water and schools infrastructure, among others.

NGOs in Gulu deal in agriculture, health, community development and child protection, technical services, construction of roads, markets and building sectors. For example, UNICEF and Save the Children handle child health and protection AMREF, health, water and sanitation, ACCORD deals in community development), ARLPI in psycho-social support, WHO health, FAO and WFP Food security and World Vision water, education, health education and child protection. Many of the international NGO handling emergences have moved out.

NGO operating in Rukungiri Municipality: include LADA – Literacy Action for Change and Development Agency, RUGADA – Rukungiri Gender and Development Association. LADA – supports vulnerable children with school fees and household materials and construct water tanks .Others are TASO and Compassion International. According to one official the CSOs compliment the work of LGs. There other NGOs in Rukungiri District engaged in health, microfinance, orphans and other vulnerable children, water, income generation activities, among others. In Rukungiri, at district level, the NGO Forum which is chaired by the RDC regulates NGOs' activities to avoid duplication.

Over 200 CBOs operate in Kagango Sub County in Sheema District. They are engaged in financial services, agriculture, animal keeping, and health services. In most LGs, NGOs come when they have already selected work. They are not engaged in the planning process of the district.

The only relationship between LGs and CSOs is that they give services which the people want. They do not want to give their budgets work plans to LGs. They conceal information because they get a lot of money and want to use if for their interests. However, the work they do is seen on the ground .For example, RUGADA in Rukungiri District distributes condoms, mosquito nets, and carries out HIV /AIDS Testing. This benefits the people.

In LGs Civil society is encouraged to participate in service delivery. CBOs are registered and given certificates to operate .In Sheema 461 CSOs have been registered since the new district started. Sheema District has facilitated 100 they are given Shs2.5m.They are engaged in milling, banana wine, flowers, catering, hiring plastics chairs and tents, emerging art, music and drama and handcrafts.

NGOs are considered as privately owned by individuals who get money and spend it on behalf of individuals. NGOs are reportedly better service providers. NGOs produce better work than LGs because donors control them, for example private schools and health centers provide quality services as compared to government services. Cooperation with international agencies has helped improve service delivery. In the case of Rukungiri District they partnered with UNFPA to train midwives. This helped upgrade Nyakibare Hospital to training midwives. Each sub-county proposed two women to be trained. This has helped the LG have enough midwives in the district. They have eliminated shortage of midwives.

In some LGs they reported they did not have enough CSOs as compared to other districts. This makes service delivery in such LGs difficult. NGOs operating in Mbale, include, Child Restoration Outreach and Red Cross. They remove children from the streets and train them in life skills in tailoring. Others are BRAC organization, ACET and TASO which deal with people affected by HIV- AIDS. Others include USAID and Heifer International. These do different humanitarian activities in the district that range from empowering communities with modern agricultural methods to equipping the local people with life skills.

In Budaka District, NGOs include Cheshire that deals with disabled children with children's home that rehabilitates the disabled children. From this home the children are educated from primary to institutional level. They also have piggery and poultry projects. These projects help the organization to reduce dependency on donors. There is also Kadama Widows which equips widows with farming and saving skills, support orphans affected by HIV/AIDS, provide HIV testing and psychosocial support, and train community members in conflict resolution. Compassion International Child Development Centre supports children in education till university level depending on their performance. They also provide medical and transport expenses and meet health expenses of one of the parents. A case in point is the support provided to a girl who was raped in 2009. Compassion helped arrested the man who raped mobilized support to build a house for the girl and promised to take her back to school after her baby was mature. Compassion also trains children leadership skills.

In some LGs, NGOs first reach an understanding before they are allowed to operate in the district. International NGOs register in Kampala and report with their files to the district Community Development Officer. Local organizations register at the district as community based organizations.

According to one NGO, Child2Youth Foundation, they report to the CDOs with certificate of registration, number of current beneficiaries and details of previous work. According to this NGO, the LG is supposed to monitor them though sometimes they fail.

The NGO policy allowing the NGO to work with the local government is available and was launched in 2010. The challenge is that all concerned stakeholders are not yet fully sensitized to the extent that most LG officials seem not to be aware of the NGO policy and how it operates.

LGs do not follow up accountability in NGOs because they are not funded by the district. Some LG leaders think this is unbecoming. Some NGOs provide their work plans before going to the field Like World Vision. Some of their buildings are now being occupied by the sub county leadership. For Child2Youth Foundation, they sometimes declare their plans and at other times they fail. They fear that the sub county may limit their activities yet their funding varies. Sometimes, there are no funds and the NGOs do not want to disappoint LG.

### 3.7.1: Relations between NGOs and Local Governments

NGOs may give conditions to LGs. For, Child2Youth Foundation in central Uganda, documents about the ownership of land must be provided before the NGO protects a water source (water springs). A similar case was reported in western Uganda, where NGOs demand for land for the source of water when working on water. However, in most cases they do not give conditionality because they have no partnership with LGs.

LGs have a right to decide on places for NGOs. However, some NGOs have criteria to decide on areas to serve. For Feed the Children in western Uganda, the LG selected sub counties with vulnerable children, but the NGO was not contented though it went there. Some NGOs prefer to work in town because of certain facilities, like electricity, computer, internet. And because of laxity of LGs, NGOs go to places of their choice. International organizations like USAID do not support groups related or engaged in terrorism.

LGs prefer services related to locals needs to profit oriented NGOs. For example they may not tolerate an NGO that charges a lot of money for health services. The services are expected to be reasonable and related to the needs of the people.

### **Theme 8: Institutional Framework for Service Delivery**

### 3.8.1: Performance of statutory bodies

In LGs, the District Service Commission (DSC) performing to satisfaction regardless of facilitation and funding challenges. LGs acknowledge the good performance of PAC and PSC at the district. The good performance is partly attributed to the induction undertaken upon appointment and a secretary destined for advice. In Gulu LG, as some other LGs, PAC does not have an office, and their remuneration is very poor, yet they handle sensitive issues. Municipal councils do not have statutory bodies; they are only at the district.

Several LGs reported that the DSC is not fully constituted. The quorum is three members and most LGs have this number. This constrains the work of DSC. Previously, the DSC was allowed to co-opt

a member from a neighboring districts district to constitute a quorum. But a law was introduced stopping co-opting. When the members of DSC have no chairperson, they choose amongst themselves one to take them through, including the recruitment and selection. In Budaka LG, for the second time in three years, the council recently nominated two people, one for chairperson and a lady to go for interviews. Although they have a quorum when one misses, which often happens, meetings flop. In some LGs, there are problems of nepotism. Where a sub county is not represented on the DSC people from that area most likely miss out on appointments. These imbalances in appointment of members of DSC were noted in Mbale LG, that, "all these four current members are from one constituency of Mungoko South., leaving the municipality and Mungoko North unrepresented at the DSC. It is argued that some people from the remaining constituencies complain about service delivery especially favouritism in recruitment for district jobs," (Respondent, Mbale LG).

Appointment of members of DSC positions is difficult because in most cases the names forwarded to Ministry of Public Service are turned down. Like in Budaka LG,

### 3.8.2: Relationship between Centrally Appointed and District Officials

Centrally appointed officials must work in harmony with district officials for efficient service delivery. However, in some LGs, service delivery is constrained by poor working relations between political leaders and technocrats. There is a gap between technocrats and politicians, technocrats do not provide political leaders with information to make decisions.

In LGs, technocrats argue that politicians need terms of reference to minimize conflicts at places of work. It is argued that there is lack of sensitization of the political wing about their mandate thus interference with work of technocrats. When they visit project and say the work is shoddy or poor and stop it when the project is still in progress. This attracts rude comments from people. For technocrats, politicians should know their limits and stop politicizing projects. (Respondent, Rukungiri)

There is also good relationship between elected and appointed officials in most LGs. In Oyam, they hold joint meetings and joint monitoring of government programs exercises. In one LG the chairperson was said to be trying to influence activities, for example by giving out contracts, recruitment even dismissal of workers. This causes poor relations with centrally appointed officials.

### 3.8.3: Monitoring and Oversight Function

In LGs, committees meet and give reports with remarks. LG committees are headed by the District TechnicalPlanningCommittee(DTPC), an overall committee in the district. The DTPC initiates the planning and budgeting processes. Before submission to the council, DTPC always makes recommendations to other committees such as district education committee, district health management committee, district AIDS coordination committee, among others for decisions. Committees have different responsibilities. There are also statutory committees such as standing committees, commissions and boards such as DSC, district land board and district contracts committee. These are independent, report to council, and are funded by the central government. They, too, perform oversight functions

and are committed.

Contract management committee supervises, monitors, and assesses what is being done. When problems are identified like in engineering projects, the district engineer gives recommendation to the responsible persons. The engineer does recommendation with three engineering assistants, (one in charge of education, the other for health and then another one for roads and works). The district engineer takes the oversight function. In LGs, technical evaluation team follows up the projects being implemented and makes reports where necessary.

## 3.8.4: Effect of Appointment of CAO and Town Clerk on Administration and Accountability in LGs

In some LGs, centralization of CAO and Town Clerk has had positive impact because of effective management and supervision. Accountability is well handled. LGs leaders have no problem with whoever appoints of CAO and Town Clerk. However, sometimes, central appointment can be harm full to LGs. Centrally appointed officers have feeling that they are "bosses" over others in the district. In Mukono LG, there was a case of CAO who could not listen to anybody. It is said he had his own *God fathers* outside the district, (Respondent, Mukono LG). What Matters is the character of an individual not the appointing authority.

Having CAO and Town Clerk appointed by districts has challenges. These technical officers would be mixed up in local wrangles which affect performance. Some LGs suggest that Chief Finance Officers should also be appointed centrally. The advantages are that it reduces conflict. New people bring with them new ideas and approaches. But other LGs still believe that outside appointees do not know their local problems and take time to solve them.

In some LGs there is an attempt by local politicians to involve centrally appointed officials in local political wars. In one LG in western Uganda, Some councilors do not support the district chairperson form allies with other politicians including Parliamentarians to frustrate the District Chairperson. They tried to fail the budget for this financial year 2012/2013 demanding for the transfer of CAO whom they feel has a good relationship with the chairperson. Councilors want someone who will come and support them to fight the district chairperson (Respondent, Western Uganda).

### Theme 9: Resources for Service delivery

In LGs, several programs receive conditional grants depending on the mother ministry. There is Local Government Management and Service Delivery Project (LGMSDP) from MoLG, National Priority Areas (NPA) and Road Fund from Ministry of Works. These funds have a 15 percent of total sum for supervision distributed as 5 percent for investment service cost, 5 percent for monitoring allowance (non-technical) for those who monitor the exercise, and 5 percent as re-tooling cost in office stationary, work plan, computer . Sub County LGs receive LGMSDP, National Agricultural Advisory Services (NAADS), Uganda Road Fund, and Community Driven Development (CDD) for CBOs.

LGMSDP is unconditional but still limited to education, planning and community projects. Capacity Building Grant (CBG) is a fund used for training staff. It is sent to the district, which in turn sends to Town Councils.

In the year 2011, all recurrent PIFs were released to LGs. However, there were cuts for development expenditure of 15percent. For 2011/2012, cuts were 6 percent for both development and recurrent with exception of NAADS and water.

### 3.9.1: Variation of Resources from one Sector to Another

In LGs, in order to change or continue with the priorities, the technical committees look at the budget ceiling and then consider rollovers which must be finished, and then the remaining balance in the budget is the one used in new priorities. The same process is used until the services are finally delivered to the expectations. In case of an emergency, authority is sought from the line ministry. New projects, not old ones which are rolled over, are put on standby to handle the emergency. For emergencies beyond the district capacity such as floods and hailstorms, communication is made to the office of the Prime Minister (Ministry in charge of Disaster Preparedness)

When the rollovers are completed, priorities are checked and new interventions identified. These must be approved by the district council as the planning authority. The technical planning committee prepares annual work plan. Thus, conditional grants affect the ability to prioritize service delivery LGs, since rollovers are considered first every financial year. Yet, conditional grants are not received promptly.

Conditional grants cannot be used elsewhere. However, findings show that there are procedures followed to allocate resources to another department, for example through the Executive Council or CAO. Previously, LGs had an opportunity to cut 5 percent from conditional grants and transfer to departments which required more resources. This was stopped in 2008/9. Transfer of resources is not allowed. Conditional grants are received with guidelines which must be followed. Diversion is considered mismanagement of funds. Diversion is only possible with authority from the Permanent Secretary or Minister.

### 3.9.2: Effect of Conditional Grant on Prioritization of Service Delivery in LG

For some LGs, conditional grants do not affect prioritization of service delivery because they cover wide sectors: Education, health, capacity building. It is only town cleaning and garbage collection that is not covered. However, prioritization according to need is affected. For example, where it is conditioned to water, and the real need is a bridge which has been washed away, it cannot be used for that priority area. In Mukono LG, caterpillars invaded the district and destroyed a lot of crops. With conditional grants and low local revenues, the LG could not help deal with a problem.

### 3.9.3: Local Revenue Performance and Prioritization of Service Delivery in LG

LGs find it difficult to collect local revenue. Most times local revenue is not fully collected. This affects the amount collected and so is prioritization. Local revenue is always insufficient because the graduated tax was removed and its compensation to LGs scrapped and replaced with inadequate unconditional grants. On many occasions, LGs are not able to perform their functions as expected due to limited funds.

### 3.9.4: New Avenues to Improve Local Revenue Performance by LGs

LGs have improvised new areas to increase local revenue collected. Some LGs collect revenue from stone quarries, bars, garages of vehicles and motorcycles, workshops, and coffee processing, market fees, agricultural and forestry products such as timber, application fees for tenders, business trading license, local service tax, hotel tax especially in urban areas. Rent from district residential houses, park fees in small towns ,registration of business, other fees and charges for instance beer brewing, slaughter fees, registration of births and deaths are also area of revenue.

LGs also get income from the district hospital private patients' wing, and district farms. Town councils have property tax, local service tax and fines. Sub counties have birth certificates, inspection of premises fees, market fees, among others as sources of revenue. In Rukungiri LG, they get money from scrap although they have been unable to sell scrap for some time. LGs in the proximity of National Parks receive loyalties from Uganda Wild Life Authority as part of the general funds. It also benefits parishes bordering national parks.

Other sources of local revenues in LGs are advertisement or bill boards, public health licenses, rents and rates from other government units, and agency fees. Some LGs collect revenue in from of land fees by processing land documents.

LGs have observed an improvement in local revenue collection. They are initiating new areas like registration of NGOs and taxation of sports betting and forex bureaux. In post conflict LGs like Gulu, there is revenue collection from occupation permits, ground rent, property tax and development tax as owners are returning.

However, the creation of new sub counties, town councils and Municipalities has reduced funds for LGs. This has led to loss of markets to neighboring LGs. It was also found that most of the money collected is used in administration, not projects. In case of municipalities, districts lose sources of revenue.

### Theme 10: Inclusive and Participatory Planning in LGs

### 3.10.1: Funding of Planning Activities at Various Levels?

In LGs, planning is effectively funded at various levels in line with the IPFs given and money sent quarterly. The five year development plan is locally funded. The planning process starts at village level by identifying village needs. For town councils, prioritization is done at ward level in a meeting. Ward priorities are studied by Town Council Planners to identify priories following the NPPA. In Buikwe Town council, prioritization is done using 'pair wise' ranking method to avoid political influence. Planning is affected by the availability of funds. Priorities are presented to sectoral committees for further scrutiny before being presented to the council for approval.

Findings indicate that, in some LGs, there is no financial facilitation for planning at all levels. At times, planning meetings flop due to lack of financial facilitation. Technocrats are support members of LG with inadequate planning skills.

In addition, LG budgets are restrictive. Also, the inclusive participatory planning is a long process and affects the already deficient budget. LGs get along through consideration of shortfalls during budgeting before new projects are identified. For example, already started projects are completed before the new projects begin technically known as rollovers.

### 3.10.2: Role of Sectoral Committees in the Planning Process

LG committees are facilitated throughout the budget process. Whenever they have some activity, it is raised for inclusion in the budget. For some LGs, development partners provide office facilities, computers and vehicles whenever the gap is identified. The guidance on planning is based on manuals and tools provided by the MoLG and MoFPED. The planning process follows guidelines from the source of funds.

Output Budget Tool (OBT) is used in budgeting and planning by some LGs. OBT deals with budgeting and guiding on how to plan. This tool standardizes the work of different governments LGs and minimizes variance as a result of geographical and cultural differences. For example, variance between two districts may be due to distance coverage costs. Each government department has its code known as VOTE which can easily be accessed.

### 3.10.3: Planning Indicative Figures (PIF) and the Planning Process

LGs are given PIF from MoFPD. Plans of LGs are based on PIFs. Sometimes, PIFs depend on how the government is performing financially. LGs can only realize their plans if central government is performing well financially. Where central government is not financially performing, LGs face budget cuts and cannot realize what their plans. Sometimes LGs get 70 percent of what they plan. In a LG in northern Uganda, it used to receive over Shs. 41million from the MoFED to run activities in urban council but this has been reduced to only Shs. 15 million every quarter. This makes it difficult to run all activities of LG in an urban setting. In Mukono LG, they received Shs. 530 million for roads covering

an area of more than 210 square km area which is only about 30 percent of the funding needed.

In LGs some PIFs are considered unrealistic, for example in health and education. LGs doubt whether the figures are computed by professionals and wonder how they come up with a figure of 7 teachers for a school of 7 classes. How can one teacher teach a class single-handedly? In addition, PIF costs a two classroom block at Shs.25 million in LGMSD yet the costing of engineers is bigger. This means that the PIF amount can only be used to build up to the wall plate.

Government sends advice slip showing what they will give LG as conditional grants. PIF means that it is what government can offer and not beyond. But sometimes it can offer less. Last FY all conditional grants were slashed off because of economic crisis (Town Clerk Buikwe).

### 3.10.4: Guidance to Lower LG Planning Committees

LGs receive guidance from the CAO and district planner at district level. In one LG it was found that the technical committee holds monthly meetings but they do not get financial facilitation. LGs wonder why central government claims work is done at the district but remits very little funding which cannot meet the needs of the district. On top of that the Centre takes almost all the revenue back to the Centre. This includes movement permits, fishing permits which would have alleviated the financial problems of districts.

In LGs mentoring is provided for lower LGs or where leaders are mentored on some cross-cutting issues. Sub counties get expert support from the district. They also get guidance on planning from district officials and the National Assessment Team.

LGs say there are insufficient funds to run operations. Planning committees are not well facilitated. The allowance paid is 20percent of the local revenue .Because of the low revenue collection council facilitation is not well catered for. For every council sitting, the small allowance is taxed by 30percent. The system deducts 30percent from an allowance of Shs. 35,000. This amounts to Shs.10,500 from each councilor. He or she takes home only Shs. 24,500. This is allowance is for all sittings – executive committee, business committee, general purpose committee and the main council sitting. In every sitting, 30percent is remitted to URA as tax. Failure to remit the tax results in a penalty. URA fines them with interest. Councilors were not aware that the allowance would be subjected to taxation.

In LGs the salaries of councilors are small because they are pegged on what the LGs can collect. They attend regularly though they keep complaining. They think the Centre is killing decentralization by failing to pay realistic allowances to councilors.

In the district budget, councilors are paid top up allowance from locally raised revenues. This means the more the local revenue collected, the more money the councilors get. However, local revenues are still low. In one district in eastern Uganda only Shs. 200 million is locally collected. Some money for councilors is also paid from conditional grants. District councilors are paid Shs.100,000 monthly, local council 1 Chairpersons get Shs.120,000 every year as *exgratia*, the District Chairperson gets Shs.

2 million monthly, District Speaker Shs. 600,000, Vice chairperson Shs.1 million monthly, the three District Executive Committee members shs 500,000 each per month and sub county chairperson Shs 300,000. All this money comes from the Central Government under conditional grant. Depending on the local revenue of the district, councilors are additionally given between Shs.100,000 and Shs.150,000 per month.

Councilors expect to get more than this and this is why they are always at loggerheads with district leaders. Councilors are not motivated because of poor or no emolument. Some LGs reported refusal of councilors to attend meetings because of low motivation. To mitigate the problem of taxation in one sub- County in western Uganda an allowance is given in form of transport and lunch to avoid taxation by URA. In addition, to some extent delay in payments has affected the morale of councilors. They attend the meetings, because they have to and they are not satisfied

Emolument for councilors is still insufficient because some of them move for long distances and they are not usually paid in time. This is likely to affect their performance. However, they argue unlike MPs, councilors are not allowed to protest poor payments. They think that establishment a centralized responsible authority in charge of payments would address this problem. In some LGs councilors suggested that government should fix the threshold of the amount taxable from their allowances.

LGs are facing a number of challenges in terms of service delivery because they are expected to monitor government programs as required by the Local government Act. They are supposed to make consultations with communities on matters that affect them. However, they are limited by the meager resources. They are only required to operate with 20 percent of local revenue. This makes the work of the councilors and the entire local government difficult because of lack of facilitation in form of allowances.

### 3.10.5: Local Economic Development (LED) framework in Local Government

Before LED started the district councils was briefed about the program and the project is going on well in some LGs. However, some LGs showed low awareness of LED.

LGs say that the money involved in LED is inadequate. For example, they encourage Community Driven Development (CDD) groups to be formed but only one group can be supported at a time. The amount usually given is Shs. 2.5m.

In one of the districts in Eastern Uganda where LED was introduced in 2009/2010 financial year, it has helped to build some local infrastructure. It was realized that constructing schools, building hospitals and constructing roads was not enough because children would still ask for pencils, pens, medicine and uniform and other related needs. The aim was to empower people economically so that they could be able to access basic needs. This is because health centres and schools are provided but people still die due to lack of money to buy medicine and many are illiterate because they can't attend to school. People could not even afford simple meals.

Through LED is the government intervenes directly to finance people's projects. For example projects like poultry help people make savings. Through LED, LGs have established the following projects.

A fish-fry multiplication project has been set up from where the young fish is multiplied and are sold to farmers. Farmers are also trained to multiply the young fish. This makes it easy for the farmer to access young fish for farming. This fish fry multiplication in Budaka district began in financial year 2009/2010. A District Agricultural Training and Information Center (DATIC) runs several LED projects. They include a goat multiplication center, a hatchery and a greenhouse for seed multiplication. This has helped farmers acquire inputs at subsided rates.

Through Community Driven Development (CDD), local government has supported farmers by supplying them with goats, animal traction, and tents for hiring, *bodaboda* motorcycles, and dairy cows. NUSAF I and II has supplied materials as mentioned above to improve the livelihoods of the people under the LED framework. LED funds local groups to alleviate poverty. Local capacity is also built by training, sensitization and advocacy under the supervision of the district official in charge of LED.

### 3.10.6: Role of Government Programmes in Alleviation of Poverty

In LGs Government has helped alleviate poverty by addressing priority areas like roads, schools and health. In one LG there is a program under LGSM which gives funds to groups of people. It has helped alleviate poverty. For example, some groups of women are manufacturing soap. During construction of schools and other works, the workforce is drawn from the community. This provides employment and helps generate some income.

Through NAADS beneficiaries have been economically empowered. For example they were given animals to start income generation projects. In LGs, UPE and USE schools are doing well. Some districts have come up with byelaws about provision of food and books for primary school children by parents.

An example of how LGs fight poverty is Oyam district where they use a multi sectoral approach. Oyam had 17 health facilities in 2006 when the district begun. Now they have 25 health facilities which are operational. 17 Health centres are at parish .There are 62 parishes. There are improvements in education performance. This is attributed to infrastructural development. The classrooms; staff houses and roads that lead to schools have been worked on. As a post conflict area a lot has been done to empowering communities. All the people have been resettled. With support from NAADS and some development partners communities have been assisted through restocking, distribution of seeds and farm implements. In the water sector safe water coverage is at 62percent, compared to 37 percent in 2006.

### Theme 11: Challenges in Management and Service Delivery

### a) New municipalities

Lack of clear guidelines for some of the services has made new municipalities face challenges in service delivery. In Rukungiri Municipality, there is a problem of managing the bus/taxi park. There is a circular from the Minister of Local Government saying operators should manage the parks. And yet there are no guidelines for the management of taxi parks by operators. For example where there are only two companies who are ready to bid for the contract. The local authorities cannot present this to open contract where there is more money. There is no competition, quotations have been reduced and the LG has lost incomes.

Creation of new municipalities did not take into consideration new circumstances. They also face constraints of service delivery because they have not been facilitated to meet new challenges. In the case of Rukungiri Municipality two local governments were merged. Kagunga sub-county and Rukungiri Town Council were merged to create a municipality. There are 4 LG units: three divisions and the municipal headquarters. Money remained the same. People no longer work because of lack of facilitation. There is also lack of space. Three divisions are renting. Another challenge is transport. The municipality does not have any vehicle. This would facilitate officers in the field. As a new municipality they have no startup funding to build offices and purchase basic equipment. They suggest that part of LGSMD should be used to construct offices or buy vehicles for up-coming municipalities.

LGs face a challenge of companies offering services from the centre. Umeme is an example of such companies that cannot respond to concerns of LGs. They fix poles anywhere. For example, there are 4 poles in the middle of the road and they say the LG is the one to remove them. Some wires pass on top of people's houses. Umeme does not consult with LGs before fixing electric poles

In LGs weak laws are affecting service delivery. The land law is weak. For example in new municipalities using peoples land, openly, constructing a road on people's lands demands legal procedures, and this constrains service delivery. The Law on wetlands is also weak. Much as urban councils are allowed by law to use the wetlands, if somebody puts up a structure, pulling it down is difficult, there is no enabling law.

### b) Procurement

In some LGs local contractors don't have money and they cannot attract big companies. In addition, the nature of small contracts cannot attract big companies. This makes projects take long to complete.

LGs have a challenge of construction designs made in Kampala. They design funny structures for health centres. Some structures are too small and it makes lives of health workers and service seekers uncomfortable.

LGs lack adequate funds for physical planning. They have physical planners who are not facilitated.

Municipalities are given stringent guidelines. Municipalities are given grades of development which makes their wok difficult. For example, in a municipality no one is supposed to construct a pit latrine, yet there is no water. At the same time authorities have to address standards as the towns grow. At the same time, lack of funding makes it difficult for LGs to control development.

### c) Service standards

LGs pointed out that funding for cross cutting issues is affecting service delivery standards. For example a district engineer is given a budget of shs 4.5m and these issues are not provided for example, buying condoms and HIV/AIDS sensitization.

Findings how that quality is compromised in service delivery. Corruption is identified as a constraining factor in service delivery:

LGs have gaps in planning. The mushrooming of trading centres is a major problem in villages. There appears to be lack of control over communities as they can do whatever they want.

**Health:** In health people do not visit HCs because of irresponsible talk on radio shows that drugs are not there. LGs say there is shortage of staff but not drugs. There is misleading talk that there is inadequate supply of drugs due to misinformation: "Drugs have already been delivered. On Monday, Tuesday they will be delivered. Certain drugs e.g. diabetes are delivered only at HC IV and Hospitals. But people who go to lower units will say there are no drugs." District Director of Health Services Rukungiri District.

**Loans:** borrowing conditions have become very easy. People are not sensitized on profitable use of loans. Many families face problems of paying back. This has led to poverty and domestic violence.

**Education:** Education service delivery lacks quality. There are school drops out because of domestic violence, loss of property to money lenders, lack of money for clothes and food, books ,lack of interest among parents and mishandling of teachers by parents.

**Crime:** There is a high social crime rate. In the community there is less law and order: "your security is your responsibility, "said a respondent at Kagango Sub County, Sheema District.

**NAADS:** The NAADS programme appears to have failed. Several factors explain this. People are forced to engage in unfamiliar practices, for example, dairy farming. There is inadequate financing, for example, in Kagango Sub County, Sheema District, in western Uganda, between 2004 -2010 (four years) Shs 210m from NAADS was divided among 3000 farmers. The average is Shs 70,000 in four years for each farmer. For LGs such a strategy cannot be used to fight poverty. In addition, people are taken by storm to join NAADS projects. There are also no pilot studies to test sustainability of effectiveness on NAADS projects. There is employment of inexperienced young university graduates as service providers to advise farmers who are more experienced than them. Also NAADS does not give chance to farmers to buy livestock of their choice. The prices are very high compared to when

farmers are given money to buy livestock from local markets.

**Water:** Provision of clean water has not resulted in reduction of diseases as expected. This is because people contaminate the water.

### d) Hard to reach areas

In LGs with hard to reach and hard to stay and hard to work areas service delivery has been affected. Getting staff to stay in such areas is difficult, yet there are communities who must have services delivered to them. Staff in hard to reach areas are not motivated. They find it difficult to get schools for children. This demoralizes the staff. At times their children pass and cannot go to good schools.

### e) Challenges of procurement

In LGs members of the contracts committee which awards contracts are the supervisors of the same works. For example the engineer, is member, he costs the work, supervises and gives certificate of completion.

In LGs contracts are awarded without considering the budget. In one of the LGs in central Uganda, members in a meeting recently asked why they had to fill Form 1. This resulted from the fact that they budget for Shs 50 million, for example, but the procurement unit changes it to Shs 60 million. When all bidders submit, the lowest is Shs 60 million and the procurement officer just awards the contract without negotiating.

### An example of mismanaged contract

The President gave Shs127 million to a school in Buikwe District, Central Uganda. This was to be handled by the school itself. The head teacher and three others were trained on how to handle the contracting process and implementation. The head teacher called on a contractor and asked him for 15 % of the Shs 127 million to be awarded the contract; which the contractor agreed. For nine months now, the building is only at wall-plate. The BOQs show that he was supposed to use pine but he used other poor quality timber. The floor is supposed to cement but it is not. A consultant came and advised that they remove the poor quality timber. The next day, the same person came and told the contractor to continue and roof. No finishing has been done, yet out of the 127 million, only Shs 34,200 is remaining on the account. This is as a result of overpaying thee contractors for the work not done. This case was been reported to the IGG's regional office. The officials from IGG's office came to the venue to investigate. It is alleged that supervisors from MOLG are given bribes to write positive reports of what they have seen (Respondent from Buikwe District).

### f) Challenges in Civil Society

Conflicts within civil society affect service delivery. In some LGs there are inter and intra-crises that cause groups to break up. For example, where groups are targeted for funding using Community Driven Development (CDD), conflicts lead to failure of projects.

Coordination of CBOs to utilize Community Driven Development (CDD) funds is also constrained by poor facilitation, especially in terms of transport.

Services of NGOs are unreliable because the source of funding can be stopped anytime. This causes problems where they promise good things to come and in the end fail. Even where they have funds they are still unreliable. An example is the stopping of Global Fund in the past which affected LG projects in LGs.

There is inadequate funding for districts to facilitate CBOs, for example, HIV sensitization. LGs get 6% of the budget which is about shs 16m.Of this only 34 % is realized.

Technocrats in charge of civil society feel they are underutilized because of lack of facilitation-(CDO Sheema). There is a challenge of a big workload for the ACDO at sub county level since he/she has to handles all community based programmes alone.

Some LGs claim ownership on civil society. A case in point is a sub county in central Uganda where officials take photographs from a building site and then go and pose as implementers of an a LG project.

In one of the LGs in eastern Uganda it was reported that a formal contract with NGOs is there but has not been popularized among the partners. In one of the NGOs where there was resistance to report activities, the CDO threatened to throw them out.

In some LGs memorandums are signed with NGOs but after that monitoring of activities of the NGOs is a big problem. The report they send to the district is different from that sent to their donors. They operate secretly. This makes monitoring for the LG a difficult task.

Some CSO pass through religious institutions to hide their activities. One LG leader in western Uganda says they have issues especially with the new churches.

NGOs do not address LG priorities. For example, where the LG may prefer to train village Health Teams, for them they want HIV/AIDS sensitization.

Some NGOs are exploited by LGs .An NGO in central Uganda faces a challenge from government aided schools. For children they support they are asked to pay Shs25, 000 but they are never given receipts.

### g) Challenges facing statutory bodies

Statutory bodies in LGs have very small budgets. It is topped using local revenue but still remains inadequate. In some of the LGs statutory bodies have no office space and their remuneration is very poor. There is also a constraint of quorum where all positions of the statutory bodies are not filled.

### h) Centralization of certain services

Service delivery is affected by refusal of government to decentralize certain services, for example,

secondary education. Control from the Centre has made supervision of secondary schools difficult. This is why there are cases of ghost teachers, strikes. According to the constitution supervision of schools is supposed to be based at the district but the centre has kept in control.

Government restrictions on staff recruitment have constrained service delivery. "There are more health centres than Health workers," says Chairperson, Rukungiri District.

### i) Funds

Released money is inadequate and money is not released according to the budget. The manner in which funds are released does not facilitate service delivery money comes in small bits, quotas, it is almost meaningless. This causes shortfalls.

Service delivery is also constrained by refusal to allow LGs to fill vacant posts.

LGs face the challenge of guidelines which are not in reality with cases on the ground. For example, in NAADS they sit in Kampala and think of what is good for upcountry LGs. Technocrats are forced to implement guidelines which cannot work.

Restrictions on use of funds have caused poor service delivery. For example, road funds are restricted to rehabilitation. People are demanding for new roads but the guidelines prohibit use road funds to open new roads. In one LG in Northern Uganda they failed to advertise for the building of a health facility because of little money. They received money quarterly and left the money to accumulate; at the closure of the financial year money not committed must be refunded to MoFED. This puts pressure on LGs to look for contractors so that money is committed and not taken back.

### j) Local Revenue

Officials from the centre tell citizens not to pay taxes when LGs identify new areas of local income generation.

In one LG the creation of the municipality has reduced the tax base of the district. The municipality is like a small district in a big district. The district cannot collect revenue from the industries in the municipality. Some districts have lost revenue from rents and rates to new urban councils.

In LGs tax revenues are low because of dependency on agricultural products. This year one of the LGs in western Uganda was hit by hail storms which destroyed crops. Livestock markets have been closed down because of foot and mouth diseases. This has affected the cash inflow.

The Conditional Grant comes with conditions, for example, co-funding in NAADS. Locally generated revenue is not enough.

LGs find it hard to collect some taxes like. For example, they cannot control slaughtering of animals at night. For taxing transporters of charcoal, LGs need armed men to impound vehicles because of

armed drivers.

### k) Emoluments for technocrats:

Technocrats are demoralized by poor salaries and lack of standards. The salary paid in LGs and Central Government is different. Most people employed by LGs are running away to central government. That is partly why LGs are underperforming. An engineer in KCC is getting shs.7mn and one in an upcountry LG getting less than Shs 1million.

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# Annex 1: Best Practices and Emerging Issues in Local Government Service Delivery

STUDY THEME Theme 1: Service	Emerging ISSUES	BEST PRACTICE  • Availability of	RECOMMENDATIONS   All LGs should have copies of
Standards in LGs		procurement guidelines. Available and followed	<ul><li>procurement rules and guidelines</li><li>LGs should undertake capacity</li></ul>
		PPDA act available     and followed	building on procurement rules
		Financial and Accounting regulations	administrative staff
		<ul><li>in place and observed</li><li>Local Government act key to</li></ul>	<ul> <li>All LGs should have copies of the LG Act (1997, as amended). The</li> </ul>
		governance	LG Act should be translated with
	Service delivery standards	<ul> <li>UNRA issues road works guidelines</li> <li>Mol Ginsports and advises on</li> </ul>	simple versions in local languages  Minietry of IG should intensify
	all LGs	services	inspection of local governments;
		<ul> <li>Constructions follow plans issued by</li> </ul>	give them feedback on issues
		Ministry of Works	observed.
		<ul> <li>LG services follow Bills of Quantities</li> </ul>	<ul> <li>Other parent ministries of local</li> </ul>
		<ul> <li>Some LGs have client Charters</li> </ul>	government service departments
			should carry out regular and
			effective inspections.
			<ul> <li>Bills of Quantities (BoQs) should</li> </ul>
			strictly be adhered to in order to
			get quality work
			<ul> <li>Client service charters should be</li> </ul>
			mandatory in all LGs

# Theme 2:

# Quality of Service

- certain companies to win Politicians want to use
- contracts
  - Excessive
- bureaucracy in the
- procurement process of
- overdependence on the
  - Technocrats sideline LG Engineer
- politicians in project bids without considering Contracts awarded
- Misuse of Force Account

budget

- Kilometers of road works done in a financial year
- Number of schools constructed in a financial year
- Effective technical supervision
- Effective supply of drugs
- Sticking to laws and regulations
- Matching work plans with outputs of the contractors of services
- Receiving citizens' complaints
- Establishment of project committees
- political and technical/administrative Knowledge of procurement rules by
- Competitive bidding for contracts
  - Capacity of local contractors
- Preferential treatment for people with disabilities in awarding contracts
- Matching contract/bid amount with available budget line
- Force account reduces cost of service
  - Best evaluated contractor gets
- Existence of procurement plans
- Submission of bid documents to the Solicitor-General ensures legality of contracts

- Technical supervision should be ntensified
- equipment should be adhered to Regulations relating to services Supply cycles of drugs and
- Contractors must not vary BoQs should be strictly observed
  - Citizens' complaints system of works
- established and facilitated in all should be strengthened in LGs Project committees should be
- contractors should be undertaken The principle of competitive Capacity building for local oidding should not be compromised
- All LGs should give preferential treatment to all PWDs and women in contracts by all LGs
  - All bids should be aligned to available resources
- to streamline the use of Force Rules should be established Account in LGs
- Best evaluated contractors should always get the contracts
- All LGs should have procurement
- All contracts should be endorsed by the Solicitor-General

# Theme 3:

# The Quality of

# Companies

Companies abandon work after they have been paid the first installment

Issuance of certificate of completion

Blacklisting of companies is done only by central government through PPDA delays

Appreciation of excelling contractors

before the council meetings of LG

works increases their public scrutiny

Launching and commissioning of

of contract to companies

- Multiple registration by one company to win multiple contracts at the same time leading to a high failure rate of completion of contracts
  - Local contractors are disadvantaged in contracts
- Contractors diverting money to other uses
- Companies take more time to complete
- New districts managing contracts inherited from mother districts

- Certificates of completion to a contractor should be graded "A", "B", "C" etc with implications for accreditation for future contracts
  - Launching and commissioning of works be done to increase their public visibility and scrutiny
     Public acknowledgement and appreciation of excelling contractors be done in all LGs

# **Theme 4: Supervision** of Contracts

- different from those in unqualified personnel Companies use of the contract bid
- no control over centrally Local governments have awarded contracts
- government do not Officials of central inform LGs about contracts in LGs
- committee at the town council and sub county There is no contract
- facilitate monitoring and supervision on a regular Lack of money to basis
- Monitoring funds used for other purposes
  - Local councilors have supervising contracts no competency for
- certificate of completion given when there is no Retention money and work done or work is shoddy
- RDCs lack guidelines for monitoring

- Technical personnel are facilitated to supervise contracts
  - There is an in-built percentage of funds in all project funds
    - Local residents are involved in monitoring contracts
- Schedule of supervision exists in LGs
- sum improves contractor's compliance Retention of a percentage of contract (quarterly reports)
  - Six months defect liability increases
- Registration of local citizens' concern in a 'site book' enhances value for contractors' compliance
  - money
- Involvement of School management committees in school facility grant projects leads to value for money
  - RDCs are facilitated by office of the President to monitor

- Funds meant for supervision and nonitoring be kept in a separate LG account
- Citizens' project committees be created in the project areas
- contractors who do not produce mandates to monitor projects Penalty be instituted against Ordinary citizens be given timely work-completions schedules
- submitted to the LG for review of Site book be mandatory for all contractors, and periodically performance of contractors Retention of percentage of contract sum encourages
  - School Management Committees CAOs should avail information to monitor building constructions Capacity building be done for to enable them to effectively contract
    - RDCs to monitor

**<b>Pheme 5: Citizens**' Satisfaction with **Service Delivery** 

- of small salaries and lack staff motivation because There is a problem of of accommodation
- The agriculture sector is underfunded
- Many LGs do not have a citizen's charter
  - Citizens in hard to reach areas out on services
- In health services citizens because of lack of health may not be satisfied personnel
- projects have no criteria for finding out citizen's Centrally awarded satisfaction
- All LGs do not have a research department

Citizens issues and complaints are the

Citizens Charters exist in some LGs

centre of debate in all LGs

Public – Private partnerships have

improved service delivery

Use of consultants helps improve

technical aspects of projects

have increased consensus on project

implementation

administrative and ordinary citizens

Joint meetings of political,

the area

monitoring of contracts LGs do not make use of CIT in supervision and

Quarterly reports on projects

citizens be undertaken in project

Capacity-building for ordinary

Intensify and schedule regular

monitoring

Display of bids on public notice boards **Budget conferences increase visibility** 

of projects

- barazas as open dialogues on accountability dialogue between the citizens and LG Local barazas have increased public
- Intensify mass media campaign/ discussion on accountability
  - Ensure existence of suggestion boxes in all LGs

councilors interact with population on

officials (public accountability)

-G executive committee and

service providers/effective response

Radio talks increase dialogue with

projects undertaken

Suggestion boxes are available in all

- Ensure use or existence of public notice-boards
- citizens' complaints/ open channels Ensure regular village meetings as of upward communication for All LGS should discuss/debate accountability follow-ups
  - citizens in their LGs

platform for discussion of projects in

Village meetings are an effective

- implement citizens' service charters LGs should engage consultants to deal with technical matters All LGs should design and
  - Good security for contracts should oe mandatory
    - LGs to use CIT in supervision and Government should facilitate monitoring of contracts
- LGs should encourage public-private All LGs should establish a research department

Bank guarantee on large contracts

increases contract security

- LGs should invest in training their staff in specialized courses partnerships.
- LGs should insist on bank guarantee as bid security

# **Outsourcing Services** Theme 6:

- of mobilizing funds for LGs face a challenge partnership
- motive of companies expensive due to short term profit Outsourcing is
  - mismanaged in LGs Partnerships are Public -- Private
- development projects adequate finances to At local level private partner with LGs in individuals lack
  - contracting out outsourcing is In some LGs confused for
- LGs lack own finances to enter/co-finance meaningful PPPs.

LGs should put aside financial department for outsourcing LGs should put in place a Private companies trust LGs in long Outsourcing services has helped improve service delivery in LGs

resources to enable them finance

Capacity building for technical management of PPPs be and political leaders on undertaken PPPs

Capacity to lobby for partnerships

exists in LGs

Legal framework for LGs to enter

term financing of projects

MOUs with partners exists

# Theme 7:

# **Role of Civil Society** in Service Delivery

- **NGOs hide sources of** funding, budgets and work plans from LGs -ow activity or small
- LGs find it difficult to

number of NGOs in some

- monitor activities of civil society
- undermining the principle their work plans to LGs, NGOs do not declare of transparency
  - they start working with Some NGOs come with conditionalities before
- work in urban rather than Some NGOs prefer to rural LGs.
  - guidelines given by LGs Some CSOs disregard

- Some NGOs apply international standards in service delivery
- Some NGOs have formal MOUs with

monitoring civil society programmes.

LGs should have a department

specifically for promoting and

A legal framework should be put in

place to address the relationship

between LGs and civil society

Civil society should be inducted on

LGs should pay for land and other

LG service delivery framework

monitor development activities The process of registering CSOs

CSOs should be encouraged to

amenities provided by LGs.

- Some CSOs encourage effective citizen participation in their programmes
- Some CSOs genuinely deal with issues of vulnerable groups
- LGs encourager CBOs to register and get CSOs compliment development of LGs
  - a certificate
- Some NGOs present their work plans Some NGOs consult LGs on where

services are needed most.

- should be a condition for partnering Dialogue forums between CSOs and with LGs in development activities LG officials should be formed
  - CSOs should be transparent in their activity and financial plans.
    - Good practices of CSOs could be adopted by LGs.

### Service Delivery Framework for Institutional Theme 8:

- nformation undermines echnocrats to provide oolitical leaders with accountability and Refusal of LG transparency
- eaders with the work of Interference of political technocrats
- LGs have statutory bodies which are not fully constituted
  - Allegations of favoritism and corruption in their credibility
- between local politicians statutory bodies injuring and centrally appointed Local 'political wars'
- Statutory bodies are not adequately facilitated Local political leaders development in LGs

officials undermine

- ack facilitation to enable Ministry of Public Service them perform oversight .Gs is inconsistent with recruitment ceilings in established structures
- Funds for Urban through District LGs causes delays in transfer

- Accountabilities for political and technical leaders exist in all LGs
  - Where facilitated, statutory bodies are doing their work to the satisfaction of -Gs and citizens
- Statutory bodies are given induction and a secretary to advise them
  - Joint meetings and joint monitoring promote good relations between elected leaders and centrally appointed officials.
- Sectoral committees are fulfilling their oversight function
  - Sectoral committees are independent and report to council
    - Centrally appointed officials are transferrable
- All funds due to Urban LGs are received

- centrally appointed officials eg CAO, be created to harmonize relations Accountability framework should between elected leaders and
- political leaders and technocrats on Induction should be undertaken for working relations
- Need to establish an ethics committee in all LGs
- Oversight committees should be Staffing ceilings in LGs should be adequately facilitated Texible
- Establish mechanism for direct transfer to urban LGs

# Theme 9: Resources for Service Delivery

- Grants from the Centre are not received on schedule. This affects timely implementation of LG activity work plan.
  - Conditions attached to conditional grants too stringent to enable effective priority setting in LGs
- Arbitrary reduction of grants by the Centre undermines effective planning in LGs
- Ceiling on staff
  recruitment has
  undermined service
  delivery in LGs,
  particularly in the health
  sector
- Lack of work-related facilities such as staff accommodation compounds the problem of staff motivation
- Low local revenue has affected efficiency of LGs

- LGs receive funding for planning from central government
  - Projects started by LGs have a high completion rate
    LGs have improvised new areas for

Government grant system to address

There is need to revisit the

should be revisited

The quarterly release of grants

flexibility in allocation of funds/

Staff recruitment ceilings in

prioritization

- income generation There is intensified effort in LGs to improve local revenue collection
- LGs should be revisited by the GovernmentA percentage of national budget funding framework for LGs should
- be established

  LGs should be allowed to roll over unutilized financial resources in a financial year to the next year, instead of returning to the Government Treasury
- Government TreasuryThere is need for LGs to be creative in collection of local revenues

# Theme 10:

# Planning in LGs Inclusive and **Participatory**

Inclusive planning process takes long

**Emoluments** for

- councilors not adequate
- PIFs not helpful when the Councilors not motivated economy is performing
  - LGs receive only 30% of poorly
- LGs are given hard to collect the funding needed
- In some LGs the concept of LED is not understood
  - - LED is underfunded
- Government takes most Some PIFs are unrealistic

of the local revenue back

- LGs receive funding for planning from central government
- LGs have an inclusive planning process Technocrats provide support where planning skills are lacking
  - LG committees receive financial
  - facilitation
- Output Budget Tool is used in budgeting to make planning uniform across LGs.
  - empower communities to access their LED is helping to economically needs
- LED has helped establish successful income generation projects
- LED has helped provide employment to LED has helped build local capacity local communities

- The inclusive planning process should what is going on during the planning New approaches should be adopted to ensure that citizens understand be revisited to reduce time taken process
- The there is need to revise the PIFs to LG political leaders should get regular align them with available resources to avoid frustrations in planning
- Central government should revisit Poverty alleviation strategies like the emoluments of LG councilors induction in planning skills

NAADs should be re-designed

strategies should adopt a bottom-up approach and abandon the current Poverty alleviation financing top-down approach.

# Annex 2: SUMARY OF THE CHALLENGES IN THE MANAGEMENT AND DELIVERY OF SERVICES

- In some LGs local contractors don't have money and they cannot attract big companies.
- Small contracts cannot attract big companies. This makes projects take long to complete.
- In LGs weak laws are affecting service delivery.
- The Law on wetlands does not provide for pulling down of structures
- Companies offering services from the centre cannot respond to concerns of LGs
- Lack of clear guidelines for some of the services has made new municipalities face challenges in service delivery, e.g. no guidelines for the management of taxi parks by operators
- New municipalities are not facilitated to meet new challenges
- Town councils merged with sub counties to form municipalities are still receiving the same funds.
- LGs have a challenge of construction designs made in Kampala.
- LGs lack facilitation for physical planning.
- Municipalities are not supposed to construct pit latrines even where there is no water.
- Lack of funding makes it difficult for LGs to control development.
- Funding for cross cutting issues is affecting service delivery standards.
- Corruption is identified as a constraining factor in service delivery
- There is a challenge of mushrooming of trading centres in villages.
- People do not visit HCs because of irresponsible talk on radio shows that drugs are not available.
- Loans Specific people are not sensitized on profitable use of loans. Many families face problems of paying back.
- Education: Education service delivery lacks quality.
- Water: Provision of clean water has not resulted in reduction of diseases.
- Hard to reach areas: LGs find it difficult to get staff to work in hard to reach and hard to stay and hard to work areas.
- Statutory bodies: Statutory bodies in LGs are not adequately facilitated
- Centralization of certain services: Service delivery is affected by refusal of government to decentralize certain services, for example, secondary education.
  - Government restrictions on staff recruitment have constrained service delivery.

### **NAADS:**

- The NAADS programme appears to have failed. Several factors explain this.
  - -People are forced to engage in unfamiliar practices, for example, dairy farming.
  - -There is inadequate financing
  - -people are taken by storm to join NAADS projects
  - There are also no pilot studies to test sustainability of effectiveness on NAADS projects.
  - -employment of inexperienced young university graduates as service providers
  - -NAADS does not give chance to farmers to buy livestock of their choice.
  - -The prices of livestock are very high

### **PROCUREMENT**

- Members of the contracts committee which awards contracts are the supervisors of the same projects.
- Contracts are awarded without considering the budget.
- There are cases where procurement guidelines are flouted deliberately.

### **CIVIL SOCIETY**

- Conflicts among groups of people lead to failure of CDD projects.
- New LGs also have a challenge of monitoring and supervision of civil society activities because of poor facilitation
- Services of NGOs are unreliable because the source of funding can be stopped anytime.
- NGO are financially exploited by LGs
- There is inadequate funding for districts to facilitate CBOs

- Technocrats in charge of civil society feel they are underutilized
- Big workload for the Assistant Community Development Officer at sub county level
- Some LGs claim ownership of civil society projects
- Failure of LGs to popularize formal contract with NGOs
- Difficulty of LGs in monitoring NGOs
- NGOs do not address LG priorities.

### **FUNDING**

- Money from the Centre comes in small bits
- Service delivery is constrained by refusal to allow LGs to fill vacant posts.
- The Conditional Grant comes with conditions, for example, co-funding in NAADS.
- Guidelines for conditional grants are not realistic.
- Emoluments are generally low

### **LOCAL REVENUE**

- When LGs identify new areas for revenue generation the Centre tells people not to pay.
- The creation of new LGs has reduced tax bases of old LGs
- In LGs tax revenues are low because of dependency on agricultural products subject to vagaries of weather and animal diseases
- Locally generated revenue is not enough.
- The Centre takes the biggest part of local revenue, for example, PAYE and Local service Tax. LGs are left with hard to collect taxes like slaughtering animals.

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