LOCALIZING MILLENIUM DEVELOPMENT GOALS (MDGs) IN UGANDA: RE-VISITING DECENTRALIZATION AND ITS ROLE IN DELIVERING SUCCESS

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By

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I. INTRODUCTION

At the Millennium Summit in September 2000, the largest gathering of world leaders in history adopted the UN Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets that have become known as the Millennium Development Goals. The MDGs are drawn from the actions and targets contained in the millennium declaration that was adopted by 189 nations and signed by 147 heads of state and government. These eight goals represent a global partnership to respond to the world’s main development challenges.

World leaders set far sighted goals to free a major portion of humanity from the shackles of extreme poverty, hunger, illiteracy and disease. They established targets for achieving gender equality and the empowerment of women, environmental sustainability and global partnerships for development. In short, they adopted a blueprint for a better world, and pledged to spare no effort in fulfilling that vision.

The targets are geared towards addressing extreme poverty in its many dimensions; income poverty, hunger, disease, lack of adequate shelter, and exclusion-while promoting gender equality, education, and environmental sustainability. They are also basic human rights-the rights of each person on the planet to health, education, shelter, and security.

Set for the year 2015, the MDGs are an agreed set of goals that can be achieved if all actors work together and do their part. Poor countries have pledged to govern better, and invest in their people through health care and education. Rich countries have pledged to support them, through aid, debt relief, and fairer trade.

The millennium development goals are national policy commitments with the potential to provide ordinary people with a powerful tool for holding their leaders accountable for results. The goals are exciting because they articulate the dreams of ordinary people to have a school nearby, with teachers who show up for work and with books and pens for students. To have at least a hand pump that provides safe water that women and children can walk to easily. To have a local health clinic, adequate supplies of drugs and staffed by a doctor and nurses. This underlines the potential role that MDGs can play in empowering people who are normally voiceless. Any tool that is capable of holding national governments accountable without necessarily drawing antagonism and confrontation between state and its citizens should be given the maximum support and attention (HDR, 2003). This is more so in Africa, where conflicts have caused more misery and suffering, caused mainly by unresolved economic, ethnic, religious and social differences.

Given the proliferation of UN conferences and commitments, it is important to understand why the millennium goals are unique in many powerful ways;
They represent a compact between all the world’s major players. Poorer countries pledged to improve policies and governance and increase accountability to their own citizens; wealthy countries pledged to provide the resources. Since the commitment to achieve the goals comes from the highest political levels, for the first time, entire governments are committed to their achievement— including the trade and finance ministers who hold the world’s purse strings. Also, major international organizations- The World Bank (WB) and The International Monetary Fund (IMF) and increasingly, the membership of the world trade organization have made explicit that they will be accountable for achieving the goals too.

Performance against the goals is being monitored; precise monitoring mechanisms have been put in place, in form of national millennium goals reports, civil society organizations around the world are creating their own sets of reports to ensure that governments are held to the highest possible standards of performance.

The goals are clearly achievable. Some have even argued that they are not in fact millennium but minimum development goals. To set the bar any lower than this would be morally unacceptable.

The above exposition demonstrates that the MDGs represent three varied faces. One face; cosmopolitan and global, another which is national, while the last one is provincial and/or local. This paper intends to make an illumination of the ways through which local governments can enhance a substantial realization of MGDs in Uganda. In the same vain the paper demonstrates areas of achievement and as well points out some of the critical challenges, with a view of curving out new direction. Indeed this undertaking is in line with the global call to localize MDGs. It is also in light of the global appreciation of the role played by local governments in achieving MDGs as demonstrated by various world leaders.

“We underline the important role of local authorities in contributing to the achievement of the Internationally agreed development goals, including the Millennium Development Goals.”
Paragraph 173, 2005 World Summit Outcome, Resolution Adopted by the General Assembly

The Justification for localizing MDGs lies in the argument that localizing of MDGs will help in disaggregating the data to bring out regional differences. Consequently, it facilitates planning more focused action, promoting local ownership for planned activities, and mobilizing support of local actors including the beneficiary communities for the implementation of these activities. Secondly localizing MDGs will also bring out the rural and urban differences in the performance of each goal. The difference if any will have significant implications on policy making as urban dimensions of poverty have hitherto escaped the notice of the policy makers.

While the above justifications for localizing MDGs have been highlighted, it is also important to bring to the bare how powers are distributed and shared in local public space among local governments, including the role played by civil society groups, Donors and Non Governmental Organizations in order to effectively deliver on MDGs. In essence it is important to ask the role of elected local councilors in planning, overseeing service delivery, and their involvement in the public financial management processes. The above parameters are premised on the notion that
that elected local councilors seek to best represent the interests of the local citizens, their involvement in local planning processes helps to reflect the local preferences in these processes. In addition it is important to examine the roles played by local actors in mobilizing and enhancing social accountability as well as championing the interests of the weak sections of society, including building their capacity to participate in decision-making as well demanding for accountabilities from the leaders.

II. TRENDS IN THE MDG INDICATORS: THE UGANDAN EXPERIENCE

The specific targets of the first MDG are twofold: one, between 1990 and 2015, extreme poverty is to be cut in half; and two, over the same period, the number of people living with hunger is also to be cut in half. As demonstrated by the discussion above, decentralized governance, if properly designed and implemented, can significantly smoothen the pathway to reaching these targets. In order to make decentralized governance work for the purpose of reaching the MDGs however, local governments must have the capacity to design and implement sectoral policies, and the flexibility and appropriate autonomy to mobilize resources to fund said policies. From a research perspective, the decentralization process underway in Uganda mirrors a perfect case study as it demonstrates both the opportunities and the limitations of decentralization as a means to achieve the millennium development goals.

In a recent publication, the United Nations delineated several steps, which are necessary to integrate fiscal decentralization to poverty reduction. These steps include: capacity for revenue mobilization at the local level; linking local planning to decentralized financing; improving the system of intergovernmental fiscal transfers; developing fiscal incentives to improve the performance of local government; and, facilitating dialogue among bilateral donors and international financial institutions.\(^1\) Uganda has attempted to make progress in all of these areas. Table 1 gives an overall picture of the country, including overall MDG indicators. Among other statistics, the table indicates some progress in the headcount poverty area for the country, as this indicator dropped down from 38% in 2002-2003 to 31% in 2005-2006. However, table 2 crystallizes the reported progress a bit more, by breaking down the numbers by region.

\(^1\) See UNDP Primer: Fiscal Decentralization and Poverty Reduction, November 2005.
Table 1. Selected Development Indicators for Uganda (2000-2006)

<table>
<thead>
<tr>
<th></th>
<th>2000/01</th>
<th>2002/03</th>
<th>2004/05</th>
<th>2005/06</th>
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<tr>
<td><strong>MDG Indicators</strong></td>
<td></td>
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<tr>
<td>Headcount poverty (% of population)</td>
<td>34</td>
<td>38</td>
<td>.</td>
<td>31</td>
</tr>
<tr>
<td>Maternal mortality per 100,000 ('00, '05)</td>
<td>505</td>
<td>.</td>
<td>.</td>
<td>435</td>
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<tr>
<td>Infant mortality per 1000 ('00, '05)</td>
<td>88.4</td>
<td>.</td>
<td>.</td>
<td>76</td>
</tr>
<tr>
<td>HIV/AIDS prevalence (%)</td>
<td>6.1</td>
<td>6.2</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Literacy rate of 15-24 years ('00, '03, '06)</td>
<td>78.8</td>
<td>80</td>
<td>.</td>
<td>84.1</td>
</tr>
<tr>
<td><strong>Other Development Indicators</strong></td>
<td></td>
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<tr>
<td>Life expectancy at birth</td>
<td>44.7</td>
<td>45.7</td>
<td>47.3</td>
<td>50.4</td>
</tr>
<tr>
<td>GDP (billion of $)</td>
<td>5.3</td>
<td>5.6</td>
<td>8.6</td>
<td>9.5</td>
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<tr>
<td>Estimates of GDP per capita ($)</td>
<td>225</td>
<td>245</td>
<td>324</td>
<td>357.7</td>
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<tr>
<td>Inflation</td>
<td>4.5</td>
<td>5.7</td>
<td>5.6</td>
<td>8.5</td>
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<tr>
<td>Fiscal deficit as % of GDP</td>
<td>13</td>
<td>11.2</td>
<td>9.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Current account deficit (million of $)</td>
<td>812.9</td>
<td>903.5</td>
<td>1099</td>
<td>.</td>
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<tr>
<td>Debt stock/GDP (%)</td>
<td>65.5</td>
<td>67.4</td>
<td>50.7</td>
<td>58.7</td>
</tr>
<tr>
<td>Grants (%) of government expenditure</td>
<td>37.8</td>
<td>46.7</td>
<td>40.6</td>
<td>33.3</td>
</tr>
<tr>
<td>Gross domestic Investment (% GDP)</td>
<td>18.1</td>
<td>20.3</td>
<td>.</td>
<td>18.9</td>
</tr>
</tbody>
</table>


Table 2. Poverty and Inequality by Spatial Subgroup (1992-2006)

<table>
<thead>
<tr>
<th></th>
<th>92/93</th>
<th>97</th>
<th>99/00</th>
<th>02/03</th>
<th>05/06</th>
<th>92/93</th>
<th>97</th>
<th>99/00</th>
<th>02/03</th>
<th>05/06</th>
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<tbody>
<tr>
<td><strong>Poverty Headcount</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>National</td>
<td>55.7</td>
<td>45.0</td>
<td>33.8</td>
<td>37.7</td>
<td>31.1</td>
<td>0.36</td>
<td>0.35</td>
<td>0.40</td>
<td>0.43</td>
<td>0.4</td>
</tr>
<tr>
<td>Rural</td>
<td>59.7</td>
<td>49.2</td>
<td>37.4</td>
<td>41.7</td>
<td>34.2</td>
<td>0.33</td>
<td>0.31</td>
<td>0.33</td>
<td>0.36</td>
<td>0.36</td>
</tr>
<tr>
<td>Urban</td>
<td>27.8</td>
<td>16.7</td>
<td>9.6</td>
<td>12.2</td>
<td>13.7</td>
<td>0.40</td>
<td>0.35</td>
<td>0.43</td>
<td>0.48</td>
<td>0.43</td>
</tr>
<tr>
<td>Central</td>
<td>45.6</td>
<td>27.9</td>
<td>19.7</td>
<td>22.3</td>
<td>16.4</td>
<td>0.40</td>
<td>0.36</td>
<td>0.42</td>
<td>0.46</td>
<td>0.41</td>
</tr>
<tr>
<td>Eastern</td>
<td>58.8</td>
<td>54.3</td>
<td>35.0</td>
<td>46.0</td>
<td>35.9</td>
<td>0.33</td>
<td>0.33</td>
<td>0.33</td>
<td>0.36</td>
<td>0.35</td>
</tr>
<tr>
<td>Northern</td>
<td>72.2</td>
<td>60.9</td>
<td>63.6</td>
<td>63.3</td>
<td>60.7</td>
<td>0.32</td>
<td>0.28</td>
<td>0.32</td>
<td>0.36</td>
<td>0.33</td>
</tr>
<tr>
<td>Western</td>
<td>53.1</td>
<td>42.8</td>
<td>26.2</td>
<td>31.4</td>
<td>26.2</td>
<td>0.34</td>
<td>0.31</td>
<td>0.34</td>
<td>0.34</td>
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Indeed, table 2 indicates that poverty in Uganda tends to remain consistently higher in the rural areas than in the urban zones: 34.2% versus 13.7% in the 2005/2006 period. The table also shows regional disparities in the poverty count. As of 2005-2006, the Central region (where the capital Kampala is located), and the Western region enjoy the lowest poverty rates, followed by the Eastern region, and lastly, the Northern region. The high rate of poverty in the Northern region is explained in part by the continuing uncertainty created by the 20-year old LRA war.

Finally, in its 2007 Uganda MDG Progress Report, the UNDP rates the country’s performance in terms of the probability of achieving each goal by 2015 as follows:

- **Goal #1 (Reduction of extreme poverty and hunger by 50%): Probably. State of supportive environment: Strong.**

The aim was to halve between 2000 and 2015, the proportion of people whose income is less than a dollar per day. The then Uganda’s poverty eradication strategy, the Poverty
Eradication Action Plan (PEAP) set out four major approaches to end poverty; Restore security and deal with the consequences of conflict; grow the incomes of the poor; human development; economic growth and using public resources efficiently to eradicate poverty. These approaches were derived from the five pillars of Economic Management; Production, competitiveness; Security, conflict-resolution, disaster management and Human Development.

Uganda has made significant strides in reducing poverty. The population living below the poverty line reduced from 56% to 31% between 1992 and 2006. If this trend continues, prospects for achieving the income-poverty target of less than 10% by 2017 remain high. However, Northern Uganda remains the poorest region whose current poverty levels are 68%. Nonetheless the PRDP offers an opportunity for increased productivity of the Northern region; and for removing the disparity between the Northern and Southern regions of Uganda.

In regard to hunger and food security, up to 68% of Ugandans are food insecure amidst increasing food commodity prices. Government should undertake agrarian reforms, target small holder famers, and strengthen community models to re-address community food insecurity. The two main indicators for monitoring hunger are the prevalence of underweight children under five years of age and the proportion of the population living below the minimum level of dietary energy consumption. Between 1995 and 2006, the proportion of underweight children reduced from 25.5% to 20.4%. The proportion of the population unable to meet the recommended food caloric intake increased from 58.7% in 1999 to 68.5% in 2006, with wide geographical divergences. The northern region reported the highest prevalence of caloric deficiency between 2002 and 2006. The Food and Agriculture Organization (FAO) places Uganda on a list of 36 in a group of countries requiring external food assistance. In the last three years food prices have continued to increase by more than 50%, putting many lives at risk. Moreover, sectors like agriculture where the majority of the rural poor are engaged only share a minimal amount on the national budget as illustrated in the sectoral allocations for financial year 2008/09 to 2010/11.

- **Goal #2 (Achieving universal primary education):** *Probably.* State of supportive environment: *Strong.*

Universal Primary Education (UPE) was initiated by the Government of Uganda with the aim of increasing access to quality primary education. The government committed itself to pay school fees, provide textbooks and other instructional materials for pupils and teachers, and to meet the costs of co-curricular activities, school administration and maintenance. Although this policy was initially aimed at four children of school-going age per family, it was revised in 2002 to cover all children of school-going age. The introduction of UPE in 1997 led to a substantial increase by 132% in gross enrollment from the pre-UPE total of 3.1 million in 1996 to 7.2 million children in 2006. In 2004, Uganda recorded a gross enrollment ratio of 104.4% and net enrollment ratio of 86%.
According to the national household survey 2005/06, the net enrolment ratio was 84%, reflecting a slight decline. Uganda is, therefore, on the right path to achieving the MDG target of 100% by 2015. In addition, the gender enrollment gap in primary education has narrowed, with the proportion of girls in total enrollment rising to 49% in 2004 up from 44.2% in 1990.

Access to education however is only part of the solution, completion of the whole primary school course is necessary to achieve universal primary education. Many children start school but drop out. Only 61% of pupils who start primary one complete primary four, and only 22% complete primary seven. This also points to very low survival rates in schools\(^2\). According to a 2008 study undertaken by MISR, in some districts such as Nebbi, survival rate is 34% (48% and 21% for male and female pupils respectively).

School systems are chronically underfinanced and poorly resourced which leads to very low quality education. As a result, many children leave school without acquiring the basic numeric and literacy skills. A 2005 report, the National Assessment of Progress in Education, showed that by 2003 only 20.5 percent of pupils in P6 had numeracy competence, compared to 41 percent in 1999.

Unequal opportunities arising from gender, ethnicity, language, are common and represent a major obstacle to universal primary education. Children from poor communities and girls are most likely to lose out. In northern Uganda for example, the insecurity there has meant that many children abandon their homes in search of safer places in camps. These children are traumatized by the war situation and cannot actually go in class and learn, moreover, the teachers have no psycho social training to handle traumatized children; the infrastructure has been destroyed during the war and motivation levels for teachers are at an all time low. There is need therefore to resolve the security situation in the north permanently to stop the retrogression of the education process there.

Teachers in UPE schools complain of poor and late pay. Only recently, the teachers went on strike, demanding a minimum pay of Ug.shs 200,000. Government argues that it has raised the salaries from ughs70,000 in 1997 to Ug.shs 150,000 [President Museveni pledged in his manifesto to raise it to Ugshs 200,000] but teachers want more.

The increased numbers of enrollment in school has not been matched with teacher and classroom needs. Statistics show that although the number of students enrolled went up from 3million in 1996 to over 7.4million in 2004, the teacher pupil rate remains high at 1:60, way above the required 1:40. It is also not uncommon to find classes with 100 pupils. More so, as reflected in figure 1, budgetary allocation to education has fallen from 24% in 2004 to 15.4 percent in 2009/10 budget. This is a paradox given that the prevailing conditions are still not conducive for quality education. Hence Uganda may have taken a clear shot at Goal 2 by getting millions of children into school, but if it goes in, the goal might be ruled off-side because of quality concerns. Moreover, participation of local leadership and communities in UPE programmes is still limited, which impacts

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\(^2\) As per the standard definition, calculation of survival rates takes a cohort of children enrolled in P1 reaching P7 (with 2 years of repetition- regardless of which school they are in right now.)
negatively on its sustainability. Enlisting genuine interest, motivation and participation of parents, local leaders and communities requires greater efforts in raising awareness and building local capacities through sensitization.

- **Goal #3 (Gender equality and empowerment of women): Probably. State of supportive environment: Strong.**

Since 1990, Uganda has exercised affirmative action in favor of women with regard to admission into university and other tertiary institutions. Women applying for admission into institutions of higher learning are awarded extra points in addition to their scores to increase their chances of gaining admission. Indeed, the policy led to significant increase in the number of women at universities. The proportion of females to the total student enrollment increased from 31% in 1993/94 to 40% in 2002 and up to 42% in 2004. In primary teacher colleges, women were 48% of the total student population in 2003.

The local council system also reserves 1/3 of all local council seats for women. As a result, women participation has increased; however, women’s elections for these seats at this level are not secret, which lowers participation rates at this level. Therefore, women delegates often enjoy lesser political legitimacy than their male colleagues. Moreover, it is not often the case that women delegates can and want to represent women’s interests and push forward their demands, especially when they encounter their (male) counterparts’ resistance.

At the national level, every district has an elected woman Member of Parliament. In addition, women are encouraged to compete with men for the other constituencies – nine women won parliamentary seats after contesting with men. Thus, in the current Parliament, 89 of the 310 members are women, representing 28.7% of the legislative body. This is an improvement from the 18% registered in 1995.

Despite the improvements, however, the number of women MPs still lags far behind that of men, suggesting that the policy of affirmative action should be maintained. Critics also argue that women participation has been limited to increasing numbers, without tangible influence on policy outcomes, governance, and management. Moreover, critical indicators that could cause a fundamental change in women’s lives, for example improvement in women’s property and legal rights, are not mentioned as targets. One could argue that the MDGs targets only serve for global comparison of development trends. In other words, one size does not fit all, and there is need to think about additional MDGs targets at the national and local levels that would also address ideological and institutional barriers in order to release the most vulnerable people out of the vicious cycle of poverty.

One of the major successes of Universal Primary Education (UPE) has been to increase the access of girls to education. Initially when UPE was introduced, it catered for four children per family – two boys and two girls. This greatly increased the ratio of girls in
primary school because the traditional practice was to send boys to school and to marry off the girls.

To sustain gender parity in primary education, it is important to maintain enrolment of children through the improvement of school sanitation facilities, i.e. building of latrines segregated by sex and paying special attention to location and school-specific gender differences particularly on how girls are treated,” says a July 2005 government report on MDGs.

- **Goal #4 (Reduction of child mortality by 2/3): Unlikely. State of supportive environment: Weak but improving.**

The infant mortality rate, which measures child deaths before the age of one, improved to 76 deaths per 1000 live births in 2007, from 122 deaths per 1000 live births in 1991. On the other hand, the under-five mortality rate, which measures child deaths before the age of five, declined from 167 to 137 deaths per 1000 live births during the same period.

In a July 2005 progress report on the MDGs, the ministry says infant and child mortality have stagnated since the 1970s. Government missed its own targets of reducing infant deaths to at least 78 per 1,000 live births by 2002 and 68 by 2005, (graph 1) Uganda is therefore unlikely to meet the MDG target of reducing infant mortality to 31 per 1,000 births by 2015, given the fact that majority of infants die before their first birthday,
combined with high fertility and birth rates, which increase the absolute numbers of under five deaths per live births.

Although Uganda’s immunization coverage has climbed from 72% in 2003 to 89% in 2005, the country’s Infant Mortality Rate (IMR) of 88.4 per thousand live births and Under 5 Mortality Rate of 152 per thousand is still very high. Infant and child mortality has shown an increasing trend from 1995 to present. It is unlikely that Uganda will achieve the MDG target of 31 per 1000 live births by 2015. The major causes of child deaths in Uganda are malaria, acute respiratory infections, malnutrition and maternal conditions. Other factors contributing to the high infant mortality are high fertility rates (6.9 children per woman), and home deliveries. To address this, the Ministry of health is implementing The Uganda National Minimum Health Care Package consisting of 4 clusters. These include Maternal and Child Health, Control of Communicable diseases, Control of non-communicable diseases and Health Promotion, Disease Prevention and Community Health Initiatives.

An underlying cause of the poor child health is, ironically, the introduction of decentralization in the mid 1990s. Some districts lacked capacity to undertake programmes like immunization. Many local governments seem to be more concerned with politicking than development issues. Government must initiate and lead a campaign to ensure that local leaders focus on issues like child health and maternal health, which impact directly on the lives of the people, “

While the Government of Uganda (GoU) appears to have taken great strides in reducing infant mortality rate from 122 to 76 per 1,000 live births (between 1991 and 2006), it (GoU) seems to have slipped back to business as usual. Indeed the WHO representative in Uganda, Dr. Joaquim Saweka, said “according to World Health Organization (WHO), UGANDA is not on track to achieve this Millennium Development Goal (MDG) of reducing infant mortality and improving the health of mothers. Hence the country’s target for Uganda’s infant mortality rate is 31 per 1,000 live births by 2015 although potentially achieving these remains in a balance. To address this, the Ministry of health is implementing The Uganda National Minimum Health Care Package which among other things is undertaking a Nationwide Campaign to have all children under the age of five immunized.

It is therefore incumbent upon the government to ensure that more human resources are trained especially for the rural areas, more so, girl child education should be focused on so that the rate of infant deaths are reduced since there is a correlation between mothers education and the rate of survival of infants. There is also a need for sensitization especially in line with reducing teen age pregnancies, providing better health services and achieving full coverage on immunization.
• Goal #5 (Reduce maternal mortality rate by ⅔): Unlikely. State of supportive environment: Weak but Improving.

Uganda is among the eight countries with the highest maternal mortality rates in the world. Uganda’s Maternal Mortality Ratio is 505 per 100,000 live births and the MDG target is 131 per 100,000 live births (WHO 2008). The main causes of maternal mortality in Uganda are bleeding, obstructed labour, hypertension and abortion. Maternal mortality rates have not improved over the last five years because of poor maternal nutrition, short birth intervals, early age at first birth and lack of trained assistance at birth (only 25% of pregnant women deliver from health facilities). This in turn affects child survival and development because some of the mothers die with their babies and the babies who survive face challenges of growing up without their mothers. Government in its HSSP II plans to reduce Maternal Mortality Rates (MMR) through among others increasing the percentage of deliveries which take place in health facilities from 25% to 50% by 2009.

The maternal health indicators for Uganda have generally remained poor in the last two decades. 6000 women die every year due to pregnancy related complications. Over the period 1995-2000, maternal mortality stagnated at about 505 deaths per 100,000 live births. According to the Uganda Demographic and Health survey, the estimated maternal mortality is 435 deaths per 100,000 live births. To meet the MDG target, Uganda will need to reduce its mortality rate from 505 to 131 deaths per 100,000 live births by 2015. In addition, only 47% of expectant mothers in Uganda go for the recommended four antenatal checkups and many of these go for the first check up after their fifth month of pregnancy.

Over the last five years, the government has implemented a number of interventions aimed at improving overall maternal and child health. However, data available on a few output indicators shows that although there was a general improvement in health performance over the year 2003/04, PEAP output indicators fell short of its targets. Obstetric complications, including post-partum hemorrhage, prolonged or obscured labour, and complications of unsafe abortion account for the majority of the maternal deaths. Yet most of these conditions could be prevented or treated with good quality reproductive health services, antenatal care, and skilled health workers assisting at birth and access to emergency obstetric care (UN MDG report 2009). Considering that all process indicators available have fallen short of targets, meeting the goals of maternal mortality by 2015 is unlikely.
• Goal #6 (Reduce HIV/AIDS and Malaria by 50%): Target already reached for AIDS. For malaria: Potentially. State of supportive environment: Strong.

In the ‘90s, the massive awareness efforts paid off as the HIV/Aids prevalence rate reduced from 18 percent to 6-7 per cent by 2000. This was largely due to the combination of the prevention strategies of Abstinence, Being faithful and Condom use. But the country has since regressed. The Ministry of Health 2004/2005 Sero-Behavioral Survey findings put the national HIV prevalence at 6.4 per cent. The survey included the testing of over 18,000 adults and 8,000 children under the age of five. The survey also noted that the number of people living with HIV is higher in urban areas (10.1 per cent prevalence) than rural areas (5.7 per cent); it is also higher among women (7.5 per cent) than men (five per cent). Governments will this year (2009) conduct a national survey to ascertain the current HIV/Aids prevalence rate in the country. According to the Director of Planning at the Uganda Aids Commission, Ms Rose Nalwadda, the survey that will be carried out later this year will enable health service providers get up to date about HIV/Aids.

“We carry out this survey every five years and we are optimistic that after this exercise we shall be in position to give up-to-date statistics about the scourge,” Nalwadda however revealed that what is striking to note is that today there are the high infections among married couples, making the fight against HIV/Aids more challenging.

It is feared that HIV prevalence in Uganda is once again on the rise, a fear echoed by the Director General of the Uganda Aids Commission (UAC) Dr Kihumuro Apuuli, each time he addresses a public forum. “The number of new infections is continuing to rise every year at over 130,000. They (infections) are outstripping the numbers who need Anti Retroviral Treatment (ART). “Now here is a complication; you cannot be able to get all those who are in need of drugs but the number of those needing treatment are increasing every day,” Dr Kihumuro says.

According to the Modes of Transmission Study, also dubbed “Know Your Epidemic, Know your Response” in Uganda, an estimated 44 per cent of the new infections come from those who have multiple sex partners, including their regular partners. By undertaking modes of transmission analyses, a country gets to know the estimates for the population’s groups where new infections are most likely to occur and act accordingly.

Makerere University School of Public Health’s Prof. Fred Wabwire-Mangeni, the team leader of the modes of transmission study, said in an accompanying commentary that Ugandan policy makers will now need to take the results and examine whether current programmes match the spread of the epidemic so as to ensure that funds are going into areas that urgently need interventions. He added: “The challenge for our countries is to prevent new infections, as well as to provide treatment, care and support, and to re-integrate HIV positive people into the economic and social activities.”
According to the 2004-05 Uganda HIV/AIDS Sero Behavioral Survey (UHSBS), 6.4% (or slightly over 800,000 people) of adult population in Uganda are infected with HIV. Overall, there has been a declining trend of HIV infection from a peak of 18% in 1992 to the current figure. The international target is to halt, by 2015, and begin to reverse the spread of HIV/AIDS. Uganda, therefore, seems to be well on track on this target.

With some 1.5 million people formerly living in displacement camps because of the Lords’ Resistance Army rebellion, prevalence rates are feared to be twice the national average in northern Uganda. In late 2004, a report by World Vision International showed the prevalence rate in the north at nearly 11.9 percent compared to 6.2 percent for the country. Gulu, one of the worst hit districts, reported 69% of deaths as being caused by Aids. The World Vision blamed the north’s higher rates on poverty, abduction and rape of girls and women by rebels, and lack of healthcare, among other factors.

There are problems in the health care system that some point to for most of the problems that Uganda is facing. One observer pointed out that in one district like Kabale; there are multiple organizations all providing ARV’s including The Aids Support Organization (TASO), the Joint Clinical Research Centre and the Ministry of Health itself. There could be more. And this scenario is replicated around the country and despite the hype about Uganda's successes in the past - there are huge gaps in information - HIV/Aids treatment is in a mess. It's a statistical nightmare as many varied figures are churned out and no consensus exists on the correct number of patients, infections and trends.

In light of the financial crisis, accusations of corruption such as the Global Fund saga, money for Aids treatment is dwindling leaving patients reeling as stock-outs are reported. There are unconfirmed reports of deaths of patients unable to get their regular dose at government-mandated clinics. Malaria remains the leading cause of morbidity and mortality in Uganda. It accounts for 52% of outpatient department attendance, and 30% of in-patient admissions. Malaria morbidity remains high and 95% of the country is still classified as endemic to the disease. The disease is responsible for 9-14% of all in-patient deaths. However, the inpatient deaths for children under-five attributed to the disease are about double at 20-23%. Increasing cases of malaria may be attributed to increased resistance to most commonly available drugs

Of all the anti-malaria initiatives, none has caused more controversy than the proposed use of DDT. Environmentalists claim DDT is dangerous to humans and exporters fear Europe will ban Uganda’s agricultural exports once DDT is used. Combating the prevalence of malaria related cases should be in line with policies such as providing free mosquito nets, improving drainage systems.

More so, there is need for more transparency and accountability from organizations that manage the anti retroviral drugs, reports of misuse of funds are widespread in the media and there seems to be no definitive punitive measures to counter this trend. Such corruption scandals – and Uganda has plenty – seem to vindicate the adage that “foreign aid is what the poor in rich countries donate to the rich in poor countries.” It is clear
that the money sent to save Uganda’s impoverished HIV/AIDS victims was stolen by rich
government and NGO officials. Attaining this goal may not be in the foreseeable future.

- **Goal #7 (Ensure Environmental Sustainability): Potentially. State of
  supportive environment: Fair.**

Millennium Development Goal 7 aims to integrate the principles of sustainable
development into our policies and programs as well as reversing loss of environment
resources. There has been a positive trend in rural water coverage between 1992 and
2002, although it is still below the target of providing safe water within easy reach of
65% of the rural population by 2005 and 100% of the population by 2015.

Uganda is a country rich in environmental and other natural resources. On the other
hand, available evidence indicates that the country is bound to face varied disasters
relating to environment due to persistent natural resources degradation, resulting from
deforestation mainly in protected areas such as forest reserves, lake and river pollution as
a result of discharge of water from industries and domestic water, poor waste
management among others. This degradation negatively affects land and marine
biodiversity as well as the atmosphere. This in turn impacts heavily on livelihoods.

This environmental stress is partly attributed to the government’s role in allocating rich
environment and biodiversity spots such as wetlands and forests to industrial developers
as well as large-scale agricultural development as evidenced by the give away of
Butamira forest and de-gazzeting of large sections of forested land in Sese Islands in
Lake Victoria. As a consequence, Uganda is losing much of its forest cover through
deforestation. Studies such as UNDP (2007) demonstrate that on average Uganda’s
annual deforestation is estimated to have risen from 550 km2 per year to 700 km2 - 2,000
km2 /year largely due to deforestation for agricultural purposes. Various studies (e.g.
varying annual deforestation rates from 550 km2 per year to 700 km2-2,000 km2 per year,
primarily due to deforestation for agricultural land. In terms of forest reserves, it is about
7 percent of the land area. The total forest cover is between 22 and 24 percent. That is
very low compared to 1900 when Uganda’s forest cover was 45 percent. Protected areas,
Game Parks and game sanctuaries are about 7 percent

Given that most of forest and woodland areas are privately and communally owned,
chances of converting forestry into alternative land use practices are high. It is also
important to note that although there exist institutional frameworks to stem
environmental crime, there still exist challenges and weaknesses in implementation.

The persistent degradation of the country’s natural resources, namely: declining soil
fertility; deforestation, particularly outside protected areas; pasture degradation;
decreasing fish stocks; and water pollution caused by discharge from industries and
domestic waste, among others is a point to worry about especially in face of changing climate. This degradation impacts heavily on livelihoods of the poor by constraining their ability to increase incomes and making them more vulnerable. This environmental stress is partly attributed to the recent impressive economic growth in the country.

One way to mitigate such damages is promoting massive re-forestation by involving the communities. Two is efficient use of the wood fuel through use of cook stoves that are energy-efficient and those are now being popularized by government and the NGOs. Third is the use of alternative energy, bio gas and mini-hydro power stations.

- **Goal #8 (Develop a Global Partnership for Development): Country has no specific targets for this goal.**

Uganda does not have specific (localized) targets for this goal. However, the PEAP is devoted entirely to the matter of developing partnerships for the realization of the development targets. Partnerships relate both to policies and mobilization of resources for financing the development process. On the policy side, Uganda has had a stabilization and structural adjustment programme with the International Monetary Fund (IMF) since 1987. This allowed partnerships between Uganda and other donors to develop throughout the 1990s to date. Uganda’s economy is open, rule-based and quite predictable. However, it is a fragile economy that could be grossly affected by political developments.

Uganda is an active participant in the New Partnership for Africa Development (NEPAD) that promotes good governance through its peer review mechanism. The peer review for Uganda that is coordinated by the National Planning Authority (NPA) at the national level and by NEPAD at a regional level is ongoing.

With regard to resource mobilization for financing the development process, Uganda is placing heavy emphasis on improving domestic revenue, which in 2004/05 was 12.7% of GDP, way below the Sub-Saharan average of 18%. The Medium Term Expenditure Framework (MTEF) projection of revenue shows a slight improvement to 13.5% of GDP in 2007/08. Uganda has decided to decrease the fiscal deficit from 10.9% in 2004/05 to 6.9% in 2007/08. The combined effect of these measures will be a reduction in the proportion of total government expenditure to GDP from 23.5% in 2004/05 to 20.4% in 2007/08, although the percentage of the budget that is being financed by donor funds is still big, for example in the fiscal year 2008/2009, the share of the budget financed by donor finds increased to 42.4% as opposed to the 27.6%of the previous financial year. This indicates increased vulnerability to aid.

More so, the country relies heavily on export of raw or semi processed goods which impacts heavily on the foreign exchange earned. Uganda’s manufacturing sector is virtually non-existent.
The manufacturing sector in Uganda is still small. Although diverse in terms of its composition, it is characterized in most cases by partial processing of agricultural raw materials and the production of consumer goods. Small and medium enterprises account for over 90% of the manufacturing subsector with 39% of these in agro-based industries. There is a strong interface between agricultural performance, rural development and human development. Therefore, the agriculture and rural sector is well positioned to contribute not only to income poverty and food security but also to other aspects spelled out in the PEAP and MGDs. This therefore means that greater public and private sector investment in the agricultural sector should therefore be encouraged so as to improve agricultural performance.

Whereas significant progress has been made in the privatization of public sector enterprises, a lot of interfacing between the public and private sector actors is still required, given that public policy impacts on private business. There are deliberate efforts to create a framework for fostering public private partnerships (PPP) such as the development of industrial parks by the UIA. Efforts to develop a fully serviced facility for promoting SMEs are also in advanced stages (MFPED2009).

And when donors say that let there be drugs in hospitals, or that the roads should be done, they are pushing for facilities for ordinary Ugandans, not the leaders. This raises the paradox, that donors show more concern about human rights abuses, poverty, and a sense of general deprivation than local governments do. In fact, it is not unusual for opposition parties and the civil society to appeal to donors whenever they feel oppressed by government.

**Can Uganda trade?**

One of President Museveni’s most repeated pleas is that Uganda needs trade and not aid. Museveni says aid has never developed a country but argues that fair trade would help get Uganda out of poverty. Europe and America have given developing countries like Uganda preferential access to their markets under the Cotonou Agreement and the Africa Growth and Opportunity Act (AGOA) respectively. Under these arrangements, countries can export all products “except arms”. But how much of this opportunity has Uganda taken? Experts argue that Uganda must address production bottlenecks if it is to become better integrated in global trade. In the case of the EU, for instance, Uganda’s export revenues from fish, flowers and coffee have been increasing but only marginally. For AGOA, small countries like Lesotho are making much more money than Uganda. The budgetary allocation to agriculture, which is the country’s largest source of domestic revenue, is still low. Uganda allocates on 3% of its **Gross Domestic Product** to agriculture.

Uganda for instance, failed to fill its quota to sell sugar to the European Union. Instead, countries like Mauritius seized the opportunity. (Although Europe opened its markets, products like sugar, bananas, beef and rice have remained subject to quotas. These quotas are being reviewed after the World Trade Organization rejected them).
Another hurdle is that big markets are distant and therefore very expensive to reach, which is partly because Uganda is a landlocked country. The cost of transporting coffee or bananas, for instance, through Kenya up to Europe and Canada makes them expensive and less competitive on the market.

Another limitation is that once Uganda’s items are on the market, they have to compete with more established brands with huge advertising budgets. For example, it is not easy for Uganda’s Star Coffee to outmuscle Nescafe on the European market. And until Uganda as country can sell substantial volumes, the trickledown effect to the farmer in Rakai remains marginal. Experts argue that implementing policies such as bio-safety policy would go a long way into helping to deliver to farmers safe biotechnology products so that farmers’ yields can improve and also produce more pest resistant crops. Achieving MDG eight therefore is unlikely in lieu of the government’s performance on indicators like good governance, corruption and budget discipline.

This picture of Uganda’s situation provides a background for the outcome of the field research\(^3\) carried in 10 of the 85 Districts in the country. The research focused on fiscal decentralization, in the form of local revenue mobilization, as well as intergovernmental fiscal transfers, and the ability of local government to deliver services effectively in local communities. Studying the nature of the intergovernmental fiscal relationship and the ability of local government to raise revenue locally is a key step in understanding their ability to play an effective role in achieving the MDGs. The framework of the fiscal decentralization program in Uganda is presented next.

### III. HOW CAN FISCAL DECENTRALIZATION AID MGD SUCCESS?

The objective of the Ugandan Fiscal Decentralization Strategy is to strengthen the process of decentralization in Uganda through increasing local governments’ autonomy, widening local participation in decision-making and streamlining of fiscal transfer modalities to local governments in order to increase the efficiency and effectiveness of local governments to achieve PEAP goals within a transparent and accountable framework\(^4\).

This strategy was set within a legal structure, the components of which are the 1995 Constitution, the 1997 Local Government Act, and the 1998 Local Government Financial and Accounting Regulations. It is these legal documents that currently regulate the implementation of fiscal decentralization in Uganda.

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\(^3\) This study was conducted under the auspices of the Makerere Institute of Social Research with Professor Sylvain H. Boko of Wake Forest University and Fulbright Scholar at Makerere University Institute of Social Research (MISR) together with Dr. Fredrick Kisekka-Ntale, Senior Research Fellow Makerere University Institute of Social Research (MISR), Kampala, Uganda. In this paper I wish to use some of the findings of two sectors, Health and Education to demonstrate the variances that occur across districts in Uganda.

The constitution and the Local Government Act empower the Local Government Finance Commission (LGFC) to determine grants allocated by the central government to local governments. The schedule of the constitution contains the base formula used to determine these grants. There are three forms of grants allocated to local governments. They are conditional grants, unconditional grants, and equalization grants. The conditional grants serve as a means to meet the country’s national development objectives through implementation at the local level.

The conditional grants target key sectors in the fight against poverty, which include health, education, agriculture, water, and construction and maintenance of rural roads. The unconditional grants are primarily used to pay the wages, salaries, gratuities and pension for the District’s civil servants and political leaders. The equalization grants are allocated to the poorest Districts in order to reduce the horizontal fiscal imbalance, and the regional disparities that can exist among the Districts.

In addition to these transfers, the Local Government Act also empowers local governments to raise revenue locally. Typically, activities taxed locally include taxes payable by individuals on income, profit gains taxes on property (land fees), use of goods and services provided by local government, non-tax revenues (rents, royalties), other property incomes (sale of government properties, produce), market levies, administration fees and licenses (advertisement, registration), local service tax, hotel tax, property tax, tendering of taxi parks. It is important to note here that many of these tax sources are either not active, or contribute little to the District local revenue. Rural Districts for example (which are the majority in Uganda) are not able to draw much benefit from the hotel tax or the property tax. Consequently, central government transfers constitute 95-98% of local government budgets.

IV. DESCRIPTION OF THE STUDY

1. Objective and Methodology
The purpose of the research was to examine the extent to which the fiscal and financial responsibilities devolved to local governments have been successful in promoting local economic development. Furthermore, the research examined ways in which fiscal decentralization might need to be improved upon, if necessary, in order to assure the success of the country’s decentralization policy as an instrument of development particularly in the realm of MGD achievement. The field research was carried out in 10 Districts, covering the five regions of the country. Namely, the districts covered are:
   a. Central Region: Wakiso, Luwero
   b. Western: Kabarole, Kasese, Bushenyi
   c. Southern Region: Kabale
   d. Eastern Region: Mbale, Manafwa
   e. Northern Region: Gulu, Lira.
The methodology consisted of conducting direct interviews with the main stakeholders in local communities, as well as collecting relevant additional data to carry out the examination described above. A research questionnaire was administered to the technical staff and the political leadership in each District. The technical staffs are civil servants, and include:

a. The Chief Administrative Officer (CAOs)
b. The Deputy CAO (In case the CAO is unavailable)
c. The Assistant CAO (In case the first two are unavailable)
b. The District Planner

The political leadership interviewed include:

a. The District Local Council V Chairman
b. The District Deputy-Chairman (in case the District Chairman is unavailable)
c. The District Speaker (In case the first two are unavailable)

Examples of the data collected include

a. The District’s budget
b. District’s budget performance (when available)
c. District Development Plan.

The questions covered the structure of the economy of each District; the breakdown of the District’s revenue and expenditure; the nature and adequacy of central government transfers; citizens’ participation in the planning and budgeting process, and the capacity of the District to carry out its devolved responsibilities. Appendix 1 provides the list of the specific categories of information collected for each District. The results and analysis follow.

2. The Results

Table 3 presents selected key development indicators for the sample. Focusing on specific indicators, the table shows that for adult literacy, Luwero (the site of the current government’s rebellion days in the 1980s) appears to be the best performer, with Kasese (the site of the ADF rebellion in the 1990s) being the worst. In the case of access to safe water, Kabale shows coverage of 94%, whereas Mbale is the worst performing of the group in this sector at 48%. In terms of access to health Wakiso posts the highest level of coverage (85%), whereas Lira and Luwero have the lowest (33% each). Also, the highest population growth rate (4.1%) is found in Wakiso (a District adjacent to the capital of Kampala,) with the lowest rate (0.8%) in Kabale, a mountainous District South of Kampala.

Table 4 and figure 1 present the sources of revenue for the districts in the sample. As can be observed from both the figure and the table, as of now, in Uganda, intergovernmental transfers from the central government contribute well over 90% of the local governments’ revenues. These come in the form of conditional grants; unconditional grants, and for the case of the poorest Districts, equalization grants as described above. The conditional grants occupy 90% of the total transfers from the central government, and are earmarked for sectoral development, including education, health, agriculture, water, and

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5 Although the field research covered ten Districts, the results presented here will cover only nine. Indeed, the 10th District, Manafwa, lacked all the basic data characterizing the District at the time of the research. The District’s technical and political leadership appeared to be engaged in a conflictual relationship, and at the time of the visit the District had no permanent District Planner.
infrastructure. There is very little flexibility left to Districts as to the usage of these funds. They are allowed only 10% degree of freedom in terms of the ability to shift funds from one account to another. Technically, the unconditional grants are meant to be used according to the Districts’ priorities. However, these are not as unconditional as they sound. As pointed out by all the respondents, 80-90% of the unconditional grants are earmarked for salaries.

Table 3: Selected Development Indicators

<table>
<thead>
<tr>
<th>District</th>
<th>Population</th>
<th>Adult</th>
<th>Access Safe</th>
<th>Access</th>
<th>Maternal</th>
<th>Infant</th>
<th>HIV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Population</td>
<td>Growth</td>
<td>Literacy (%)</td>
<td>Water (%)</td>
<td>Health (%)</td>
<td>Mortality</td>
<td>Mortal Infection</td>
</tr>
<tr>
<td>Bushenyi</td>
<td>823,100</td>
<td>2.0</td>
<td>77</td>
<td>82</td>
<td>77</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Gulu</td>
<td>353,663</td>
<td>3.0</td>
<td>67</td>
<td>64</td>
<td>40</td>
<td>172</td>
<td>700</td>
</tr>
<tr>
<td>Kabale</td>
<td>481,715</td>
<td>0.8</td>
<td>60</td>
<td>94</td>
<td>80</td>
<td>435</td>
<td>76</td>
</tr>
<tr>
<td>Kabarole</td>
<td>383,600</td>
<td>1.5</td>
<td>62</td>
<td>65</td>
<td>70</td>
<td>498</td>
<td>86</td>
</tr>
<tr>
<td>Kasese</td>
<td>624,200</td>
<td>3.6</td>
<td>57</td>
<td>81</td>
<td>70</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Lira</td>
<td>757,763</td>
<td>3.4</td>
<td>68</td>
<td>56</td>
<td>33</td>
<td>500</td>
<td>127</td>
</tr>
<tr>
<td>Luwero</td>
<td>394,200</td>
<td>2.5</td>
<td>79</td>
<td>77</td>
<td>33</td>
<td>n/a</td>
<td>67</td>
</tr>
<tr>
<td>Mbale</td>
<td>325,000</td>
<td>3.2</td>
<td>67</td>
<td>46</td>
<td>80</td>
<td>506</td>
<td>88</td>
</tr>
<tr>
<td>Wakiso</td>
<td>1,156,000</td>
<td>4.1</td>
<td>67</td>
<td>49</td>
<td>85</td>
<td>550</td>
<td>94</td>
</tr>
<tr>
<td>Uganda</td>
<td>26,834,146</td>
<td>3.3</td>
<td>68</td>
<td>59</td>
<td>49</td>
<td>506</td>
<td>88</td>
</tr>
</tbody>
</table>

Source: Districts’ Development Plans; Uganda Directorate of Water Development (Uganda MDG Progress Report 2007)

Table 4: District Revenue Sources(% of Total)

<table>
<thead>
<tr>
<th>District</th>
<th>% LocRev</th>
<th>% Grants</th>
<th>% Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bushenyi</td>
<td>1.69</td>
<td>96.62</td>
<td>1.24</td>
</tr>
<tr>
<td>Gulu</td>
<td>1.74</td>
<td>89.47</td>
<td>8.03</td>
</tr>
<tr>
<td>Kabale</td>
<td>2.99</td>
<td>95.59</td>
<td>0.99</td>
</tr>
<tr>
<td>Kabarole</td>
<td>1.67</td>
<td>85.61</td>
<td>12.15</td>
</tr>
<tr>
<td>Kasese</td>
<td>3.04</td>
<td>92.74</td>
<td>3.72</td>
</tr>
<tr>
<td>Lira</td>
<td>3.62</td>
<td>88.43</td>
<td>7.52</td>
</tr>
</tbody>
</table>
In all cases, the revenue generated from local sources as a percentage of the District total budget is negligible. For most sources of local revenue listed above, the study reveals difficulties in the administration of the tax. For instance:

a. Local service tax: This is a newly introduced local tax that is being implemented on experimental basis. It has not yet generated much for Districts in terms of local revenue.

b. Hotel tax: This is also a new tax. This tax may work well in urban centers where there are hotels, but is of no consequence in rural areas.

c. Property tax: targets property owners, small business owners, commercial buildings, and trading centers. This tax is difficult for Districts to put in practice because of the difficulty in evaluating what can be counted as taxable property.

d. Market levies: This source provides a great deal of revenue for local governments.

e. Tendering of taxi parks: This is also a good sources of revenue for Districts.

f. Sale of tendered documents, used for bidding on work projects. This is a source of good revenue for Districts.

g. Sale of Districts scraps/assets/property.

h. Prudence tax: Some Districts impose a 2% tax on services providers who work with the District.
It must be noted that although all of the aforementioned are on the books as potential sources of revenue, in many cases the most viable is market levies or taxi parks fees. The reason is that as of now, almost all of the Districts face a very narrow tax base. To develop their tax bases as reliable sources of local revenue will take effort and resources. Finally, on this topic, since the node of service provision is at the sub-national levels, local revenue is allocated on the basis of 35% for the District headquarters and 65% for the sub-district governments.

Donors’ Contributions
In the case of contributions from development partners, many do not coordinate their actions with the District budget or planning process. This makes it difficult for local government officials to get an accurate account of the total figure of development partners’ expenditures in the District. The figures reported here are those reflected in the Districts’ budgets. In some cases, (e.g., Gulu, Kabarole, Lira, and Mbale) the percentage of donor funding in the District’s budget surpasses that of local revenue. This is understandable for the cases of Gulu and Lira. As both Districts struggle to recover from the LRA conflicts, including resettlement of internally displaced people (IDF), and efforts to put people back to work, donor assistance is necessary in the short run. However, authorities in both Districts recognize that in the long run, relying on donor assistance to develop their communities is unsustainable. In those post-conflict Districts, the need is even greater to invest in productive capacity as a basis for better developed local economies. In the long run donor contributions will not likely be the basis for sustainable local economic growth and poverty reduction.

Overall, the structure of the local governments’ revenue sources in Uganda, as it appears today, implies that local governments are highly dependent on the central government in terms of fulfilling the priorities of their communities. While large transfers from the central government may be necessary in the short term, in the long run, should this picture continue to be the same, the autonomy and the flexibility that are expected of decentralized sub-national government in responding to local needs through more targeted and more efficient service delivery would be severely limited.

Expenditures Allocations
Currently, most of the local governments’ expenditures allocations in Uganda reflect the priorities set by the central government, and not necessarily those of the specific District. This observation was born out in the responses obtained from the field research as well as the figures obtained from the Districts’ budgets. Analysis of table 5 shows that in accord with government mandates, the Districts have devoted the highest percentages of their budget to the education sector. Indeed, in its attempt to reach MDG #2, the government of Uganda has embarked upon a country-wide program aimed at achieving universal primary education. Under the UPE program, the government exempts
primary school pupils from paying school tuition. Recently, the government has enlarged the program to include universal secondary education or USE. In order to compensate for the loss in revenue, the government transfers conditional sector grants to Districts to fund everything from teachers’ salaries to classroom construction. The combined effect of UPE and USE mandates has resulted in the allocation structure in table 5, where all Districts have uniformly devoted the biggest share of their expenditures to the education sector.

The surprising result here is the relatively small percentage of Districts’ expenditures allocated to the agricultural production sector. This seems to run contrary to the government’s stated purposes of revitalizing and modernizing the agricultural sector the Plan for Modernization of Agriculture (PMAA) program. Poverty reduction cannot be achieved without the creation of wealth. In a country with 92% of its population living in rural areas, greater efforts appear to be necessary, at the sub-national level, in the agricultural production area, in order to continue making progress towards poverty reduction.

3. Poverty, Human Development, and Districts Sources of Revenue

3.1. The Current Situation

Table 5: Uganda Local Governments’ Expenditures Allocations (%)

<table>
<thead>
<tr>
<th>District</th>
<th>Admin</th>
<th>Fin/Plng</th>
<th>Councils</th>
<th>Health</th>
<th>Ed&amp;Sp</th>
<th>Works</th>
<th>NR&amp;Env</th>
<th>Prod</th>
<th>CBO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bushenyi</td>
<td>4.6</td>
<td>1.4</td>
<td>1.1</td>
<td>8.2</td>
<td>81.0</td>
<td>0.5</td>
<td>0.5</td>
<td>2.0</td>
<td>0.7</td>
<td>100</td>
</tr>
<tr>
<td>Gulu</td>
<td>9.6</td>
<td>12.6</td>
<td>2.1</td>
<td>15.9</td>
<td>37.5</td>
<td>15.3</td>
<td>0.1</td>
<td>5.0</td>
<td>1.9</td>
<td>100</td>
</tr>
<tr>
<td>Kabale</td>
<td>10.0</td>
<td>1.0</td>
<td>4.1</td>
<td>12.0</td>
<td>58.0</td>
<td>3.5</td>
<td>2.0</td>
<td>8.5</td>
<td>0.4</td>
<td>100</td>
</tr>
<tr>
<td>Kabarole</td>
<td>23.8</td>
<td>1.7</td>
<td>1.1</td>
<td>9.3</td>
<td>41.3</td>
<td>12.1</td>
<td>0.4</td>
<td>8.8</td>
<td>1.4</td>
<td>100</td>
</tr>
<tr>
<td>Kasese</td>
<td>19.0</td>
<td>9.3</td>
<td>1.0</td>
<td>10.7</td>
<td>46.6</td>
<td>8.2</td>
<td>0.9</td>
<td>3.2</td>
<td>1.3</td>
<td>100</td>
</tr>
<tr>
<td>Lira</td>
<td>9.2</td>
<td>5.8</td>
<td>1.9</td>
<td>10.0</td>
<td>62.2</td>
<td>5.2</td>
<td>0.1</td>
<td>4.7</td>
<td>0.8</td>
<td>100</td>
</tr>
<tr>
<td>Luwero</td>
<td>8.9</td>
<td>10.0</td>
<td>1.0</td>
<td>14.0</td>
<td>53.6</td>
<td>6.3</td>
<td>0.1</td>
<td>5.8</td>
<td>0.2</td>
<td>100</td>
</tr>
<tr>
<td>Mbale</td>
<td>1.4</td>
<td>14.5</td>
<td>6.9</td>
<td>11.7</td>
<td>52.2</td>
<td>7.6</td>
<td>0.2</td>
<td>4.0</td>
<td>1.5</td>
<td>100</td>
</tr>
<tr>
<td>Wakiso</td>
<td>6.5</td>
<td>11.8</td>
<td>2.3</td>
<td>11.1</td>
<td>48.7</td>
<td>12.3</td>
<td>0.8</td>
<td>5.8</td>
<td>0.7</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Authors’ Calculations from Districts’ Budgets. See legend at bottom of Figure 2.

Table 6: Human Poverty Index and Human Development Index Per District

<table>
<thead>
<tr>
<th>District</th>
<th>HPI</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bushenyi</td>
<td>29.5</td>
<td>0.55</td>
</tr>
<tr>
<td>Gulu</td>
<td>32.2</td>
<td>0.43</td>
</tr>
<tr>
<td>Kabale</td>
<td>24</td>
<td>0.56</td>
</tr>
</tbody>
</table>

6 Cf. the 2007 Uganda Human Development Report (P. 100)
### Table: Uganda District Level Human Poverty Index (2005)

<table>
<thead>
<tr>
<th>District</th>
<th>HPI</th>
<th>HPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kabarole</td>
<td>23.9</td>
<td>0.54</td>
</tr>
<tr>
<td>Kasese</td>
<td>31.1</td>
<td>0.54</td>
</tr>
<tr>
<td>Lira</td>
<td>23.2</td>
<td>0.52</td>
</tr>
<tr>
<td>Luwero</td>
<td>18.9</td>
<td>0.61</td>
</tr>
<tr>
<td>Mbale</td>
<td>28.3</td>
<td>0.59</td>
</tr>
<tr>
<td>Wakiso</td>
<td>14.9</td>
<td>0.66</td>
</tr>
<tr>
<td>Kampala</td>
<td>9.6</td>
<td>0.64</td>
</tr>
<tr>
<td>Uganda</td>
<td>27.69</td>
<td>0.58</td>
</tr>
</tbody>
</table>


The figures indicate that Gulu has the highest human poverty index, whereas Wakiso has the lowest. Potential explanations for these results abound, however it is of note that Gulu, the birthplace of the LRA rebellion, continues its difficult process of post-conflict recovery. On the other hand, Wakiso is adjacent to the capital city of Kampala, and therefore is able to attract relatively more resources than other Districts. In fact, in the country as a whole, Wakiso ranks only second behind Kampala, which has an HPI of 9.6. The mean human poverty index for the country as a whole is 27.69.

![Figure 3: Uganda District Level Human Poverty Index (2005)](image)


Similarly, with respect to human development, among the sample Districts, the index is highest for Wakiso (0.66), and lowest for Gulu (0.43). It is of note that in this case, as Figure 5 shows, Wakiso outperforms even the capital city, which has an index of 0.64. The country’s average human development index 0.58.
3.2. Correlations between Poverty, Human Development and Districts’ Finances

We try to understand how poverty and human development relates to local government finances in Uganda. The typical approach consists in using regression analysis to address this question. However, given the very small sample size in the study, it is not possible for us to conduct a meaningful parametric analysis in the present study. Therefore, a non-parametric method is utilized to approach the question.

First, we examine the correlations between poverty, human development and revenue sources for the sample as a whole. These are presented in table 7. The table indicates a negative correlation between intergovernmental transfers (GRANTS) and the human poverty index (HPI). Similar results are obtained for the correlation between local revenue (LOCRV) and HPI, although the size of the correlation coefficient in this case, -0.06, leads to believe that the relationship is not strong. Nevertheless, one interpretation of the negative sign in both cases is that increases in government grants and local revenue are associated with reductions in District’s poverty.

Table 7: Correlations of Poverty, Human Dev, and Revenue

<table>
<thead>
<tr>
<th></th>
<th>HPI</th>
<th>GRANTS</th>
<th>DONORS</th>
<th>LOCRV</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPI</td>
<td>1</td>
<td>-0.17</td>
<td>0.17</td>
<td>-0.06</td>
<td>-0.76</td>
</tr>
<tr>
<td>GRANTS</td>
<td>-0.17</td>
<td>1</td>
<td>-0.98</td>
<td>-0.07</td>
<td>0.46</td>
</tr>
<tr>
<td>DONORS</td>
<td>0.17</td>
<td>-0.98</td>
<td>1</td>
<td>-0.13</td>
<td>-0.46</td>
</tr>
<tr>
<td>LOCRV</td>
<td>-0.06</td>
<td>-0.07</td>
<td>-0.13</td>
<td>1</td>
<td>0.08</td>
</tr>
<tr>
<td>HDI</td>
<td>-0.76</td>
<td>0.46</td>
<td>-0.46</td>
<td>0.08</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations.
A surprising result is the positive correlation between the contributions of development partners (DONORS) to Districts’ budgets and poverty. It appears counterintuitive to find that higher donor funding maybe associated with higher poverty level, however a benign interpretation of these results is that the existence of higher poverty levels tend to attract more donor funding. It is not possible from this analysis to determine whether reliance on donor funding could cause poverty at the local level to rise, but what we have learned during the field research (from Gulu for example) is that the ready availability of donor funded goods and services, particularly in a post-conflict situation, seems to be a factor in the reluctance of people to return to productive activities. As some of the local authorities relate it, many people develop a dependency on “handouts” and therefore do not feel the urge to return to the farm right away. It was outside the scope of this paper however to determine how widespread such behaviors may be.

The results in the human development index column are mirror images of the HPI results. Thus, higher levels of central government grants are associated with higher human development. Similarly, local revenues have a positive correlation with the HDI, although the size of the correlation does not appear to be “significant”. Consistent with the poverty results, higher levels of donor funding appear to be correlated with lower human development, which is as unexpected as in the case of the poverty correlations.

### Challenges Faced by Local Governments in Delivering on MGDs

Most respondents pointed to the need for civic education to develop a sense of patriotism and civic duties and responsibilities in the citizens. Currently, people are reluctant to participate in community development activities, and are resistant to paying local taxes because they are not well informed and not well educated about their duties and responsibilities. More so, the large transfer of funds through the central government budgets, funded through general budget support(GBS), has led to lack of local ownership and sustainability in the process, particularly by undermining local government incentives to focus on own source revenue.

Furthermore, the allocative decisions and sectoral prioritization by the central government appear to pose challenges to local governments. As has been pointed out, given that the majority of the conditional grants are allocated to the education sector, the central government has signaled education as its top priority, and which is then imposed on local governments through funding allocation. However, many local government officials have described this situation as not always consistent with their local preferences. For example take the District of Kabale, which is reflective of the situation described in almost all the Districts covered in this study. The District is 400km south of Kampala. If the Chief Administrative Officer had a choice, he would fulfill the preferences of the communities by allocating more funding to the agriculture sector. However, currently, the agricultural sectors transfers that the District receives from the government are sufficient only to cover 4 out the 17 counties of the District, even though 98% of the District’s
populations are small farmers. The same situation is reflected in the health sector. Currently, Kabale receives enough central government transfers to cover only 65% of the needs in the health sector.

On the supply side, corruption, lack of incentive, potential conflictual relationships between local politicians and their technical staffs, and lack of capacity appear to be some of the barriers to effective service delivery at the local level. Many local authorities blame the reward system currently in practice, which tends to favor elected leaders as opposed to career civil servants as demoralizing. The disparity between the compensation of political leaders compared to the technical staffs who are in charge of Districts’ budgets can serve as a disincentive for effective service delivery, and in some cases, may lead to corrupt practices. Yet, others emphasize the need to strengthen the capacity of local governments. This need for capacity-building include the necessity for qualified human resources, and adequate resources to facilitate effective service delivery. Many of the local authorities point out that they are unable to reach many local populations due to the lack of vehicles in working conditions and/or resources to purchase fuel.

Many local governments do have limited capacity in terms of human resources and revenue to deal with glaring poverty in their areas. There is need to build capacity of local leaders to be able to serve the people better. They should be equipped with the necessary skills that can help make them make the right decisions in the management of finances entrusted to them, and be able to formulate strategies for better implementation of projects. This will enable local authorities to contribute more to meeting the MDGs as they deal with service delivery at the local level and therefore improve the livelihoods of the people at the grassroots.

On the demand side, local government authorities in some of the Districts admit that they do not always feel the pressure from the grassroots for services. As one District Officer puts it: “need to empower people to the level of putting us to task, to know what they want, need to know how to interpret.” There appear to be several reasons for this apparent lack of effective community participation in some of the Districts. One is the lack of sensitization of the populations by the authorities. Local communities have developed a habit of dependence on the authority, and therefore have the tendency to accept what they are told by local politicians on face value. Another reason for the apparent community apathy concerns the low level of literacy, and high level of poverty. As one local government officer puts it: “when you are poor you can’t talk, or demand for anything, or complain.”

In the context of the MDGs, the challenge has is how to develop coherent and comprehensive grant systems to local governments, with intelligent use of a balanced menu of unconditional and conditional grants earmarked towards local poverty reduction priorities and with proper incentives to utilize the increased donor funds efficiently.

In view of the above issues, it is legitimate to ask what kind of institutional arrangements are more likely to be successful in ensuring that fiscal decentralization is consistent with fiscal discipline and MDG achievement. An attempt to answer this question is given by
Pisauro (2001)\(^7\). He identifies two major problems: a *common pool problem*, arising from the fact that the opportunity cost of public revenues as perceived by local governments is lower than the true social cost; and a *moral hazard problem* associated with the implicit insurance provided by the central government that it would bailout a local government which was unable to meet its financial commitments. His analysis starts from the observation that “[i]n the recent international history of intergovernmental fiscal relations, there are no examples of local governments allowed to go bankrupt (which would involve default on their debt) in the more advanced federal states” (p. 10). Hence, bailing out seems to be a quite realistic option.

In view of this analysis it is hard to avoid the impression that soft budget constraints cannot be avoided in connection with local self-government. The heart of the matter lies in the competition problem. Given that local self-government cannot be more than a formality unless transfers with the purpose to equalize economic conditions among local governments support it, it seems that self-government of some substance automatically will invite fiscal indiscipline.

**Political Leadership, Legitimacy, Power Relations as Key to Successful MDG achievement.**

Local council oversight in decentralizing countries is an important component of institutional checks and balances and provides a gateway to achieving good local governance and effective public services delivery (Steffensen 2006). This however depends on the proper functioning of local councils. Local council oversight also relies on the notion that local elected representatives have more incentive and motivation to respond to the needs and preferences of local populations and that they are more downwardly accountable as compared to local level bureaucrats and central level technocrats.

Under decentralization, a couple of functions were devolved to the lower levels. These include: primary education, primary health care, water and sanitation, rural and feeder roads and agricultural extension. These programme priority areas constitute the sectors where decentralized services are delivered. For instance, Education falls under the Education sectoral committee, Health falls under the Primary Health Sectoral committee, Agriculture falls under the production sectoral committee, rural and feeder roads fall under the Technical services sectoral committee. In the execution of their oversight functions, the elected officials constitute the sectoral committee and these committees oversee the various technical departments in the provision of the services as outlined in the subsequent sub-sections.

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\(^7\) According to Pisauro (2001), Orange County’s bankruptcy in 1994 was not an effect of budget indiscipline. New York was close to a bankruptcy in 1975, but the Municipal Assistance Corporation was created to restructure the city’s debt and to monitor its spending.
Stigler (1957) postulates that the closer a representative of government is to the people, the better it works and hence people should have the right to vote for the kind and amount of public services they want. The arguments raised by Stigler suggest that decision-making should occur at the lowest level of government to guarantee efficiency and collective decision making. In that regard proponents for decentralization in Sub-Saharan countries like Uganda argue that their cardinal justification for embracing decentralization is the need to move services closer to the people, increase the level of public and/or community participation and consequently reduce the level of poverty (GoU, 1994). As a result social services such as education, health, are delivered at the local level on the assumption that there will be a net effect on the poor. This must however take place in an environment of high civic competence and stronger social and political accountability (Viladsen and Lubanga 1996). It also implies that there are existing mechanisms (referring to sanctions by which councilors hold their executive in check) and policies by which society holds government to account. Increased oversight provides a better environment and institutional framework for effective delivery of public services.

Further, accountability and oversight relationship on service delivery between the local executive branch and local councils requires constant flow of information between the two. This is important for two main reasons. One is to understand how local service producers are performing and the other is to gauge the degree of local satisfaction, based on previously planned services. In ideal circumstances, local service producers, (the locally appointed officials) carry out the production of local services according to policies and other bye-laws that the elected local representatives decide on. The production of services is also based on the planned and budget activities that are/were sanctioned by the elected local representatives. In effect local service producers are answerable primarily to the local government’s executive branch. In this vain we ask how do local councilors inform (and are informed by) the local citizens about the service delivery issues? How well do local citizens ensure that views enter into the local decision making process and what are the capacity constraints? What is the contribution of donors and NGOs in ensuring local council oversight?

In an ideal setting, elected local representatives set the development policies in line with local preferences through their active involvement in planning committees or other relevant committees. Such policies that are set by elected local councilors guide the budgeting and policy implementation processes. In that respect we sought to understand the degree and effectiveness of the involvement of elected local councilors in the formal political processes such as local planning stages and the extent to which this involvement translates into local preferences.
CONCLUDING REMARKS AND RECOMMENDATIONS

This Paper has attempted to shed some light on the Ugandan local governments’ efforts to achieve poverty reduction and other MDGs in their communities. The research uncovered several challenges faced by the local governments in these efforts, with suggestions for solution approaches.

Recommendations

The following are recommendations that are consistent with the findings in this study. These recommendations concern all the stakeholders in the Ugandan decentralization process: the central government, the sub-national governments, and local communities.

- One, central government authorities should consult widely with sub-national authorities prior to setting priorities.
- Two, central government should assist sub-national governments to gradually develop their autonomy vis-a-vis central government funding by investing in wealth creation, and revenue generating capacity at the local level, as a means to enlarge the local tax bases.
- Three, there appears to be a need for more flexibility in central government conditionalities, and the suggestion that central government should cede a percentage of some of the revenue sources currently administered at the central level to local Districts cut across all respondents. Suggested sources include a portion of the income tax, VAT, and business taxes, which are currently collected by the Districts but surrendered entirely to the central government.
- Four, there is a need to capitalize on civil society activities at the local level by:
  - a. building partnerships with organizations that have the capacity to augment the effectiveness of local service delivery;
  - b. harmonizing and integrating donors’ contributions and activities in line with the Districts’ planning process;
  - c. developing mechanism to improve the accountability and transparency of donor activities at the local level.
- Five, efforts to sensitize and empower local communities to demand services and to develop the capacity to become effective participants in the local development process must be strengthened.
- Six, there is an urgent need to institute social accountability mechanisms at the sub-national level in order to improve transparency, accountability and effectiveness of service delivery.
- The need for continuous capacity-building and improvement in the incentive structures at the sub-national level cuts across all respondents.
Conclusion
As a country, Uganda has made significant progress in the 5 out of the 8 goals as illuminated by the UNDP Progress report. However, there is stunted progress in areas such as child and maternal mortality. Therefore in the next five years, significant efforts need to be undertaken in relation to MGDs 4, 5, 7 and 8. As one District Officer puts it: “there is need to empower people to the level of putting us to task, to know what they want, need to know how to interpret.” There appear to be several reasons for this apparent lack of effective community participation in some of the Districts. One is that lack of sensitization of the populations by the authorities. Historically, local communities have developed a habit of dependence on the authority, and therefore have the tendency to accept what they are told by local politicians on face value. Another reason for the apparent community apathy concerns the low level of literacy, and high level of poverty. As one local government officer puts it: “when you are poor you can’t talk, or demand for anything, or complain.” To this end, localizing local government effectiveness in the implementation of MDG targets requires re-focusing of all stakeholders on issues of accountability, goodwill of the central government, respect and support for local priorities on the side of donors as well as encouraging local participation and ownership by communities through capacity building. For local people should have the kind of right to vote for the kind and amount of public service they want and this should be followed with allocative efficiency (increased sensitivity to local demands). One can rightly argue that this will lead to more pro poor development which is the overall focus of the millennium development goals.
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