



# LOCAL GOVERNMENTS IN EASTERN AFRICA

An analytical Study of Decentralization,  
Financing, Service Delivery and Capacities



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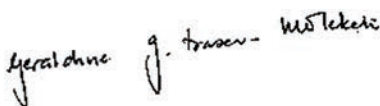
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## FOREWORD

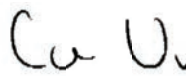
There is growing recognition in Africa of the role of local government in promoting good governance, effective service delivery and in achieving national development goals such as the MDGs. Local government is closer to the people and has the potential to effectively mobilize communities and galvanize them to participate in public affairs and own development. Local government also offers the best opportunity for the timely and responsive delivery of local public services. Successful local governments enjoy the confidence of communities, meeting their needs and aspirations and contributing to the growth of the local economy. Conversely, an increasingly informed and empowered citizenry expects local governments to provide reliable and adequate services. There are several factors that impede effective decentralization; these include but are not limited to poor implementation of decentralization policies, inappropriate use of funds allocated to local governments; inadequate capacity, lack of accountability and inefficiency in the management of resources and delivery of public services. This is compounded by conflicting mandates and inadequate policy regimes that fail to facilitate coordination and clarify roles of different actors and institutions across all sectors and at different levels of governance. With enabling policies, legislation, institutions and processes, local governments can provide the space and opportunity for articulation of local needs and development.

To achieve effective co-ordination of local development efforts, local governments in Africa need to work closely with regional, continental and global bodies such as African Union's All Africa Ministerial Conference on Decentralization and Local Development (AMCOD), the East African Community (EAC) as well as the Southern African Development Community (SADC). These organizations are strategically placed to galvanize their respective members around continental policies and programmatic interventions on matters of decentralized local governance and local development. Likewise, the Commonwealth Local Government Forum (CLGF) draws membership from a number of African countries, both at central and local government levels and is therefore a key stakeholder. The global expertise and field experiences of UNDP, UNCDF and CLGF and other Partners can support the consolidation of sustainable local development initiatives on the continent.

The knowledge generated from this study is expected to inform policy and the design of national, regional and continental programmes that seek to enhance the capacity of local governments to support sustainable and inclusive local development. It is also expected to further promote regional and national dialogue on local governance policy and institutional frameworks as a means to achieving effective and sustainable development.



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## ABBREVIATIONS AND ACRONYMS

|                |   |                 |  |
|----------------|---|-----------------|--|
| <b>ALAT</b>    | Association of Local Authorities of Tanzania                                  | <b>LATF</b>     | Local Authority Transfer Fund  |
| <b>AMCOD</b>   | All Africa Ministerial Conference on Decentralization and Local Development   | <b>LG</b>       | Local Government   |
| <b>AMICAAL</b> | Alliance of Mayors Initiative for Community Action on AIDS at the Local Level | <b>LGA</b>      | Local Government Authority   |
| <b>AU</b>      | Africa Union  | <b>LGDF</b>     | Local Government Development Grant                                   |
| <b>BDP</b>     | Bureau for Development Policy   | <b>LGLB</b>     | Local Government Loans Board   |
| <b>CBF</b>     | Common Basket Fund  | <b>LGRP</b>     | Local Government Reform Programme                                    |
| <b>CBO</b>     | Community Based Organization  | <b>M&amp;E</b>  | Monitoring & Evaluation  |
| <b>CDF</b>     | Constituency Development Fund/ Capacity Development Fund                      | <b>MDGs</b>     | Millennium Development Goals   |
| <b>CG</b>      | Central Government  | <b>MINOLG</b>   | Ministry of Local Government   |
| <b>CLGF</b>    | Commonwealth Local Government Forum   | <b>MIS</b>      | Management Information System  |
| <b>DANIDA</b>  | Danish International Development Assistance                                   | <b>MoU</b>      | Memorandum of Understanding  |
| <b>DFID</b>    | Dept. for International Development   | <b>MRALG</b>    | Ministry of Regional Administration & Local Government               |
| <b>EAC</b>     | East African Community  | <b>NGO</b>      | Non-Government Organization  |
| <b>EALGA</b>   | East African Local Government Association                                     | <b>NORAD</b>    | Norwegian Agency for Development                                     |
| <b>ESAMI</b>   | Eastern and Southern Africa Management Institute                              | <b>NRM</b>      | National Resistance Movement   |
| <b>EU</b>      | European Union  | <b>NSA</b>      | Non-State Actors   |
| <b>FINNIDA</b> | Finnish International Development Agency                                      | <b>PFDJ</b>     | People's Front for Democracy and Justice                             |
| <b>GoT</b>     | Government of Tanzania  | <b>PMO-RALG</b> | Prime Minister's Office Regional Administration and Local Government |
| <b>GTI</b>     | Government Training Institute   | <b>PPPs</b>     | Private-Public Partnerships  |
| <b>IDM</b>     | Institute of Development & Management   | <b>RMLF</b>     | Road Maintenance Levy Agency   |
| <b>JAST</b>    | Joint Assistance Strategy in Tanzania   | <b>SADC</b>     | Southern Africa Development Community                                |
| <b>KASNEB</b>  | Kenya Accountants and Secretaries National Examination Board                  | <b>SSGs</b>     | Sector Specific Grants   |
| <b>KIM</b>     | Kenya Institute of Management   | <b>ToR</b>      | Terms of Reference   |
| <b>LA</b>      | Local Authority   | <b>UNCDF</b>    | United Nations Capital Development Fund                              |
| <b>LASDAP</b>  | Local Authority Service Delivery Action Plan                                  | <b>UNDP</b>     | United Nations Development Programme                                 |

## EXECUTIVE SUMMARY

A number of studies have shown that achieving development goals, including the Millennium Development Goals (MDGs) requires enabling and responsive local governance institutions and enhanced coordination of local development stakeholders and initiatives. This calls for application of various development approaches based on needs and local circumstances and may include a mix of direct community involvement, support to local government institutions, area-based (regional) development and decentralized sector-based approaches. Local Government (LG), as a key local governance and service delivery institution, plays a critical role in successful adoption of these methodologies and subsequent realization of local development outcomes.

This study documents the region's efforts towards decentralized governance and local development in six countries, that is: Burundi, Kenya, Rwanda, Tanzania, Uganda and Union of the Comoros. The Study focuses on four key development areas, namely:

- decentralization;
- LG finance;
- inclusive local service delivery; and
- LG capacity building.

The study highlights notable initiatives undertaken in the region, and identifies key issues affecting LGs as assessed under the four thematic areas and subsequently makes recommendations.

### **Why Decentralization?**

The study interrogates the basis for decentralization initiatives in the selected countries. General reasons cited include the need to:

- address historical injustices and promote national healing and reconciliation;
- provide significant opportunities for popular participation and increased involvement by people;
- enhance local service delivery through good governance, improved accountability, participatory planning, budgeting (and inclusive service delivery); and
- accelerate attainment of national development objectives at the local level, including MDGs.

### **Institutional Issues**

The study observes that introduction of decentralization in most of the countries in Eastern Africa is a top-down process, majorly led by national government agencies, with varied implementation approaches. Countries reviewed anchor their initiatives on constitutional provisions (Burundi, Union of the Comoros, Eritrea and Rwanda and lately Kenya), legislative (Kenya and Uganda) and related policies. Decentralization programmes are either internally driven, donor supported as part of a reform package, or both to improve governance and service delivery. However, the challenge is in establishing sustainable structures that are locally owned and that can withstand regime change or political cycles and provide opportunities to improve LGs, service delivery and local development in general.

The levels of decentralization differ from country to country; Burundi and Comoros have three tier systems; Eritrea and Rwanda have four tier systems, Kenya has adopted two levels while Ethiopia has a federal system.

## **Local Government Financing**

Issues of reliability, adequacy and sustainability of various sources of local government finance are critical in assessing the development situation in the region. The mode of financing of LGs depends on the fiscal policies and legislation adopted by national governments and the discretionary powers that LGs have to plan and expend these and locally generated revenues. Most of the countries under review have entrenched fiscal and financial decentralization components in their national decentralization laws, policies and implementation strategies.

The study observes that most LGs in the region rely less on local revenue sources and more on Central Government transfers and other external financing sources. A number of Development Partners also play a significant role in financing LGs, especially through support to Government-led reform initiatives, capacity development, and direct support to community development initiatives.

## **Inclusive Service Delivery**

LGs in the region have the mandate to provide a number of services to the citizenry within their jurisdictions, namely:

- provision of social services such as education, health, housing;
- planning; infrastructure development and maintenance;
- waste management and environmental conservation;
- facilitate local economic development;
- security for people and property; and to some extent
- judicial services.

The challenge remains accessibility and adequacy of these services, and particularly in ensuring equitable, gender responsive, participatory and sustainable service delivery.

Service delivery needs and requirements also vary depending on different settings, whether urban, peri-urban or rural. Each setting has its own unique dynamics and challenges. What works in cities is often inappropriate when applied at the rural community level. Thirdly, poverty is no longer a purely rural problem; Poverty continues to escalate in unplanned settlements in urban areas. Key issues recorded under inclusive service delivery include:

- establishment of an enabling legislative and legal framework for inclusive service delivery;
- strengthening enabling institutional arrangements;
- strengthening capacity of LGs to engage effectively with a wide variety of local stakeholders in service planning and delivery;
- improving community participation skills among LG staff;
- defining a clear role for LG Associations and other local development stakeholders; and
- improving monitoring, evaluation and community feedback and redress mechanisms.

## **Local Government Capacity**

A glaring challenge repeatedly cited by local government stakeholders and government officials, is



the lack of critical capacity to develop and coordinate local stakeholder engagement mechanisms. Besides, the cost of participation is rarely factored in decentralization implementation plans, making this one of the most under-funded and under-invested process in development. The success of any decentralization implementation effort is dependent on continually building and sustaining adequate levels of LG capacities in terms of:

- enabling governance, policy and legislative framework;
- human capital;
- financial resources and planning;
- enabling institutional structures;
- communication channels; and
- inclusive service delivery mechanisms

## **Role of Local Government Associations**

There are positive benefits of having LGAs that advocate for the needs of LGs in the region. National LGAs have been established in Burundi, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Union of the Comoros. Apart from advocacy, the LGAs have been key partners in capacity development programmes of LGs. At the regional level, the East African Community (EAC) secretariat has recognized the importance of these associations and established the East African Local Government Association (EALGA), currently based in Arusha.

## **Going Forward**

The study affirms that there has been remarkable progress reported in pursuit of decentralization in the Eastern Africa. Building on these successes, countries in the region recommended the following as critical drivers for sustained progress in decentralization and local development:

- i) *Integrated regional development approach*: Eastern Africa member countries need to work together as a bloc to improve local governance and inclusive service delivery in their efforts to reduce poverty and achieve the MDGs and other development goals; Priority should be given to knowledge exchange, peer review, and learning from regional good practices through utilization of appropriate technology;
- ii) *Legislative and political support*: Governments should support political and legal reform processes that aim to anchor decentralization in respective national Constitutions to help institutionalize good local governance in the sub-region;
- iii) *LG capacity development*: Ensuring that capacity development institutions in the regional are supported. Possibilities of establishing a centre of excellence for Local Government capacity building in the region should be explored;
- iv) *Establishing a Local Government Forum* for Eastern Africa—this would bring together Ministers of LG from the eight member countries, EALGA and EAC.;
- v) *Implementation prior declarations and recommendations* such as the declaration of EAC LG Ministers in Munyonyo, Kampala, 2009 and other similar communiqué.

## 1.1 Background

This study documents the Eastern Africa region's efforts towards decentralized governance and local development and is part of a regional-wide initiative that covers Eastern<sup>1</sup> and Southern Africa<sup>2</sup>. It focuses on four key areas, namely:

- decentralization;
- LG finance;
- inclusive local service delivery; and
- LG capacity development.

The consultants undertook extensive literature review and fielded missions to six focus countries namely: Burundi, Kenya, Rwanda, Tanzania, Uganda and Union of the Comoros. Meetings were held with LG officials, management and staff of Local Governments/Authorities, LGAs, respective UNDP Country office staff and other Partners.

## 1.2 Eastern Africa

### 1.2.1 Constituents of the region

Eastern Africa constitutes the easterly-most region of the African continent, unpredictably defined by geography or geopolitics. In the UN scheme of geographic regions, nine territories constitute the Eastern Africa sub-region:

- Five countries of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania and Uganda
- Two countries of the Horn of Africa – Ethiopia and Eritrea
- One Indian Ocean Island state – The Union of the Comoros
- South Sudan<sup>3</sup>

### 1.2.2 Political and Local Government Architecture

Countries in this region currently have varied Government structures that may partly be explained by the unique history of each country. Below is an overview of political systems and LG architecture in the eight countries<sup>4</sup>.

**Burundi** is a multi-party state with the President being elected by direct popular vote for a 5-year term. Parliament is bicameral with:

- (i) *Senate* with 49 seats – 34 members (2 from each Province) are indirectly elected by communal councillors, 3 members are from the ethnic *Twa* minority, 4 former Presidents, and 8 co-opted

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<sup>1</sup> Eastern Africa covers Burundi, Union of the Comoros, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Tanzania and Uganda. South Sudan gained its independence after the study.

<sup>2</sup> Southern Africa comprises Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe.

<sup>3</sup> South Sudan became an independent state on 9 July 2011, so was not covered in the study

<sup>4</sup> Categorization of country's political system is based on literature review (<http://africanelections.tripod.com/>) and consultant's own deductions.

members appointed to ensure that gender (at least 30% women) quotas are met; members serve 5-year terms; and

- (ii) *National Assembly* with 106 seats – 100 members are elected by direct popular vote in multi-member constituencies using the party-list proportional representation system, 6 members are co-opted to ensure that constitutionally mandated ethnic (60% Hutu, 40% Tutsi, and three Twa) and gender (at least 30% women) quotas are met; members serve 5-year terms.

The country was formerly divided into 8 provinces, but a redistricting plan in 1982 increased the number to 15, which eventually expanded to 16 each under a governor. Each Province is subdivided into *arrondissements* and Communes (about 114). They previously had a strong centralized executive power but is currently implementing decentralization with the top leadership leading from the front.

**Eritrea** is a one party state with a transitional Government. The People's Front for Democracy and Justice (PFDJ) is the only political party in the country. The President is elected by the National Assembly. The National Assembly is unicameral with 150 Seats and term limits are not established. A new constitution was adopted in May 1997 that led to formation of a Transitional National Assembly which comprised of: 75 members of the PFDJ Central Committee; 60 members of the 527 member Constituent Assembly that was established in 1997 to discuss and ratify the new constitution; and 15 representatives of Eritreans living abroad to serve as the country's legislative body until countrywide elections to a National Assembly were held.

Although only 75 of 150 (50%) members of the Transitional National Assembly were elected, the constitution stipulates that once past the transition stage, all members of the National Assembly will be elected by universal suffrage and through the secret ballot. Eritrea has a highly centralized form of governance.

**Ethiopia** is an ancient and unique country, never colonized, and has evolved from absolute monarchy (Emperors, 1889) through military regimes and transitional Governments. It is a multi-party state with the President elected by the House of People's Representatives for a 6-year term. The Prime Minister is designated by the party in power following legislative elections. The sitting President was first elected in 2001 and subsequently re-elected in 2007, while the current Prime Minister (former designated interim President in 1991) has been in office since 1995, having been re-elected in 2010.

There exists a bicameral Federal Parliamentary Assembly consisting of:

- (i) *House of Federation* with 135 Seats whose members are chosen by regional state councils to serve 5-year terms; and
- (ii) *House of People's Representatives* with 547 seats whose members are elected by direct popular vote in single-member constituencies using the simple majority system; members serve 5-year terms. It has a highly centralized form of governance. Almost all LG institutions are controlled by the ruling party which places local administration under a strict centralized party oversight.

**Kenya** is a multi-party state; the President is elected by direct popular vote for a 5-year term. The Office of the Prime Minister was re-established in 2008 as part of a power-sharing agreement brokered after the disputed general elections of December 2007. The country adopted a new constitution in August 2010 and one of the requirements is the vetting of key public service office-holders such as in the Judiciary, Police Force and the Anti-Corruption Agency. The Constitution also establishes 47 counties.

Currently, the National Assembly is unicameral with 224 Seats; 210 members are elected by direct popular vote in single-member constituencies using the simple majority system, 12 are appointed

through party representation by the President, and 2 (the Attorney-General and Speaker) are ex-officio members; the National Assembly has a 5-year span. The new constitution provides for drastic changes in the politico-administrative structures such as establishment of a bicameral Parliament and 47 counties under the devolved system of government. Most of these changes will take effect after relevant legislative frameworks are enacted, regulations formulated and the next elections held.

Besides the constitutional reforms above, the Government of Kenya has over the years initiated a number of fiscal decentralization policies and laws aimed at empowering local authorities and other sub-national levels of Government. This has resulted in a mix of block and discretionary grants disbursed to local authorities, districts and constituencies. These include the Local Authority Transfer Fund (LATF), bursaries, Constituency Development Funds (CDF), Roads Maintenance Funds, Youth and Women Development Funds. There are a number of institutions with dedicated services to the Local Government sector such as KASNEB (Kenya Accountants and Secretaries National Examination Board) for Local Government accounting, Kenya Institute of Management (local governance and management courses), Government Training Institutes (GTIs), and other similar LG capacity development partners.

**Rwanda** is a multi-party state with the President being elected by direct popular vote for a 7-year term through the Two Round (Run-off) electoral system. The Prime Minister is appointed by the President. The Parliament is bicameral consisting of:

- (i) *Senate* with 26 Seats whose 12 members are indirectly elected by provincial and sectoral councils, representing each Province and the City of Kigali, 8 members are appointed by the President, 4 are appointed by the Forum of Political Organizations, and 2 members represent the universities and institutions of higher learning; members serve 8-year terms; and
- (ii) *Chamber of Deputies* with 80 Seats whose 53 members are elected by direct popular vote using the party-list proportional representation system, 24 women are elected by electoral colleges from each Province and the City of Kigali, 2 members are elected by the National Youth Council, and 1 member is elected by the Federation of the Associations of the Disabled; members serve 5-year terms.

Rwanda has been implementing a three-phase decentralization policy since 2001 and is currently in its third phase. It is one of the countries with useful lessons on decentralization and local development.

**Uganda** is a multi-party state with the President being elected by direct popular vote for a 5-year term. The electoral system is Two Round (Run-off) and the Prime Minister is appointed by the President. Parliament is unicameral with 375 seats whereby 238 members are elected by direct popular vote in single-member constituencies, 112 women are directly elected to represent each of the country's districts, 15 members representing special interest groups are indirectly elected (5 youth representatives, 5 representatives of persons with disabilities, and 5 worker's representatives), and 10 members represent the Uganda People's Defense Force (Army). The President may appoint additional ex-officio members; members of the Parliament serve 5-year terms.

Uganda has one of the most highly devolved local governance systems in the region, based on a home-grown national decentralization policy that was adopted in 1999. It defines five administrative levels of Local Councils, from villages to districts<sup>5</sup>. This system is linked to the National Resistance Movement (NRM) structures. Its democratic reform structure seeks to transfer political, administrative,

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<sup>5</sup> <http://www.world.ryukoku.ac.jp/~fumis96/docs/ics2000.pdf>

financial and planning responsibilities from the Central Government to the local level. It also promotes popular participation aimed at empowering local people to participate in decision-making with enhanced accountability and responsibilities.

**Union of the Comoros** is an archipelago comprised of three<sup>6</sup> islands with political history dating back to 1975 after their independence from France. The transition period (1975-2001) focused on key reforms towards an inclusive and more politically acceptable governance system for all the three islands. Union of the Comoros adopted a new constitution in 2001, known as the '*Fomboni Accords*', designed to respond to inherent difficulties experienced since independence. The accords provided a semi-autonomous Government and President for each of the islands (Grande Comore, Moheli and Anjouan).

The country has enjoyed political stability since 2008 with a four-year<sup>7</sup> non-renewable rotating Union-Presidency among the three islands: current President is from Moheli, the smallest island. Each island has a Governor, unlike before when each was under an independent Government with own President and budget. The relationship between the President and Governors of islands has improved over time. Coalition building is encouraged to accommodate political opposition.

Decentralization was almost a natural process; the islands formed the basis for local governance and political representation. In fact, the first formal decentralization initiative was undertaken by the first President in 1975 and the structure was reviewed eventually in 2003. The Commune of 4,000 people is the main unit of decentralization and is composed of numerous villages existing since way back in 1920s. As at June 2011, 21 more Communes were proposed in Ngazidja, 16 in Anjouan and 6 in Moheli.

**United Republic of Tanzania** consists of 2 formerly independent countries: Tanganyika and Zanzibar, which formed a union in 1964. Tanzania is a multi-party state with the President elected by direct popular vote for a 5-year term. The Prime Minister is appointed by the President. The National Assembly is unicameral with 357 seats whereby 239 members are elected by direct popular vote in single-member constituencies, 102 seats are reserved for women elected by their political parties on the basis of proportional representation among the political parties represented in the National Assembly, 5 members are indirectly elected by the Zanzibar House of Representatives, up to 10 members may be appointed by the President, and 1 seat is reserved for the Attorney-General; members serve 5-year terms.

Tanzania adopted its first decentralization policy in 1998. It has initiated mechanisms for LGs to access credit from local banks, individuals and stakeholders. This is evident in projects in Mwanza. The Eastern and Southern Africa Management Institute (ESAMI), located in Arusha, runs programmes dedicated to the LG sector in the region.

### 1.3 Rationale for the Study

The study was designed to respond to regional realities in regard to local development challenges faced by African Countries and emerging priorities, key among them poverty, economic and social marginalization and poor governance. These issues are well articulated in various declarations by the All Africa Ministerial Conference on Decentralization and Local Development (AMCOD), EAC and SADC Ministers of Local Government, and LGAs.

The study highlights notable initiatives undertaken in the region, and identifies key issues affecting

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<sup>6</sup> Some literature sources give composition of Union of the Comoros to four (4) islands-Grande Comore, Moheli and Anjouan and Mayotte (not fully part of the sovereign Republic of Comoros; claimed by France)

<sup>7</sup> Review of the Presidential term from 4 to 5 year term is in progress

LGs as assessed under the four thematic areas of local governance; decentralized governance, Local Government finance, inclusive service delivery and related Local Government capacities.. The report also makes recommendations in each of these four areas.

### **1.3.1 Study Methodology**

The following tools and methodologies were applied in undertaking the study:

- i) *Desk literature review* – a detailed review of relevant documents, materials and internet content was undertaken;
- ii) *Development of data collection tools* – the consulting team developed and piloted suitable data collection tools;
- iii) *Stakeholder consultations* – the consulting team fielded missions to five focus countries. Stakeholders met included UNDP country office governance staff, Government policy makers, LGA officials, civil society organizations such as the Alliance of Mayors Initiative for Community Action on AIDS at the Local Level (AMICAAL), LG Associations, Partners such as World Bank, consultants, training institutes and service end-users;
- iv) *case studies developed* for each area of study – this was based on identified and recommended practices in the region;
- v) *Dissemination and validation workshop*: The draft study report was presented during a high-level policy and technical meeting held in May 2011 in Kigali, Rwanda<sup>8</sup>. This report incorporates the workshop inputs;

The study delivered five main outputs:

- case studies;
- draft principles of decentralization for Eastern Africa;
- draft policy options and models for financing LGs;
- draft inclusive local service delivery models that will facilitate attainment of the MDGs at the local level; and
- draft guidelines for Capacity development for LGs in the sub-region.

## **1.4 Why Decentralization?**

The report interrogates the basis for decentralization initiatives in the selected countries. General reasons cited include the need to:

- address historical injustices and promote national healing and reconciliation;
- transfer governance to LG levels in order to provide significant opportunities for popular participation and increased involvement by people;
- enhance local service delivery through good governance, improved accountability, participatory planning, budgeting (and inclusive service delivery); and
- accelerate attainment of national development objectives at the local level, including MDGs.

Implementation of decentralization has led to emergence of new challenges and opportunities; creation of new sub-national governance structures has posed a challenge to existing human capital, management systems, financial resources, and coordination at the decentralized levels. The cost of sustaining devolved systems is costly business; some LGs are unable to optimize revenue collection

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<sup>8</sup> All the eight Eastern African countries, with the exception of Ethiopia and Eritrea, were represented;

to cater for expanded mandates. In some cases fiscal transfers are unpredictable, inadequate and not properly accounted for. Creation of devolved units on political basis rather than their socio-economic viability also increases the burden on sub-national Governments. Some of the critical elements for decentralized governance in the region include the need for:

- institutionalization of devolved structures and positions through a mix of constitutional provisions, legislation and policies, to protect progress achieved from regime changes and political cycles
- political commitment by top leadership and nurturing of national will and ownership as prerequisites for sustainable implementation of decentralization
- development of time-bound decentralization implementation strategy – some countries opted for phased approach, piloting, fragmented (piece-meal), while others preferred a complete rollout of decentralization law, policy and strategy





## CHAPTER TWO: DECENTRALIZATION

### 2.1 Key Concepts

**Decentralization** can be defined as the transfer of authority and responsibility for public functions from the Central Government to intermediate and LGs or quasi-independent Government organizations and/or the private sector. It is a complex multifaceted concept<sup>9</sup>; it can also refer to restructuring or reorganizing of authority so that there is a system of core responsibility between institutions at the central, regional, and local levels<sup>10</sup>. There are different forms of decentralization, namely: devolution, delegation, de-concentration, divestments/privatization, and partnership. Decentralization can also be classified as follows:

**Political Decentralization**<sup>11</sup> aims to give citizens or their elected representatives more power in public decision-making. It is often associated with pluralistic politics and representative Government through promotion of local democratic processes. It provides opportunity for citizens to elect their political representatives. Advocates of political decentralization argue that decisions made with greater participation will be better informed and more relevant to diverse interests in society than those made only by national political authorities.

**Administrative Decentralization**<sup>12</sup> seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of Government. It is the transfer of responsibility for the planning, financing and management of certain public functions from the Central Government and its agencies to lower levels of Government and its agencies. There are three major forms of administrative decentralization:

- i) *De-concentration* involves redistribution of decision-making authority and financial and management responsibilities among different levels of Government. For instance, it can merely shift responsibilities from national Government officials to those working in regions, provinces or districts, thereby creating strong national Government presence at sub-national levels.
- ii) *Delegation* happens where national Government transfers responsibility for decision-making and administration of public functions to semi-autonomous organizations or agencies not wholly controlled by the national Government, but ultimately accountable to it.
- iii) *Devolution* is where national Government transfers authority for decision-making, finance, and management to quasi-autonomous units of LG with corporate status. It involves actual transfer of responsibilities for services to municipalities/councils that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, LGs have clearly defined and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. This type of administrative decentralization underlies most decentralization set-ups in the sub-region.

**Fiscal Decentralization**<sup>13</sup> involves central-local resource sharing, and/or shifting some fiscal responsibilities to lower levels of Government. The type of fiscal decentralization adopted by a country depends on central-local revenue sharing mechanisms adopted, ability by LGs to raise revenue, and the extent to which sub-national entities exercise discretion on their revenues and expenditures.

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<sup>9</sup> Definitions by World Bank, 2003

<sup>10</sup> See UN/UNDP Definitions, [http://web.undp.org/evaluation/documents/decentralization\\_working\\_report.PDF](http://web.undp.org/evaluation/documents/decentralization_working_report.PDF)

<sup>11</sup> Definitions by World Bank, 2003

<sup>12</sup> Definitions by World Bank, 2003

Decentralization and participation<sup>14</sup> have a symbiotic relationship. On the one hand, successful decentralization requires some degree of local participation. On the other hand, the process of decentralization can itself enhance the opportunities for participation by placing more power and resources at a closer, more familiar, more easily influenced level of Government. In environments with poor traditions of citizen participation, decentralization can be an important first step in creating regular, predictable opportunities for citizen-state interaction.

Local governance refers to the exercising of authority at the local community level. It comprises of mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences at the local level<sup>15</sup>.

## 2.2 Key Elements and Principles of Decentralization

Assessment of the state of LGs in the region was mainly guided by the Commonwealth principles for effective decentralization as outlined in the Aberdeen Agenda and UN Habitat Decentralization Framework.

Although the principles were drafted based on Commonwealth tenets, they tend to be objective and relevant to almost all countries in the region. Interpretation and application of the principles, presented below, varies from country to country but the guiding questions were applied to all the focus countries with emphasis on relevant elements of the study.

| Key Elements of Decentralization  | Principles of Good Practice/Guidelines <sup>16</sup>   |
|---|--|
| A. Governance & Democracy at the Local Level  | <ul style="list-style-type: none"> <li>• Representative and Participatory Democracy – How do citizens participate in election of leaders/representatives to the LGs? How democratic is the electoral system? What extent have historical (country specific) issues/factors influenced system of governance?</li> <li>• Local officials and the exercise of their office – Are their roles and responsibilities clearly outlined for purposes of accountability and performance management?</li> </ul>  |
| B. Power and Responsibilities of Local Authorities                                    | <ul style="list-style-type: none"> <li>• Subsidiarity – Does a defined legislative framework exist? Are partnerships (relationships) between different spheres of Government well defined?</li> <li>• Incremental Action – to what extent are functions devolved top-down. What is the balance between allocated functions and capacity of LGs to deliver on their mandates?</li> </ul>  |
| C. Administrative Relations between Local Authorities and other spheres of Government | <ul style="list-style-type: none"> <li>• Legislative Action – Are the LG structures entrenched in national legislation (constitution or Act of Parliament)?</li> <li>• Empowerment – how freely do LGs exercise their powers within provisions of relevant laws? To what extent during policy and legislative reforms, are LGs and LGAs consulted?</li> <li>• Supervision and Oversight – Do we have any statutory provisions on appointment, suspension or dismissal of LG executives and officials? Is the reporting structure clear? What performance management measures/ systems have LGs implemented?</li> </ul> |
| D. Financial and Human Resources of Local Authorities                                 | <ul style="list-style-type: none"> <li>• Capacities and HR of LGs – what is the role of the CG, LGAs, private firms, institutions and development collaborates in capacity development?</li> <li>• Financial Resources of LGs – what is the extent of financial autonomy of LGs? How reliable and adequate are available (current and potential) revenue sources? What is the mix between local revenues (taxes, levies) and other revenues (CG transfers, borrowings, donors, etc)?</li> </ul>  |

Table 2.1: Principles of Decentralization<sup>16</sup>

<sup>13</sup> Definitions by World Bank, 2003

<sup>14</sup> World Bank, 2003

<sup>15</sup> UN/UNDP Definitions, October 1999.

## 2.3 Key Issues

The adoption of decentralization in the Eastern Africa countries was largely as a result of realization that a highly centralized approach to governance, was not effective in delivering; good governance, democracy, tackling endemic poverty and inequalities, and creating an environment for sustainable development. It was also partly due to external pressure over these same concerns. This meant re-designing the highly centralized Governments and transferring some authority, responsibility, and resources (human and financial) for public functions to LGs, other intermediate entities and to some extent, the private sector.

### 2.3.1 Decentralization, MDGs and Poverty Reduction

All the countries in the region are signatories to the 2000 Millennium Declaration and are committed to achieving the eight Millennium Development Goals (MDGs) and other respective national development goals. Poverty in these countries as elsewhere in similar economies is characterized by unemployment or under employment; increase in population, inadequate/inaccessible health facilities and health care and in most cases cultural and religious preferences, inadequate sanitation and clean water, food insecurity, civil strife/conflicts, among others. Due to their vulnerability, the poor can also include pregnant women and girls, lactating mothers, children under-five years old, the elderly people, orphans, people living with HIV/AIDs, TB, Malaria and other marginalized persons or groups. The severity of poverty differs between rural and urban settings in all the countries. At the macro level and urban areas, a common cause is inadequate resources for provision of basic services and infrastructure such as water, housing, sanitation, health and education.

Despite the availability of national strategic development blueprints such as Burundi's Vision 2025, Rwanda's Vision 2020, and Kenya's Vision 2030, among others, the countries under study have not demonstrated real results in addressing local development issues. All of them aim at achieving the MDGs and ultimate improvement of citizens' quality of life. However, focus on local development inequalities is scant. National data is normally aggregated with little evidence on the severity of the poverty and inequalities that prevail in localities.

### 2.3.2 Leadership and local ownership

Generally, it could be observed that where there are adequate legal and legislative frameworks, decentralization initiatives become secure and steadfast. However, to sustain the decentralization process, a good governance framework should be supported with commitment of the top leadership and citizens at large, to mitigate political interference as reported in some countries. Governance frameworks should ideally support LG capacity building at all levels, clearly define relationships, roles and responsibilities among the different levels of Government, as well as promote fiduciary responsibility and inclusive service delivery. Despite existence of enabling legal and legislative frameworks, other factors that impede successful implementation of decentralization in the Eastern Africa countries include poor coordination of decentralization processes, weak follow through on decentralized funds and programmes and poor accountability.

## 2.4 Comparative Analysis of Focus Countries

Below is a summary of the status of decentralization in Eastern Africa. The analysis incorporates Commonwealth principles for effective decentralization as outlined in the Aberdeen Agenda and UN Habitat Decentralization Framework.

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<sup>16</sup> Adapted from the Aberdeen Agenda, CLGF Forum (April 2005) and UNHABITAT International Guidelines on Decentralization and strengthening of Local Authorities

| Drivers                                | Burundi  | Union of the Comoros  | Kenya   | Rwanda  | Tanzania  | Uganda  |
|--|--|---|---|---|---|---|
| <b>Justifications</b>                  | <ul style="list-style-type: none"> <li>Historical civil conflict</li> <li>Democracy and representation</li> <li>Promote peaceful co-existence among citizens</li> <li>Fight poverty: socio-economic development of rural residents</li> </ul>        | <ul style="list-style-type: none"> <li>Natural factors –islands required leadership (governance)</li> <li>Support autonomy of the islands and rule of law while strengthening inter-island links by a policy of continuity and territorial integrity</li> <li>Accountability</li> </ul> | <ul style="list-style-type: none"> <li>Accountability</li> <li>Strengthening LGs through devolution</li> <li>Promote a collaborative and effective Central-LG linkage</li> <li>Promote coordinated local development</li> </ul>                 | <ul style="list-style-type: none"> <li>Promotion of unity/ nationalism cohesion and healing</li> <li>Promotion of good governance</li> <li>Poverty reduction</li> <li>Efficient, effective and accountable delivery of services</li> </ul>  | <ul style="list-style-type: none"> <li>Union – mainland and Zanzibar Island</li> <li>Political, Fiscal and Administrative Decentralization</li> <li>LG HR management</li> <li>Service Delivery</li> </ul> | <ul style="list-style-type: none"> <li>Not donor-driven</li> <li>Political decentralization main objective</li> <li>Transformation of society-empowering citizens to take charge of their development agenda</li> <li>LG capacity</li> </ul>  |
| <b>Legal and legislative framework</b> | <ul style="list-style-type: none"> <li>Arusha Accord 2000</li> <li>Decentralization strategy</li> <li>Decentralization law</li> <li>New Communal Law</li> </ul>  | <ul style="list-style-type: none"> <li>Fomboni Accord</li> <li>Constitution</li> <li>Decentralization strategy at initial stages</li> </ul>   | <ul style="list-style-type: none"> <li>Vision 2030</li> <li>LGs Act</li> <li>New Constitution – legal, legislative and policy reforms ongoing</li> </ul>  | <ul style="list-style-type: none"> <li>Phased National Decentralization Policy</li> <li>Decentralization Strategy Framework</li> <li>'gacaca' policy</li> </ul>   | <ul style="list-style-type: none"> <li>URT Constitution</li> <li>Decentralization Policy</li> </ul>   | <ul style="list-style-type: none"> <li>Decentralization Policy</li> <li>Constitution (Cap 11)</li> <li>Act of Parliament</li> </ul>   |
| <b>Institutional arrangements</b>      | <ul style="list-style-type: none"> <li>Provinces subdivided into Communes, Collines (hills)</li> <li>Communes are set up on the basis of economic and social development</li> </ul>  | <ul style="list-style-type: none"> <li>3 tier- Islands, Communes and Villages</li> <li>Communes as set up based on population (1,200)</li> <li>Each island has its own criteria of appointing advisers (representatives) to the commune</li> </ul>                                      | <ul style="list-style-type: none"> <li>LGRP</li> <li>Currently – Parallel system; CG ministries, corporations, and regional development agencies carrying out de-concentrated or delegated functions</li> <li>Proposed – 47 counties</li> </ul> | <ul style="list-style-type: none"> <li>Province is the administrative unit</li> <li>District is the focal unit for decentralization</li> <li>Sectors, cells and villages are under the district</li> <li>Administrative organization guided by the principle of subsidiarity</li> </ul> | <ul style="list-style-type: none"> <li>LGRP</li> <li>Rural: District, township, village</li> <li>Urban: City, Municipal, Town</li> </ul>  | <ul style="list-style-type: none"> <li>Politico-administrative structure is based on the NRM structure</li> <li>District coordinates local development</li> <li>Rural: Sub-county, village and parish are under the district</li> <li>Urban: City/ Municipal councils, division, ward and cell</li> </ul> |
| <b>Financing local development</b>     | <ul style="list-style-type: none"> <li>Minimal CG transfers</li> <li>Community mobilization – peace and reconciliation initiatives</li> <li>A number of development partners e.g. Ngozi project</li> <li>Budgeting and planning guideline</li> </ul> | <ul style="list-style-type: none"> <li>Minimal CG transfers</li> <li>Development partners</li> <li>Own sources –weddings, community contributions</li> </ul>  | <ul style="list-style-type: none"> <li>Current – LAF, CDF, Women &amp; Youth Funds; own sources</li> <li>Proposed – Devolution of public finance to counties; Resource allocation commission</li> <li>LASDAP</li> </ul>                         | <ul style="list-style-type: none"> <li>District development plans</li> <li>Participatory planning and budgeting</li> <li>CG transfers, development partners</li> </ul>  | <ul style="list-style-type: none"> <li>LGCDG (formula based) system</li> <li>Project based financing e.g. Mwanza project</li> <li>Expenditure guided by the LG Finance Memorandum</li> </ul>              | <ul style="list-style-type: none"> <li>CG transfers, development partners</li> <li>Fiscal Decentralization Strategy</li> <li>Planning guidelines, budgeting manual</li> <li>LGBC, LGROC, LRECC</li> </ul>   |
| <b>Human resources of LGs</b>          | <ul style="list-style-type: none"> <li>Decentralization process at early stages</li> <li>Rural-urban migration</li> <li>LGA</li> </ul>   | <ul style="list-style-type: none"> <li>No training institutions</li> <li>Labour movement to France</li> <li>Association of mayors</li> </ul>  | <ul style="list-style-type: none"> <li>Results Based Management (RBM)</li> <li>GTIs and private training institutions</li> <li>ALGAK</li> </ul>   | <ul style="list-style-type: none"> <li>Private training institutions</li> <li>RALGA</li> </ul>  | <ul style="list-style-type: none"> <li>Capacity development fund</li> <li>Public and private training institutions</li> <li>Association of Local Authorities of Tanzania (ALAT)</li> </ul>                | <ul style="list-style-type: none"> <li>Public and private training institutions</li> <li>ULGA</li> </ul>  |

Tabel 2.2: Country analysis

## 2.5 COUNTRY CASES

### Case 1: Rwanda

#### 1. National context

The national development agenda of Rwanda is envisaged in the country's Vision 2020 which identifies Good Governance and a Capable State as its first pillar. The vision aims to address four main questions: How do Rwandans envisage their future? What kind of society do they want to become? How can they construct a united and inclusive Rwandan identity? What are the transformations needed to emerge from a deeply unsatisfactory social and economic situation? In continuing its Governance pillar, the GoR is in the process of developing its sector (Umurenge) Development Plan popularly known as the "Vision 2020 Umurenge Programme (VUP)".

#### 2. Politico-administrative structures

Rwanda passed a law in December 2005 that determines the administrative units of the Republic of Rwanda and provides the legal basis for the Local Administration Reform Policy of August 2005. The country is composed of two levels of Government, central and local and is divided into six administrative entities: the central Government, the province (Intara), the district (Akarere), sector (Umurenge), cell (Akagari), and the village (Umudugudu). The largest administrative entity is the province while the village is the smallest and lowest unit. There four provinces, named after their geographical locations, are: Northern, Southern, Western, and Eastern. Kigali City (Umujiyi wa Kigali) is coterminous with the province of Kigali, and led by a Mayor.

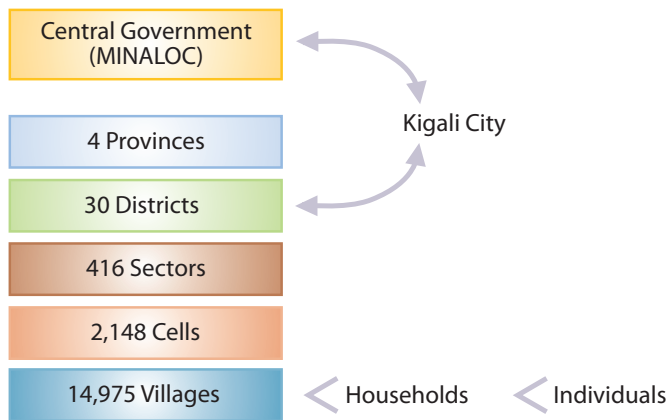


Figure 2.1: Politico-administrative framework of Rwanda

The administrative organization is guided by the principle of subsidiarity, whereby the national Government is responsible for formulating policy, mobilizing resources, capacity building, as well as monitoring and evaluating the policies. The province, including Kigali city, is responsible for coordinating district development planning in line with national policies and programmes; supervising implementation of the national policy in the districts within its jurisdiction; coordinating governance issues, as well as monitoring and evaluating progress.

The District is charged with facilitating local economic development, planning and coordination of service delivery. The Sector is the focal point for local service delivery and is also charged with coordinating community participatory development and collecting statistical data. The Cell is responsible for needs assessment, prioritization of local development needs and mobilizing

community action. Meanwhile, the *Umudugudu* is charged with building cooperation, collaboration and solidarity among members of the community.

### **3. Policy and Legal Framework**

Rwanda's National Decentralization Policy (NDP) defines 'Decentralization' as the process of transferring powers, authority, functions, responsibilities and the requisite resources from Central Government to LGs or sub-national administrative divisions. From the onset, extensive consultations were carried out aimed at building the required 'national will' to drive the decentralization strategy into action thus boosting ownership of the change process by the majority in Rwanda. This was well captured by one of the stakeholders:

*"... political goodwill does not necessary translate into national will...both the leaders and the led should understand benefits and sacrifices that come with decentralization...and work together as one country..."*

The Government of Rwanda (GoR) adopted a phased approach to implementation of the decentralization policy. This created the required flexibility to manage risks of failure and address challenges and capacity gaps that emerged during implementation. Rwanda's logic behind the phased approach is summarized as follows:

**C=D\*V\*S**, where:

C = stands for change success rate which is a factor of:

D = Difficulty/Challenges in policy and strategy implementation

V = Vision/National aspirations of the people of Rwanda as outlined in Vision 2020

S = Manageable steps/required sacrifice for success

*Phase I (2001-2004):* The first phase was meant to institutionalize decentralized governance by articulating the policies and the legal frameworks, putting in place the necessary administrative structures, systems, and mechanisms; holding the grass root and LG elections; undertaking institutional and human resource capacity building targeting both elected leaders and technical staff; and extensive sensitization of the population on the legal and administrative aspects of decentralized governance. Relevant policy and legislative frameworks were formulated, the Capital Development Fund (CDF) was established and democratic elections for local leaders held during this phase.

*Phase II (2005-2009):* The second phase aimed to institutionalize decentralized local governance by having it deliver on its promises to the population. Focus was on enhancing public service delivery through decentralization of public services from the CG to the districts (local level). Most of the gaps identified and lessons learnt from implementation of the first phase formed the basis for enhancing the policy and strategy implementation plan in the second phase. The key output of this phase was the development of suitable statutory framework that:

- i) Facilitates greater participation of the citizens in decision-making, planning and implementation of their development programmes and projects;
- ii) Facilitates greater allocation of resources to the LGs and grass root structures to address poverty concerns, increase communities' productive capacities, enhance access to health services, education, information and above all, deal with hunger and food insecurity;
- iii) Gives greater linkages to other political, social, judicial, administrative and economic reforms; and
- iv) Allows better coordination of stakeholder interventions in the decentralization programme and activities to create development synergy and help to raise the capacities to manage the reform process.

*Phase III (2011):* This phase aims to enhance the decision-making mechanisms of public administration. It focuses on fiscal decentralization to promote local development and strengthening the capacity of the devolved units of local governance - District, Sector, Cell and Village, to implement the Rwanda Decentralization Strategic Framework (RDSF).

The RDSF was developed in 2007 as an output of phase II and identifies eight Key Strategic Areas (KSAs), namely: national ownership of decentralization and effective partnerships; Harmonization and coordination of decentralization policy implementation; Citizen participation in governance and decision-making processes; Transparency and accountability; Efficiency and effectiveness in delivery of services; fiscal and financial decentralization; Sustainable linkages between decentralization and poverty reduction; Monitoring, evaluation and management information system. By achieving strategic priorities set out under each area, the RDSF will serve the following four main purposes:

- i) Outline the objectives, the vision and the priorities of the GoR for implementation of the decentralization policy in Rwanda;
- ii) Define the major achievements of decentralization since the launching of the process, as well as the current challenges and outstanding issues;
- iii) Provide the strategic areas in which the GoR will subsequently concentrate efforts for successful consolidation of the decentralization policy; and
- iv) Prescribe the specific management arrangements to be developed for accurate implementation of the policy – Decentralization Implementation Programme and Plans.

*“...Things happen very fast here in Rwanda. Implementation of the NDP has been drastic...strong political will has on a greater part contributed to this speed in action...”*

#### **4. Financing mechanisms**

*‘Decentralization is about a commitment to help create conditions which can lead to a significant empowerment of those who at present have little control over the forces that condition their lives.’<sup>17</sup>*

The GoR finances its decentralization activities and general local development initiatives through the following mechanisms:

- i) Direct LG Development Support through the CDF. The CDF provides an appropriate framework for the mobilization and disbursement of community development resources without the complexities and bureaucracies from Government and Development Partners.
- ii) Co-financing arrangements or basket funding, particularly for studies, research, capacity development, programme financing, and policy reviews and formulation.
- iii) Direct operational funding of institutions or bodies involved in the implementation of the decentralization process.

#### *Financing of urban district councils<sup>18</sup>*

Gasabo district council in Kigali manages billions of Rwandese Francs and is therefore less dependent on CG transfers. Its operational budget is fully financed from internal sources, while the development budget is partly funded by the CG transfers. For instance, sectoral ear-marked transfers are applied for construction of schools and health centres and maintenance of roads. The district council in turn transfers 10% of its total budget and 50% of local revenues to the sectors. However, procurement is done by the council. The Ministry of Local Government (MINALOG) provides technical support through capacity development programmes in public financial management.

#### *Financing of Rural District Councils<sup>19</sup>*

Rural districts are more dependent on CG transfers; 10% of total annual funding comes from internal sources while 90% is from external sources especially the demand-driven CDF and sectoral transfers from the government. These sectoral transfers are ear- marked for rural infrastructure development. Main sources of internal revenues are derived mainly from consumer-based service fees and charges at sector level (markets, slaughter house fees) and levies on construction materials (sand, concrete, ballast). The rural district transfers 10% of its total budget and 50% of total revenues to the sectors. As with the case in urban districts, procurement is done by the council, while MINALOC provides technical support through capacity development programmes in public financial management.

### **5. Partnerships and Coordination**

A number of Development Partners support Rwanda Government's efforts to implement, monitor and review progress on the RDSF. For instance, UNDP provided project support through financing, technical cooperating especially in M&E, capacity development in the areas of administration, Human resource manuals and induction course for local leaders. . The various stakeholders in implementation of the NDP are coordinated by the National Decentralization Implementation Secretariat, a specialized semi-autonomous agency set up by the Government. It is expected that most of the Development Partners will eventually develop exit strategies during phase III of implementation of decentralization with the aim of promoting sustainability and resilience of the systems and processes that have been created during the implementation of the RDSF and decentralization in general.

### **6. Achievements**

A recent assessment of the Decentralization Process in Rwanda 2000-2009<sup>20</sup> concluded that 'overall, the implementation of decentralized governance in Rwanda has marked a totally new era in which citizens are empowered to fully participate in all Government business that affect their lives, created social and economic cohesion and immensely improved the external image of the country. The healing process amongst the local people is accelerating and the welfare of the people greatly improved. Countervailing factors include Rwandan nationals outside the country with protracted visions but also the fact that the country continues to experience shortages of essentials such as inadequate funds; lack of appropriate technical competences and weak coordination of different aspects of public administration among others'. Additionally, other gains attributed to decentralization in Rwanda include:

- i) **Promotion of regional equalities** through the transfer of fiscal responsibilities and financial resources to decentralized units; fair redistribution of public resources; and addressing historical injustices through the Gacaca and Abunzi (community mediators). These have been further underscored by the people's belief that "...you are a Rwandese first...your other designation comes last...."
- ii) **Improved and sustained economic growth** averaging 10% p.a. in the recent years has encouraged socio-cultural development and poverty reduction, though not fast enough to meet either Rwanda's Vision 2020 or the MDGs<sup>21</sup> targets. Baseline surveys that informed development of the Economic Development Poverty Reduction Strategy (EDPRS) 2008-2012<sup>22</sup> give background evidence that national statistics justify the engendered impact of decentralization during the period (2001-2009) in the form of reduced unemployment rate<sup>23</sup>, improved GDP<sup>24</sup>, increased access and utilization of land in agricultural production and general improved well-being of the population<sup>25</sup>, among others.
- iii) **Enhanced political participation** through development of responsive public policy that enhances democratic governance. All councillors are elected to the district council while the women, persons with disabilities and youth elect representatives to the council through their

<sup>17</sup> Draft Proposals for Vision 2030 *Umerenge* August 2007

<sup>18</sup> based on example from Gasabo District Council, Kigali

<sup>19</sup> Based on example from Rulindo District Council, Northern Province



respective associations. Legislation provides for at least 30% representation of women in key political areas including Parliament. According to Rwanda's National Institute for Statistics, the number of women in policy making positions (Government, Parliament, judiciary, etc.) compared to men in 2009 was 56% in Parliament, 40% in central Government and 40% in LGs.

- iv) **Favourable policy and legal environment for mainstreaming gender** in governance and poverty reduction activities. Rwanda is one of the sub-Saharan African countries that has made great strides in promoting gender equality and empowerment as evidenced in its achievements: (i) the reduction of poverty among Female Headed Households (FHH) from 66.3% to 60.2 % between 2001 and 2006 (expected to further decline to 48% by 2012); (ii) gender parity in primary education; (iii) gender equality in participation in policy making with 56% share of women in Parliament; and (v) the institutional structure for gender mainstreaming established. Gender mainstreaming initiatives have been undertaken such as implementation of a Gender Responsive Budgeting system; development of the national gender policy, entrenchment of the gender pillar in the RDSF, establishing a Ministry of gender and family promotion, among others. The National Women's Council (NWC) has a presence throughout the administrative levels and advocates for the integration of women's concerns into national policies, legal frameworks and local development activities.
- v) **Improved service delivery and accountability** to the population through consultative planning and budgeting processes and increased budgetary allocations to the districts and sectors. According to the SNV Rwanda Annual report 2009 and various sector reports, there has been improved service delivery in key development sectors such as health (reduced mortality, morbidity, increased child birth rates, etc) education, agriculture, enterprise/micro financing<sup>26</sup> and water and sanitation<sup>27</sup>. Recent gender assessment reports<sup>28</sup> indicate that both women and men have enjoyed benefits accruing from decentralized governance. Women participate through national dialogue that includes radio broadcasts and print media. Public reviews are undertaken during public accountability days. Both men and women are members of the district council planning committee that develops and reviews *Imihigo* and sector performance plans.
- vi) **Enhanced patriotism/responsibility** from top to lowest level in the society. Implementation of the DIP has helped promote nationalism amongst the people of Rwanda. Specifically, *Ubudehe* (community work) has helped promote cohesion amongst the various communities in the country.
- vii) **The LG Authorities have been made more responsive**, with lower overheads, qualified and competent staff. Fiscal and administrative decentralization efforts have resulted in general empowerment of governance units at the lower level thus delivering on the respective LA mandates.

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<sup>20</sup> Commissioned by GoR and development partners - conducted by a Local Governance Consultant

<sup>21</sup> Average poor person's consumption is at about RWF 150 per day, increased by over 2% since 2001

<sup>22</sup> EDPRS 2008-2012 is the second medium-term strategy towards attainment of the long-term Rwanda Vision 2020 objectives. The first strategy was elaborated towards the end of the emergency period, when the country was still recovering from the effects of the war and genocide of 1994

<sup>23</sup> According to the Integrated Household Living Conditions Survey in Rwanda (EICV) 2007 results, levels of declared unemployment are very low in Rwanda but under-employment is high. There has been diversification of household income sources as the proportion of the employed labour force engaged in agricultural occupations fell by 9% nationally to 80% between 2000-2001 and 2005-2006, with most of the decline occurring among men. The share of the labour force working in formal employment increased from 5% to 10% over the same period. An estimated 1.25 million people of working age are between 15 and 70. Young people and women perform unpaid work more often than men

<sup>24</sup> GDP grew from an average of 6.4% in 2006 to about 10% p.a. in 2009

<sup>25</sup> Continued rapid population growth resulting from an increase in fertility combined with a decline in infant mortality. NISR (Population, 2009), estimated the Rate of Natural Increase per 100 was to be 2.82 in 2009

## 7. Challenges

Although decentralization in Rwanda has recorded tremendous progress, key gaps and constraints have been identified during implementation of the decentralized systems:

- i) **Capacity constraints:** Inability to account for CG transfers, human resource and revenue collection constraints; sustainability of technical support; gender differentials in the labour market<sup>29</sup>.
- ii) **Duplication of roles:** Weak institutional coordination at all levels; inadequate standardization and coordination of donors.
- iii) **The 'African challenge':** 57% of national budget is funded internally and 43% by development partners. 20% of national budget is committed to LG development. Transfers from sector ministries are conditional, thereby limiting flexibility in execution of community-based action plans;
- iv) **delays in funding** especially for the district councils affects implementation of action plans at lower levels;
- v) **Mountainous terrain:** Rwanda's uneven topography has to a large extent hindered development of infrastructure and services such as roads, water and sanitation networks, schools and health centres especially in rural areas. This has contributed to water scarcity and difficulties in accessing sanitation facilities. For instance, findings of recent gender assessments<sup>30</sup> and WASH programme reports have noted that women walk longer distances to fetch water thus increasing the burden of women in most areas.
- vi) **weak civil society:** due to historical factors, civil society is still evolving in Rwanda and basically operate as partners with Government. A number of them are from the North. Although the GoR has established NGO coordination mechanisms in mainstream sectors such as health, there is need to gradually encourage local CSOs to directly engage with the Government on policy reforms so as to enhance civil participation in nation building.

## 8. Lessons and Success factors for Decentralization in Rwanda

Effective implementation of the decentralization policy is a top priority for the GoR since the policy serves as an instrument of people's empowerment; A platform for sustainable democratization; A structure for mobilization of economic development; A tool for people's reconciliation, social integration and well-being; and a vehicle for the promotion of a culture of political, economic, civic, and managerial/administrative good governance. The following are useful lessons and attributes of success from Rwanda's decentralization initiatives:

- i) **Leadership, national will and ownership** at all levels is critical for effective decentralization. Decentralization process was not initiated by social demand but political supply and the struggle for liberalization, peace and national cohesion.
- ii) **The phased approach:** this allowed for gradual interventions, where timeframes were flexible but dynamic based on realities.
- iii) **Political history** informed policy formulation and promoted cohesion.

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<sup>26</sup> In Rwanda, an estimated 41% of businesses are run by women. Over the years women's membership and participation in cooperatives and associations has been increasing in Rwanda

<sup>27</sup> Total national water production increased by 45% (from 15,849,298 in 2005 to 22,999,197., The urban areas reported greatest increase (57%) with dismal performance in rural areas (44% reduction)

<sup>28</sup> Rwanda Gender Assessment: Progress towards improving women's economic status by ADB Group, Human Development Department (OSHD), November, 2008

<sup>29</sup> In Rwanda, women account for 54% of total population (10 Million) and 55 % of about 5 million of the economically active population. Women have low rates of employment (34.6%) in the formal public sector. Due to lack of gender statistics, information is not available on women's employment in the formal private sector, and the existence of wage differentials between men and women for similar jobs

- iv) **Effective change management, including cultural change** is critical for effective decentralization. Community awareness and grassroots consultations encouraged citizen participation thus boosting the success rate.
- v) **Decentralization is a strong tool for fighting corruption:** Vertical checks and balances promote transparency and accountability, recognizing that making decisions that are beyond your interest is not easy.
- vi) **Democratic governance through election of leaders** at all levels develops the desired political will for effective fiscal decentralization.
- vii) **Institutional capacity development** should be specific and need-driven and not generic. Development of induction packages and tailored capacity development programmes for staff and elected leaders is preferable. The 'Build your capacity as you implement' approach has been successful in Rwanda. Continual monitoring and evaluation feeds into the capacity development programmes and informs policy and legislative reforms
- viii) **Decentralized funds should be predictable** and aim to empower districts and sectors for effective service delivery. Block transfers would provide the required discretion for local leadership and participation in development.
- ix) **Donor coordination** enables the country to benefit from accruing synergy and efficiencies. Partnerships between the Government, Development Partners and the peoples are crucial for sustained development.
- x) **Revenue enhancement:** Innovative ways should be sought to enhance collection of local revenues. This could include strengthening financial management systems (procurement and grant management), strengthening tax collection mechanisms, public sensitization on need for tax compliance, infrastructural development to support more local investments such as in markets, among others.

## Case 2: Uganda

### 1. National context

Uganda is a multi-party state with the President being elected by direct popular vote for a 5-year term. The electoral system is Two Round (Run-off) and the Prime Minister is appointed by the President. Parliament is unicameral with 375 seats whereby 238 members are elected by direct popular vote in single-member constituencies, 112 women are directly elected to represent each of the country's districts, 15 members representing special interest groups are indirectly elected (5 youth representatives, 5 representatives of persons with disabilities, and 5 worker's representatives), and 10 members represent the Uganda People's Defense Force (Army). The President may appoint additional ex-officio members; members of the Parliament serve 5-year terms.

### 2. Politico-Administrative structures

Uganda has one of the most highly devolved local governance systems in the region, based on a home-grown national decentralization policy that was adopted in 1999. It defines five administrative levels of Local Councils, from villages to districts. This system is based on the National Resistance Movement (NRM) structures. This structure seeks to transfer political, administrative, financial and planning responsibilities from the Central Government to the local level. It also promotes popular participation in decision-making with enhanced accountability and responsibilities.

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<sup>30</sup> SNV WATSAN report 2009

The legal framework clearly outlines roles and responsibilities of the Local Councils and Civil Service (Government Ministries). There are differences between LG councils and administrative councils; a Local Government council is a body corporate with perpetual succession and a common seal (legal entity before the eyes of the law). It has powers to pass by-laws and ordinances according to their status. However, Kampala City is not a LG under the constitution and a new law is before Parliament to give Kampala City a special status. There are four administrative units in a district, namely: The county council; Parish or Ward council; Town Board; and the Village Council. Each district is headed by an elected chairperson.

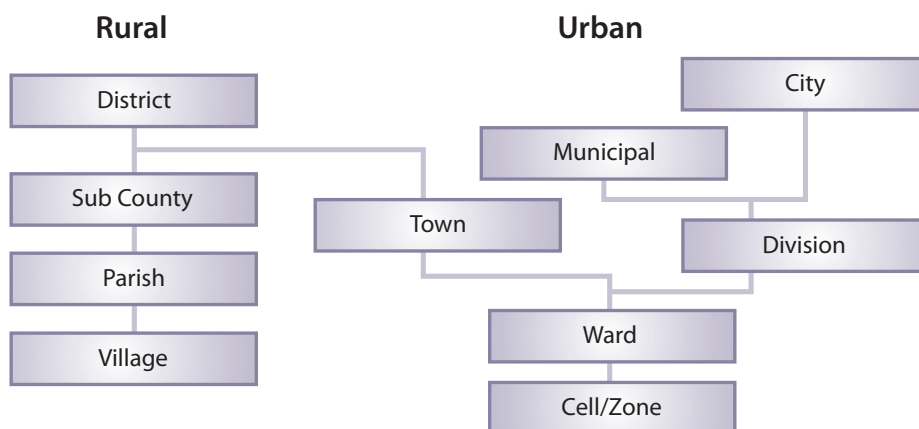


Figure 2.2: Structure of LGs in Uganda<sup>32</sup>

### 3. Policy and Legal Framework

The national constitution dedicates a whole chapter to Uganda's decentralization policy. Additionally, there is an Act of Parliament giving full effect to the decentralized functions. The legal framework defines the funding mechanisms and responsibilities of actors at all levels of Government. Funding is a mix of unconditional, conditional and equalization grants. Being closest to the people, LGs are assigned responsibilities of basic services provision, anchored on national policies. CG in turn provides the policy and legal framework for these services such as universal primary education, primary health care and prosperity for all, among others. LGs have legislative powers to make by-laws and ordinances to support local service provision. Meanwhile, sector ministries develop service standards to guide national and LG. The Ministries and departments build capacity as well, and monitor and evaluate LGs performance.

### 4. Financing mechanisms

Funding of LGs is provided for in the Constitution and is actualized through the following streams:

- i) *Unconditional Grants*: Block grants finance decentralized services and operations. 72% of the grants finance the local wages bills, while 28% apply to non-wage operations. Unconditional grants account for about 11% of CG transfers to LGs. Monitoring and evaluation tools for fiscal decentralization do not support consistent and systematic data disaggregation. Due to unavailability of disaggregated data, it was not possible to establish the number or percentage of women and men benefitting from the wage component at the time of reporting.
- ii) *Conditional Grants*: These include disbursements to fund programmes and projects agreed upon between the CG and LGs and are spent only for the purpose and in accordance to the conditions agreed upon. This funding is applied mainly on sector-based programmes and constitutes about 88% of Government funding to LGs. There is a clear framework for

<sup>31</sup> <http://www.world.ryukoku.ac.jp/~fumis96/docs/ics2000.pdf>

negotiations between LGs and CG sector ministries to agree on the conditions that promote effective implementation of programmes. There was no documented evidence of data disaggregation to track specific impact along gender lines but through M&E reports, it is inferred that if programmes are delivered, there would be impact on service delivery. The GoU is in the process of mainstreaming gender components as a cross-cutting issue of local development.

- iii) *Equalization Grant*: This is a grant given to some LGs lagging behind national average standards and development targets. It forms a very small percentage (about 1%) of total transfers and currently focuses on education, roads, water, health, and agricultural extension services.

Participatory Planning and Budgeting is recognized as a key element of financial decentralization in Uganda. Decision-making powers on the planning and budgeting process have been decentralized. To facilitate participatory planning and budgeting, the following guidelines were developed and structures established, among others:

- a) *Participatory planning guidelines/manual*: This manual facilitates bottom-up planning with key planning centres at the Village/Community level. At every level of governance, there is both a technical and political structure which work together to promote economic development. The Government's gender policy requires a minimum representation of 30% of women at all levels of decision-making or governance.
- b) *Budgeting Manual*: This facilitates the budget formulation and execution processes. The Manual was designed to specifically promote LG autonomy, widen decision-making and ensure that Local Government expenditures facilitate efforts towards poverty eradication.
- c) *Monitoring and Evaluation framework*: Review of current performance informs subsequent financial year plans and takes place at all levels... These reports are consolidated into national performance assessments. Gender specific issues such as equal access to basic education are monitored.<sup>33</sup>
- d) *Local Government Budget Committee* which oversees the budget formulation process for Local Government. There is a requirement that women be represented at all LG levels.
- e) *LG Finance Commission* that handles issues of local revenue which includes policy development and coordination, documenting best practices in revenue mobilization and addressing challenges in local revenue administration and management.

## **5. Partnerships and coordination**

Although decentralization was initiated internally, the Government of Uganda developed an implementation plan in partnership with Development Partners, among them UNDP and UNCDF. The Ministry of Local Government (MOLG) coordinates the decentralization implementation process. There are also a number of institutions that offer capacity development programmes on different aspects of decentralization, including local governance and gender studies such as Makerere University; Uganda Management Institute; Institute of Social Studies; Law Development Centre, AMICAAL, among others.

## **6. Achievements**

At the time of study, evaluation of LG capacities in Uganda was ongoing. However, tentative rating may be deduced based on responses received during the field visits as presented below:

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<sup>32</sup> As at July 2010: 1 Capital City; 79 districts; 13 Municipalities; 978 Sub-County Councils; 117 Town Councils; 6,529 parishes/wards; 55,642 Villages; 207 Town Boards

- i) **Increased level of citizen participation and involvement** in local development agenda of the country through the community based programmes.
- ii) **Improved infrastructural development:** Development and maintenance of roads, including rural access roads, construction of hospitals and schools have been tremendous since 1993. The LGs also manage feeder roads within their districts. Every sub-county has at least one hospital.
- iii) **Development of policy and legal frameworks that promote gender mainstreaming:** these include implementation of various Gender Responsive Budgeting (GRB) initiatives; at least 30% representation for women in local development committees and implementation of relevant advocacy initiatives at national and district levels.
- iv) **Reduced backlogs in civil courts:** The Local Council Courts Act empowers the LGs to handle judicial/civil matters. These courts are the most popular courts at the grassroots level. The MOLG is working on a Community Service Act to supplement and support local courts. Community members indicated that it was now easier to access justice as it was instant and understood. They further stated that it was now easy for lower councils to petition actions of a higher LC than vice versa.
- v) **Improved service delivery and resource allocation:** decentralization tracks local services to the lower level and there is improvement in revenues due to implementation of local revenue enhancement plans;
- vi) **relatively strong civil society** – Vibrant LG Association, and other advocacy groups such as AMICAAL Uganda Chapter and other promoters of local governance have provided necessary partnerships for decentralization especially in policy reforms and capacity development.

## 7. Challenges

Decentralization is still a learning process. Institutional arrangements between the various decentralized units need further strengthening, including fiscal decentralization and related local development structures in most parts of Uganda. Corruption remains a big challenge to decentralization. Other challenges include:

- i) **Political pressures and encumbrances** – Civic leadership tends to overshadow participation of the local people. Because of the limited tenure of local leadership, politicians prefer to support visible and short term activities, rather than plan strategically. Creation of LG and sub-counties has sometimes been politically motivated.
- ii) **Natural and man-made hindrances** – Civil unrest in parts of Uganda such as Karamoja area, and floods and mudslides in the Northern and Eastern regions hinder community mobilization for development purposes.
- iii) **Institutional capacity constraints** – Lack of shared vision and objectives; Inadequate human resources, procurement and project management capacities in the LGs. These have hindered local development due to poor contracting process, ineffective project planning and oversight and ineffective M&E systems.
- iv) **Governance constraints** – Appointment of District Administration Officer (DAO) is done by the MOLG but appointment of CAOs and town clerks is decentralized. This mixed reporting arrangement sometimes creates unnecessary conflicts during policy and programme implementation at the district and lower levels.

<sup>33</sup> A significant increase in girls' enrolment has been ensured in Uganda by the fact that Government provided free education for four children per family, on condition that at least two (50%) of these should be girls if there were girls in the family

- v) **Inadequate resource mobilization** – The Government restricted exploration of natural resources, while taxation was abolished as a direct source of revenue for the LGs. Lean revenue base of some LGs, especially new ones results in economic pressure which sometimes undermines the objectives of decentralization.
- vi) Gaps exist in the coordination of key stakeholders and Development Partners, leading to duplication of roles and creation of opportunities for corruption.

### **8. Lessons learnt and success factors**

Uganda has been implementing decentralized systems for about 17 years, and has useful lessons and their experiences:

- i) **Political Goodwill is a key driver of decentralization:** The decentralization and supporting LG system in Uganda was internally conceptualized, developed and driven by the political leadership. Uganda's decentralization agenda enjoyed support from the top leadership.
- ii) **Gender mainstreaming** – enabling policies and legislation is necessary to reinforce affirmative action. This has to be mainstreamed in all development tools and at all levels and sectors.
- iii) **Inclusive planning process is critical** at all levels, guided by mechanisms and procedures that promote structured engagements. Uganda has developed a number of manuals that support realization of community participation and resource allocation to local levels.
- iv) **Capacity development that targets both elected leaders and technical staff** at all levels. Partnerships with capacity development institutions, both public and private to offer appropriate courses in support of various elements of decentralization are crucial.
- v) **Institutional development systems and processes** is important to support public sector reforms; addressing procurement challenges, bureaucratic bottlenecks, implementing performance management systems and establishing appropriate mechanisms to address corruption is essential to enhance service delivery in LGs.
- vi) **Community participation and involvement boost ownership** of the change processes arising from decentralization – It is important to promote awareness creation amongst the public about the role of LGs in local development.
- vii) **Pro-poor initiatives** – Development of suitable planning and service delivery tools that are conscious to the needs of the poor and other marginalized groups, enhances development impact at the local level.
- viii) **Monitoring and evaluation of the implementation process** ensures that corrective actions are undertaken promptly to address identified capacity gaps. Proper tools should be developed to help track gender specific initiatives, determine extent of accomplishment at the grassroots level and report at national level for review and improvement.
- ix) **Responsive policy and legal framework** – Decentralization is provided for in Uganda's Constitution and the Local Council Act has been amended about six times to accommodate emerging issues based on field experiences.
- x) **Local dispute resolution mechanisms**– establishing credible local institutions that discharge justice promptly and promote equity and fairness. This enhances confidence in local development

## **2.6 Lessons learnt from the region**

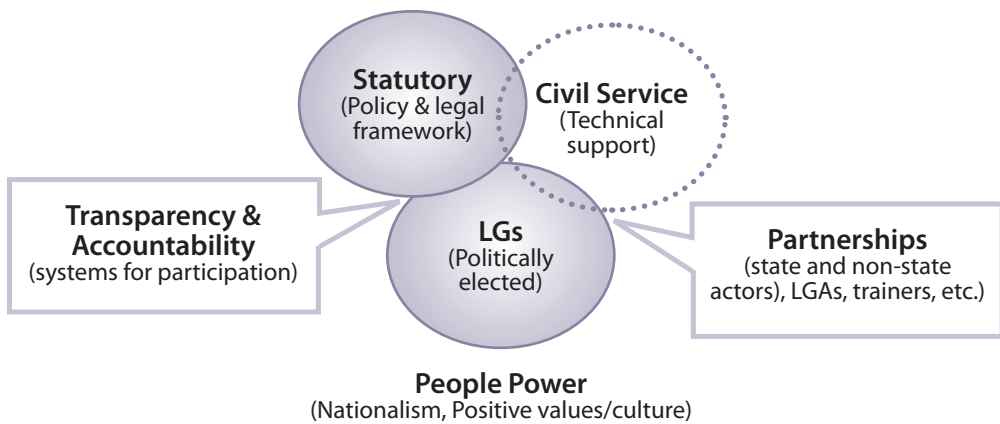
- i) The base of decentralization is people power: recognition of process, participation, ownership, and co-existence for national prosperity. Decentralization should enhance people power and

expand opportunities for citizen's engagement with local governance institutions and other stakeholders on matters pertaining to political, social and economic development.

- ii) Decentralization to be effective there is need for a country to adopt participatory approaches and frameworks for appropriate spheres of development. This may vary from country to country, depending on historical background and demographics.
- iii) The choice of model of decentralization to adopt (de-concentrations, devolution or delegation), should largely depend on a country's desire to achieve measurable development impact for its citizens, specifically the attainment of MDGs, poverty reduction and sustainable economic development.
- iv) As demonstrated in the Case of Rwanda, successful and sustainable decentralization is driven by transformational leadership. Transformational leadership is able to rally political and national will towards attainment of national goals and aspirations.
- v) Phased approach is ideal when implementing decentralized systems of governance – It creates the required flexibility to address challenges and address capacity gaps that emerged during implementation. In Rwanda, the Government adopted the phased NDP. In the last ten years, Kenya has systematically enacted a number of legislations allowing for increased funds flow to lower levels of Government such as LATF, CDF, Roads maintenance fund, among others. Kenya's constitution now provides impetus for a holistic implementation of devolution.
- vi) Monitoring and evaluation – Like any other change process, implementation of decentralization requires continuous monitoring and evaluation. It is important to develop and implement monitoring mechanisms and indicators in order to follow impacts of decentralization with disaggregated data collection activities as well as assessments of local governance.
- vii) Whether to choose a 'Zero-Sum' or 'Positive-Sum' approach for the sub-region should be guided by country specific circumstances. For instance countries recovering from historical injustices (genocides, civil strife, etc) will consider going for a Zero-sum tactic with an aim of reconstructing relevant development infrastructure and restore hope amongst the citizens. On the other hand, countries that have enjoyed steady socio-economic development but not realized decentralization (politico-administrative in most cases), may consider the positive-sum tactic.

In concluding this chapter, we can posit that decentralization is a process that should, of necessity, be supported by both leaders and the led, undertaken in participatory and inclusive manner, responsive to varied local needs, and well-managed in order to remain meaningful and to yield desired results. Capacity development and strengthening at all levels of governance is critical and should be a continuous process: LG capacity development is inevitable for successful decentralization.





*Figure 2.3: Proposed decentralization framework*



| Date    | No. |
|---------|-----|
| 1/1/19  | 1   |
| 2/1/19  | 2   |
| 3/1/19  | 3   |
| 4/1/19  | 4   |
| 5/1/19  | 5   |
| 6/1/19  | 6   |
| 7/1/19  | 7   |
| 8/1/19  | 8   |
| 9/1/19  | 9   |
| 10/1/19 | 10  |
| 11/1/19 | 11  |
| 12/1/19 | 12  |
| 13/1/19 | 13  |
| 14/1/19 | 14  |
| 15/1/19 | 15  |
| 16/1/19 | 16  |
| 17/1/19 | 17  |
| 18/1/19 | 18  |
| 19/1/19 | 19  |
| 20/1/19 | 20  |

Name of Project: Yakim Projects  
Name of Sub-Project: Yakim Projects  
Name of Public Body: Yakim Projects  
Name of Program: Yakim Projects  
Name of Sub-Agency: Yakim Projects  
Name of Sub-Entity: Yakim Projects  
Name of Agency: Yakim Projects  
Name of Entity: Yakim Projects  
Name of Project: Yakim Projects  
Name of Sub-Project: Yakim Projects  
Name of Public Body: Yakim Projects  
Name of Program: Yakim Projects  
Name of Sub-Agency: Yakim Projects  
Name of Sub-Entity: Yakim Projects  
Name of Agency: Yakim Projects  
Name of Entity: Yakim Projects

### 3.1 Key Concepts

**Local Government financing** is the process by which LGs access and spend funds to support and maintain public goods and services. It consists essentially of two fundamental aspects, namely: revenue (taxes, fees, charges intergovernmental transfers and debt financing) and expenditure (capital and operating). On the other hand, Fiscal decentralization refers to the transfer of some or substantial responsibilities for expenditures and revenues to lower levels of Government and is a core component of decentralization. Fiscal decentralization policies, legislation and instruments enable LGs to access various local and national resources to fulfill their service delivery obligations effectively.

Different countries adopt different LG financing models to define their institutional and administrative arrangements for local development. These models specify main sources of revenue and common areas of expenditure for Local Governments as well as guidelines on financial planning, budgetary processes, and mechanisms for accountability, transparency and citizen/stakeholder participation. This section discusses current models and approaches of LG financing adopted by LGs in the region.

### 3.2 Overview of LG Financing in the region

#### 3.2.1 LG Financing Models

The mode of financing of LGs largely depends on the type of LG system practiced in each country. As highlighted in the previous section, countries in the region have not implemented decentralization in a common fashion. However, countries like Uganda, Kenya and Rwanda have legislation, policies and strategies on fiscal decentralization. Kenya's constitution provides for devolution and accompanying financing mechanisms. These include the establishment of a Commission on Revenue Allocation that makes recommendations concerning the basis for equitable sharing of revenue between national Government and counties and among county Governments. The constitution also stipulates that county Governments may incur debt, subject to national Government guarantees. Rwanda has now harmonized its LG financing model with the national decentralization framework.

#### 3.2.2 LG Revenues

LG financing challenges are common in the region. Most LGs raise less than 50% of their annual budgets from internal sources. Internal sources include, but are not limited to, service fees and charges, local taxes, housing rents, royalties from extractive industries, road tolls and licences. National legislation normally defines local revenue sources and LG by-laws provide further enforcement. In some cases, a certain percentage of local revenues collected by LGs are remitted to the CG before redistribution or reallocation through established formula or non-formula basis. Borrowing for LG activities is limited in all the countries.

LGs tend to rely on CG transfers and external financing. CG transfers, both conditional and unconditional grants, are made through a common fund or basket, direct earmarked sector transfers, or a mix of both. For instance, Tanzania applies a formula-based model of allocating the bulk of LG funding. In all the countries, a number of Development Partners have played a significant role in financing LGs as part of public sector reform programmes and capacity development initiatives.

Shrinking of local revenues, misappropriation of funds by officials, delays in CG transfers and inadequate capacity of LGs to collect revenue are some of the common challenges experienced in the sub-region.

| Element  | Burundi  | Union of the Comoros   | Kenya   | Rwanda   | Tanzania   | Uganda   |
|--|--|--|---|--|--|--|
| <b>1. Adopted LG Financing Approaches (Models)</b> | <ul style="list-style-type: none"> <li>Hybrid system – CG transfers, own sources, and development aid</li> <li>Community contribution,</li> <li>Annual Communal development plans &amp; budgets</li> <li>External sources</li> </ul> | <ul style="list-style-type: none"> <li>Hybrid system – Own sources, community contributions, CG transfers and development aid</li> </ul> | <ul style="list-style-type: none"> <li>Hybrid system – own sources, sector transfers, CDF, LATE, RMLF, Women, Youth Development, etc.</li> <li>LG Single Business Permit (SBP)</li> <li>Revenue allocation from CG to counties</li> <li>County borrowing</li> </ul> | <ul style="list-style-type: none"> <li>Hybrid system – own sources, CDF, Basket funding, direct operational funding and co-financing arrangements</li> <li>District development plans</li> </ul>                   | <ul style="list-style-type: none"> <li>Formula based system – LGCDG</li> <li>Alternative borrowing from the LGLB subject to CG approvals</li> </ul>    | <ul style="list-style-type: none"> <li>Not donor-driven</li> <li>Political decentralization main objective</li> <li>Transformation of society-empowering citizens to take charge of their development agenda</li> <li>LG capacity</li> </ul> |
| <b>2. Justifications</b>                           | <ul style="list-style-type: none"> <li>Nationalism – Peace and cohesion after civil conflict (returnees)</li> <li>Reconstruction – economy still relies on external aid</li> </ul>   | <ul style="list-style-type: none"> <li>Historical and political factors</li> <li>Economic development</li> </ul>                         | <ul style="list-style-type: none"> <li>Historical and political factors</li> <li>Mainstream participatory planning in LG budget</li> <li>Promote equity and local development</li> </ul>  | <ul style="list-style-type: none"> <li>To implement decentralization</li> <li>Devolve budget process to LGs</li> <li>Improve LG performance and equitable local development</li> <li>Peace and cohesion</li> </ul> | <ul style="list-style-type: none"> <li>Part of Local government reforms</li> <li>Equity in public resource allocation and local development</li> </ul> | <ul style="list-style-type: none"> <li>Equity in public resource allocation</li> <li>Equity in local development</li> </ul>  |

Table 3.1: Country analysis of LG financing

### 3.3 COUNTRY CASES

#### Case 1: Kenya

##### 1. Policy and legal framework

Prior to the Constitution of Kenya, 2010, Kenya had already taken policy and legislative action towards fiscal decentralization, among them being LATE. LATE, established in 1999 through the LATE Act No. 8 of 1998, seeks to improve local service delivery and financial management. It comprises 5% of the national income tax collection in any year, and currently makes up approximately 24% of local authority revenues. Other notable devolved funds include the Road Maintenance Levy Fund established in 1993; Constituency Development Fund, enacted in 2003; Poverty Eradication Revolving Loan Fund (1999); Community Development Trust Fund (1996); Youth Enterprise Development Fund (2006); and the Women's Enterprise Development Fund (2007). The constitution of Kenya establishes the Commission on Revenue Allocation that is tasked with equitable sharing of revenue between national Government and counties and among county Governments.

##### 2. Local Government financing mechanisms

LGs in Kenya collect revenues internal sources constituting a variety of user fees, levies, land rates, single business permits, accounting for about 20% of their total annual budget. The major source of Government transfers is the LATE that was set up during the 1999/2000 fiscal year. This covers both a substantial part of their operational costs as well as some development expenditure. In addition to the LATE grant, the GoK also provides a portion of RMLF directly to some LGs as earmarked grants for road maintenance in their respective jurisdictions. The total Government grants amount to approximately 75% of the total annual budget of an average LA. Thirdly, some LGs receive resources from

Development Partners as direct support to various sector and community projects and programmes. These account for about 5% of the total annual budget of an average LG.

#### *LATF disbursements*

These funds are distributed to all LGs based on stipulated criteria and performance conditionalities that consider population, urban population densities, poverty and sound financial management practices<sup>35</sup>. A LATF secretariat was set up in the Office of the Deputy Minister and Ministry of Local Government, to providing technical support, capacity development and administration required for effective disbursement and utilization of LATF by LGs<sup>36</sup>. The Ministry of Finance provides strategic supervision. The funds are ideally meant to address local development needs identified through a participatory process guided by the LASDAP.

The money is disbursed directly from the Fund to the Local Authority's bank account through a direct bank deposit, with notification given by the officer administering the fund. The money is disbursed three times a year on 31 January, 30 April and 30 September.

### **3. Achievements**

The current LG financing model in Kenya has recorded the following successes over the last several years:

- i) **Enhanced accountability and citizen participation at the local level:** The LATF scheme advocates a performance incentive system that requirements optimal utilization of allocated funds as the basis for future allocations. All LGs are required to submit their participatory development plans when filing their annual returns for LATF. Although a number of local communities had reservations on the way the local plans are developed in certain jurisdictions, most of the regions acknowledged that the participatory planning and budgeting process had enhanced local service delivery.
- ii) **Improved financial performance:** LATF has helped reduce LG debt portfolio, which previously led to poor service delivery especially amongst the rural LGs. To some extent this has resulted into more sustainable LGs capable of discharging their statutory mandates.

### **4. Challenges**

Although LG financing has reported remarkable successes, the following factors were identified as inhibitive:

- i) **Inadequate management information systems:** Most LGs are still reporting budget deficits due to diversion of most of the LATF monies to finance operational costs such as payroll instead of debt servicing and service delivery. Although the Government has introduced the Local Authorities Information & Financial Management System (LAIFOMS), very few LGs have the technical capacity required to implement and optimally utilize the system. Some stakeholders also indicated that the disbursement is not fully regulated and controlled.
- ii) **General capacity constraints that hinder participatory planning and budgeting:** Most LGs do not have administrative capacity to ensure effective development, communication and implementation of community-led development plans while some LGs lack technical expertise required for proper utilization of development funds. According to the government's community participation manual building capacity of LGs in terms of governance, human capital and infrastructure is critical for attainment of local development objectives.
- iii) **Political pressures:** There is still some level of political influence in identification of funding priorities, contrary to provisions of the LASDAP guidelines. This in return places new financial

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<sup>35</sup> [www.localgovernment.go.ke](http://www.localgovernment.go.ke)

<sup>36</sup> LGs can be penalized for non-compliance in the following three ways, as provided for by LATF Act and regulations.

demands on the LGs and community members. The political situation experienced after the 2007 General Election affected movement of labour, goods and services thereby reducing LG revenues and this exerted unplanned pressure on their budgets.

- iv) **Multiple participants at the local level:** Besides LGs, existence of multiple channels for devolved funds targeting various levels of governance such as constituencies, districts, Regional Development Authorities, and grassroots, has led to duplication of effort and undermines local accountabilities. However, the new county governance structure<sup>38</sup> provides for harmonization of existing LG financing approaches and coordination of all Government interventions at the county level.
- v) **Rapid population growth:** This exerts pressure on available resources and the already constrained planning capacity of major urban LGs such as Nairobi, Mombasa and Kisumu.

## **5. Lessons Learnt and success factors**

The Government has continuously reviewed the LG financing model with the aim of addressing emerging challenges. It is hoped that some of the limitations highlighted above will be addressed during implementation of the devolved Government structure. Lessons learnt include:

- i) **Uncoordinated streams of local development funds undermine local development and accountability.** Unlike in other countries in the region<sup>39</sup>, sector ministries provide the bulk of LG services in Kenya. The LGs compete for development space with de-concentrated units of Government. There is need to pool devolved funds at the local level and empower the LGs to coordinate utilization of the same. It is hoped that the new Commission on Revenue Allocation (CRA) will address the issue of multiple funding mechanisms at the local level. An effective M&E system will support continuous review for performance improvement and sustainability.
- ii) **Financial management and accountability is key to local development.** There is need to entrench sound financial management to enhance accountability and boost success and impact of local development initiatives. LG staff should be capacitated to apply current financial management systems and procedures.
- iii) **Existence of enabling legal and policy framework.** The Constitution of Kenya and the various policies and legislations on fiscal transfers, gives impetus for development of effective LG financing and service delivery instruments and frameworks.

## **Case 2: Tanzania**

### **1. Policy and legal framework**

Tanzania's Local Government Finances Act, 1982<sup>40</sup> provides for sources of revenue and the management of funds and resources for LGs, including stipulations for the proper collection and sound management of finances in the local government system. It also establishes a Local Government Loans Board that provides credit to LGs for the provision of development works and services. This Act has been amended over time, the latest being in 2000.

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<sup>38</sup> The devolved Government structure will take effect after the next General Elections,

<sup>39</sup> Tanzania, Uganda and Rwanda

<sup>40</sup> [http://www.logintanzania.net/docs/act9\\_1982.pdf](http://www.logintanzania.net/docs/act9_1982.pdf)

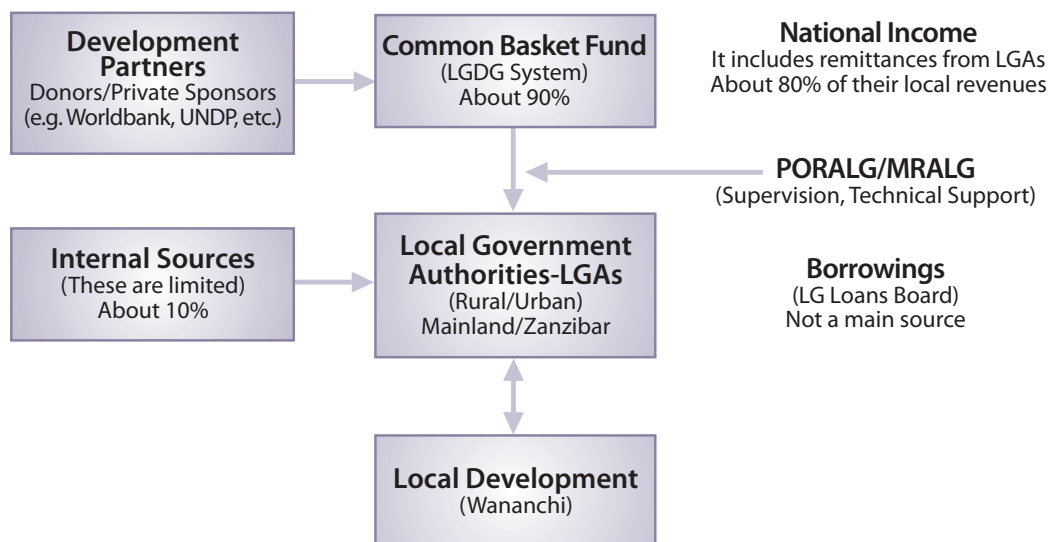


Figure 3.1: Integrated LG financing model in Tanzania

## 2. Local Government financing mechanisms

The LGs currently raise local revenues from limited sources, namely:

- land rates and rent, levies, fees and charges e.g. service charges, of which 20% is retained by the LGA and 80% goes to the CG;
- park fees – 25% is retained by the LG and 75% submitted to the CG;
- mineral and fishery royalties – 100% collected by the CG, but proposals to allocate a share to the LG has been submitted to the Prime Minister's Office Regional Administration and Local Government (PMO-RALG);
- business licenses and Market fees.

The CG grants are channeled to LGs through the Local Government Development Grant (LGDF) in Tanzania. This is an integrated system that deals with the Capital Development (CDF), Capacity Building (CBF), and Sector Specific Grants (SSGs). Contributions from Development Partners are also channeled through the system. The CDF is non-sector specific and is distributed on a formula basis amongst the LGs for development and maintenance of local services such as education, health, water, roads and agriculture.

The overall objectives of the LGDG system<sup>41</sup> are to improve service access by communities, especially the poor, through expanding the physical stock of new and rehabilitated infrastructure; enhance the delivery and management capabilities; produce efficiencies and financial sustainability of LGs; and provide a national system for the delivery of development grants to LGAs.

LG expenditure is guided by the LG Finance Memorandum which requires that SSGs are utilized under five development areas, namely health, education, water, roads, and agriculture. Education and health constitute the largest proportion of the development grants. The formula based system of allocation is guided by the National Minimum Standards (NMS)<sup>42</sup> set out for each development area. The Memorandum also outlines criteria to identify local development priorities.

<sup>41</sup> National Synthesis Report, PORALG May 2008

### 3. Achievements

The following achievements, attributable to the integrated LG financing model, have been recorded in Tanzania:

- i) **Promoted equitable access to public services by all:** The LGDF system aims to enhance citizen's access to public services at a more affordable cost. Although the formula based allocation of the CDG has its own shortcomings, it has ensured that sharing of the national cake is as equitable as possible.
- ii) **Intergovernmental fiscal reforms:** There has been reported progress in the actual transfer of LG functions and expenditure responsibilities between the CG and LGs. A special working group was established to oversee implementation and undertake necessary monitoring and evaluation of the LGCDG system.
- iii) **Value-adding partnerships:** Implementation of the integrated system required participation and involvement of key stakeholders. The relationship between the two levels of Governments, donor community and ALAT is reported as good.
- iv) **Enhanced technical capacity of LGs to implement LG reforms:** Through the funding, a number of LGs have been able to implement evaluation and assessment systems. The PMORALG has developed guidelines/manuals to assist LGs with compliance.
- v) **Improved financial management practices in LGAs:** The annual assessment of LGs for minimum conditions and performance measures under the LGDF system has reportedly enhanced efficiency and effectiveness in LG expenditures.

### 4. Challenges

The following factors have challenged effective LG financing in Tanzania:

- i) **Unfunded LG mandates:** Although the legislation is clear on sharing of powers and functions between the two levels of Governments, more effort is required to realize benefits of fiscal decentralization in the country. A relatively weak political set up exists as the majority of the political class belongs to the ruling party<sup>43</sup> thus implementing critical LG reforms has faced resistance from some LGs and elected officials.
- ii) **Shrinkage in LG own revenues:** The Government introduced centralized tax regime during the fiscal year 2003/2004. Some local taxes were abolished to attract foreign investors and LGs given compensatory grant for lost revenues. In 2008, license exemptions for businesses with less than ten million Tanzanian shillings per annum were published in the Tanzanian gazette. This reduced revenue base for the LGs, resulting in over-reliance on CG transfers. The general opinion is that LGs are usually given unpopular sources while the CG takes the most attractive ones.
- iii) **Minimum allocation of national income to Local Governments:** The total amount of monies allocated by the Treasury for LG expenditure every year is not adequate to effectively finance the LGDF requirements. There is pressure for the Government to increase level of LG financial transfers from 10% to 30% of the total national revenue.
- iv) **Perceived inequalities by some LGAs:** There is some discontent, especially amongst the urban LGAs, that allocation of the CDG on formula basis is not fair since they contribute more than what is reallocated from the common basket fund. This has also contributed to growing resistance to the LGDF system by the LGs. For example Dar es Salaam contributes about 40% of national income but only 10% of that income is reapportioned to LGs.
- v) **Inadequate Human resource capacity:** This is a long-time challenge in LGs. So far,

<sup>42</sup> E.g. the NMS for Health has 4 variables: Population, Poverty, Child mortality and Access to health

<sup>43</sup> Chama Cha Mapinduzi (CCM) is the independence and current ruling party of Tanzania



appropriate measures have been undertaken in municipalities only. The situation is still serious in rural authorities (district councils) mainly due to rural/urban migration. This is usually tempered by poor infrastructure in rural areas that discourages deployment of qualified and competent staff at local/lower levels. Moreover, decentralization of HR administration functions in LGs has not been given priority by the CG. This hampers implementation of relevant management information systems required for effective LG financing.

- vii) **General malpractices (misallocation and misappropriation of public funds):** Disbursement to non-performing LGAs may be misallocated or misappropriated due to lack of transparency and accountability. However, this is being addressed through the annual LG National Audits and monthly financial reviews.

### 3.4 Lessons Learnt and success factors

- i) **Varying revenue sources for LG financial sustainability:** Elaboration of the mandate of LGs especially on revenue collection is critical. Although the current system aims to integrate mechanisms for CG - LGs transfers, there is a need to allow LGs access to credit facilities with minimal terms and conditions. This will broaden LG revenue base and promote fiscal discipline and local investment. For instance, explore opportunities for borrowing from the stock exchange, banks and other financial institutions to boost local infrastructure development.
- ii) **Partnerships and Coordination:** Coordination of all actors in LG financing e.g. NGO, parastatals and private sector well-wishers is important to avoid duplication of interventions at the local level. Pooling of resources and technical expertise contributes to development efficiencies and impact.
- iii) **Political goodwill to drive fiscal decentralization.** This determines the extent of fiscal decentralization and devolution for local development. Policy and legislative reforms for local governance and local development is a political process. Rwanda and to some extent, Uganda, have demonstrated the power of political and national will.
- iv) **Continuous capacity development for implementing agencies:** This involves putting in place appropriate structures, institutions and resources to facilitate effective implementation and monitoring of the LG financing model. Tanzania established a working group that is in the process of building capacities of LGs to effectively discharge their mandate.
- v) **Objective and transparent resource allocation models:** Developing a formula that ensures fairness, accountability and predictability in distribution of the shared resources. The system must enjoy the confidence of both the LGs and citizens.
- vi) **Vibrant civil society:** This will ensure that effective lobbying and advocacy initiatives are undertaken to address mismatch between funding and LG development responsibilities. The LG association, ALAT, has been vibrant in this area. It has elaborate advocacy, lobbying and member education programmes.

### 3.5 Proposed LG Financing Framework

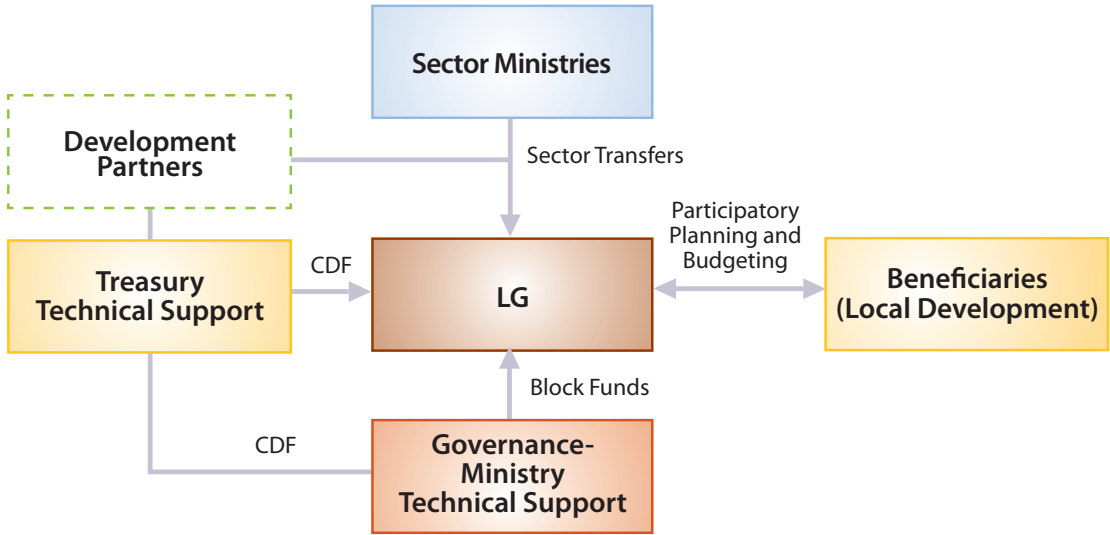


Figure 3.2: Proposed LG financing model

The above model may serve as a generic framework that countries in the region may refer to and customize, to suit their specific needs. In broad sense, the following components should form key requirements for successful LG financing models in the sub-region.

Efficient and effective delivery of local services depends on adequate and timely allocation of resources to decentralized authorities, as well as on the management and utilization of disbursed resources. Commitment of Non-State Actors (NSA) to continue supporting the fiscal and financial decentralization process is critical to achievement of local development results.



### 4.1 Key Concepts

One of the popular justifications for decentralization is that it empowers citizens to influence public decisions that affect their lives. When decentralized governance processes are effective citizens including vulnerable groups have the adequate space and environment to articulate needs and influence development priorities of Government, including keeping Government accountable, responsive and transparent. It is further posited that LG institutions must bring policy formulation, service delivery and resource management within the purview of the people. Regarded as closest to the people, LGs should enable people, especially the poor and marginalized to exercise their choices for human development. Other concepts within the ambit of service delivery include:

- i) **Inclusive service delivery** refers to the process of responding to the diversity of needs of all through increasing participation and reducing exclusion of the citizenry<sup>44</sup>. This in effect means participation in service delivery should go beyond needs assessment to include appraisal, design, financing, monitoring and evaluation.
- ii) **Service delivery models** refer to mechanisms or frameworks used by LGs to plan, finance, deliver, evaluate and monitor service provision within their jurisdictions. A LG may choose to service their constituents directly, indirectly or as a joint venture with third parties as in Private-Public Partnerships (PPPs). Depending on the model adopted, LGs establish relevant procedures for consultation, communication, and transparency and accountability mechanisms to both the public and other spheres of Government. In some countries, the institutional framework for local service delivery has fully devolved to various levels of sub-national Governments with a full complement of line department staff accountable to the LG.

Politics and public service delivery are inseparable; a strong political drive and legal framework backs the institutional arrangement, which defines clear modes of representation and gives LGs the mandate to coordinate local service delivery activities. However, the multi-party nature of politics in most countries has resulted in instances where LGs fail in their mandate due to either political patronage or marginalization. There have been cases in Kenya's local authorities, where political alignment debates take up more time in council sittings, as opposed to developmental matters. Similarly, elected LG leaders may oppose viable development ideas and proposals merely because a member of a rival political party has proposed them. In some extreme cases, ethnic preferences come into play and some officers, though technically qualified, cannot work in some areas because of their ethnic backgrounds.

### 4.2 Overview of Inclusive Service Delivery in the region

#### 4.2.1 Local service delivery mandate

As stated earlier, LGs generally have service delivery mandates such as for education, health, housing; planning; infrastructure development and maintenance; waste management and environmental conservation; creation of opportunities for local economic development; security and to some extent, judicial services. Generally, these mandates are in line with the MDGs and recognize that local services be provided in an inclusive, gender responsive, participatory and sustainable manner.

#### 4.2.2 Varying service requirements

It is important to acknowledge that service delivery needs and requirements vary for different settings - urban, peri-urban and rural areas because of their unique problems. Service delivery in rural

<sup>44</sup> UN/UNDP Definitions, October 1999.

areas is qualitatively different and more daunting than in urban areas. What works in cities is often inappropriate when applied to the rural communities. In the region, it is a fact that poverty is primarily a rural problem, although in recent times there is an emerging trend of increasing poverty in the urban areas. The areas to be covered are sometimes quite vast and the population widely spread, making mobilization difficult.

The priorities of the urban poor have increased in terms of incomes, need for more secure livelihood opportunities, better services, greater security, improved housing conditions and better access to resources such as credit, education and health.

**4.2.3 Role of Non-State Actors in inclusive service delivery**

Non-State Actors are important providers of inclusive service delivery in the-region. These organizations offer supplementary services to specific interest groups in the community that would normally not have adequate access to local services through conventional Government channels. For example, poor women and the youth sometimes play passive roles in the decision-making arenas but through the community-based NSAs, they have space and voice to articulate their needs. Micro credit organizations also offer credit to members and have a noticeable presence in Eastern Africa.

Similarly, there are associations that provide care and support for those affected and infected by the HIV/AIDs. AMICAAL in particular, has demonstrated commitment in its work with LGs to achieving HIV/ AIDS-related objectives. Subsequently, stigmatization has subsided due to sustained advocacy of such groups and similar networks that provide the psychosocial support for people facing various vulnerabilities.

However, NSAs need regulation and coordination to be able to achieve LG-specific objectives in inclusive service delivery. The LGs should have a directory and provide a framework for such partnerships. This will minimize duplication, conflict and creation of operational influence zones.

| Element                   | Burundi   | Union of the Comoros  | Kenya  | Rwanda   | Tanzania   | Uganda   |
|---------------------------|---|---|--|--|--|--|
| <b>Adopted Approaches</b> | <ul style="list-style-type: none"> <li>Community involvement</li> <li>inclusive communal assembly – including the Twa minority</li> </ul> | <ul style="list-style-type: none"> <li>Community involvement</li> <li>inclusive commune advisory council</li> </ul>   | <ul style="list-style-type: none"> <li>LASDAP– participatory planning linked to LG budget</li> <li>PPPs</li> <li>Representation in the Council assembly, CDF, women and Youth enterprise funds</li> </ul>  | <ul style="list-style-type: none"> <li>Sub-national service delivery mechanisms</li> <li>Imihigo system</li> <li>Accountability days</li> <li>Ombudsman</li> <li>Participatory district development planning</li> <li>Representation in the district councils –affirmative action</li> </ul> | <ul style="list-style-type: none"> <li>PPPs</li> <li>LG participatory planning process</li> <li>Representation in the LG assemblies –affirmative action</li> <li>Gender-based budgeting</li> </ul> | <ul style="list-style-type: none"> <li>Community-based district planning</li> <li>PPPs</li> <li>Gender-based budgeting</li> <li>Representation in the district councils – affirmative action</li> </ul>              |
| <b>Justifications</b>     | <ul style="list-style-type: none"> <li>Historical injustices including civil strife</li> <li>Equitable development</li> </ul>             | <ul style="list-style-type: none"> <li>Islands with common interests</li> <li>Equitable development</li> <li>Attainment of MDGs</li> <li>National cohesion</li> </ul> | <ul style="list-style-type: none"> <li>equitable development</li> <li>Citizen participation &amp; accountability</li> <li>Attainment of MDGs</li> <li>NSAa and community pressure for service delivery</li> <li>Peace and national cohesion</li> </ul> | <ul style="list-style-type: none"> <li>Historical injustices, including civil strife</li> <li>Citizen participation &amp; accountability</li> <li>Attainment of MDGs</li> <li>Peace and national cohesion</li> </ul>   | <ul style="list-style-type: none"> <li>Effectiveness &amp; equity</li> <li>Citizen participation &amp; accountability</li> <li>Attainment of MDGs</li> </ul>                                       | <ul style="list-style-type: none"> <li>Historical injustices, including civil strife</li> <li>Citizen participation &amp; accountability</li> <li>Attainment of MDGs</li> <li>Peace and national cohesion</li> </ul> |

Table 4.1: Service delivery approaches

## 4.3 COUNTRY CASES

### Case 1: Tanzania

#### 1. Policy and Legal framework

Existence of LGs is enshrined in Tanzania's Constitutions (Mainland and Zanzibar). These legal instruments clearly spell out the three basic functions of LGs as follows:

- i) Maintenance of law, order and good governance;
- ii) Promotion of economic and social welfare of the people within their areas of jurisdiction; and
- iii) Ensuring effective and equitable delivery of qualitative and quantitative services to the people within their areas of jurisdiction.

In its local government reform agenda the Government envisages LGs that are largely autonomous and effective institutions, democratically governed and deriving legitimacy from accountability for service delivery to the people. The rationale for devolution of roles and authority would then be the extent to which LGs have the capacity to efficiently deliver services to the people in an inclusive manner. Further reforms identified the need for enhanced citizen participation and accountability, among others.

Going by the constitutional provisions and the strategic initiatives stipulated in the Government's reform initiatives, it is clear that the Government recognizes the need for all to access local public services.

#### 2. Service delivery mechanisms

##### a) LG Planning Process

Tanzania's LG development framework outlines the annual planning cycle. Ideally, CG issues annual planning guidelines, while development priorities are identified and approved through a local participatory process. The guidelines also pay attention to inclusion of marginalized groups especially the poor, women, disabled and youth. The LG planning process is guided by each region's historical and cultural factors and poverty rating based on the national poverty index.

The Government enacted a policy on seat allocation in council membership whereby the women are allowed to nominate representatives on various committees. There exists a rule that the number of women appointed to the council should not be less than one third of ward representatives and MPs combined. However, there are no formal guidelines or rules on how the interests of other special groups, other than women<sup>45</sup>, can be promoted in LG processes.

##### b) Private-Public Partnerships

PPPs are encouraged through the Joint Assistance Strategy in Tanzania (JAST). This is a principle of development partnership that aims to harmonize aid modalities so as to attain increased aid effectiveness strengthen accountability and mutual trust and eventually reduce dependency. To achieve the goals of JAST, the Government encourages Development Partners to channel their development assistance through General Budget Support (GBS) rather than directly to community projects or as sub-sector support. No formal agreements or Memoranda were accessed during the field visits to confirm service-based partnerships or joint programming between the LGAs and corporate firms.

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<sup>45</sup> Youth, disabled, poor or underserved population

### **3. Challenges**

#### **a) Systemic and political factors**

Despite a clear vision and pronounced Government commitment and political desire to decentralize, apparently not all key stakeholders own the vision and strategy for this to be actualized. This lack of shared vision negatively impacts on inclusive service delivery. Some of the factors identified and reported to hinder access and participation in local service delivery by all in Tanzania include:

- i) *General feeling of disempowerment and job insecurity.* Some central and sector Ministries are not ready to devolve functions or largely decentralize their programmes to LG level. There also exists apparent reluctance by the CG to devolve autonomy for human resource management to the LGs.
- ii) *Political interference* affects actual implementation of identified priorities at the local level. For instance, directives by CG instructing LGs to perform certain activities outside their plans undermines the LG participatory planning processes, responsiveness and commitments towards local citizens, and to a larger extent violates the principles of autonomy and local development initiatives.
- iii) *Minimal participation of women in political and public life.* Although Tanzania enacted a policy on seat allocation in LGs, there are no concrete plans or programmes aimed at capacitating this. This hinders efforts to address socio-cultural barriers that would ensure sustained and effective participation of women in politics.

#### **b) Financial constraints**

Notable progress has been made with regard to fiscal decentralization, through the introduction of various development grants for LGs. However, institutional bottlenecks have, to some extent, restricted financial autonomy of the LGs. The formula based system for disbursement of grants is not fully adhered to by the CG, leaving some LGAs financially constrained. Delays in disbursements obviously contribute to delays in implementation of development projects and service delivery at the local level.

#### **c) Technological barriers**

Most of the LGs, even urban councils, have not optimally utilized technology in provision of public services. For instance, most of the key processes that relate to licensing and revenue collection are not automated; internal and external communication is mainly physical (letters, memos, one-on-one deliveries, etc.). These traditional approaches to service delivery coupled with Government bureaucracy tend to slow the process of delivering essential local services.

Furthermore, poor utilization of modern technologies by LGs, such as email or internet, may exclude some groups (elite or high-end class) from participating in planning and monitoring of development projects. Non-utilization of alternate sources of energy such as solar in the rural areas has contributed to high rural/urban migration of labour. This has resulted in the shortage of qualified staff in rural LGs thus negating Government's efforts to build human resource capacity in LGs. This has ultimately affected service delivery in some LGs.

#### **d) Performance evaluation and accountability**

Generally, the Government's ability to monitor, review and report performance of LGAs has been challenged. This weakness starts right from the top (Central Government) and ends at the lowest unit of devolution or LG. Most of the LGAs do not have the required capacity to measure and report results (outputs and outcomes) periodically, thus undermining accountability.

### **4. Lessons learnt and success factors**

The following initiatives, systems and processes aim at supporting a culture of inclusiveness and promote effective local service delivery in Tanzania:

### **a) Multi-faceted public sector reforms that support inclusive service delivery**

Implementation of a decentralized system of governance is a change process. Tanzania Government has initiated appropriate programmes to support all components of decentralization by devolution. For instance, the following programmes have been undertaken to this effect:

- **Local Government Reform Programme:** This is an ongoing structural and institutional endeavor of the Government to decentralize powers and decision-making of the CG to the LGAs with a view of improving performance in the delivery of social services. It aims at strengthening the capacities of LGA staff through well established structures of the local communities to enhance planning, implementing, monitoring and evaluating the delivery of quality pre-primary and primary education.
- **Public Service Reform Programme** aims to ensure that service delivery within priority sectors of the public service conforms to public expectations for satisfaction, relevance and value. The programme objective is to improve accountability, transparency and resource management for service delivery in the public service.
- *Enhancing LG capacity focusing on participation, inclusion and local development.* LGs should apply LGDF and other capacity support to finance such capacity development programmes, including institutional development. Recruitment and development of qualified and competent human capital is important to service the rising demand for prompt response to citizen's service needs. Strengthening local governance, management and monitoring systems both at the CG and LG levels is critical.

### **b) Improved coordination within and between the Central, LGs and Partners**

- coordination of various levels of Government and Partners enhances service delivery through timely disbursements, equitable resource allocation, monitoring and evaluation of local development programmes;

### **c) Improved community participation and monitoring**

- capacity development at the local level (village and mtaa) empowers people to provide oversight on performance of LGAs. The community should be educated on its role in local democracy and local development processes. This requires comprehensive information, education and communication strategies that empower people to make informed decisions.



## Case 2: Rwanda

### 1. Policy and legal framework

The commitment of Government of Rwanda to facilitate access to local services by all is founded on the principles of decentralization as outlined in the national Development Plan. Based on the principle of subsidiarity, the policy states that the essence of decentralization is to devolve service delivery responsibilities to levels where beneficiaries can best access them; closer to where they live. In this regard, the progress in sectoral decentralization should be measured in two ways; by the extent to which LGs take over the responsibilities and the means of delivering services, and secondly, by the extent to which local communities are satisfied and hold their leaders accountable.

The NDP draws lessons from the 1994 genocide which was as a result of bad governance characterized by highly centralized authority and lack of popular participation in leadership and development. Rwanda's Vision 2020 (*umurenge*) sets key result areas on inclusive service delivery, citizen participation and equitable resource allocation, to ensure that the country delivers on the RDSF.

#### *Service delivery mechanisms*

Rwanda's Service Delivery Model (RSDM) is underpinned by basic principles such as that decentralization is not meaningful at all, if it does not facilitate inclusive service delivery and access. Secondly, the RSDM underscores the capacity development as a prerequisite for inclusive service delivery. It follows therefore, that most of the LG services in Rwanda are delivered at the sector level, while the district only handles specific functions/cases. The Government is in the process of extending responsibilities from the sector to the cell level. Principles include:

- *Inclusiveness* promotes access to services by all, including elimination of barriers for minority and marginalized groups;
- *Accountability* through performance contracting (*Imihigo*) promotes effective service delivery;
- *Role of Citizenry* and appreciation of socio-cultural diversities is important for rallying national will for local and inclusive service delivery.

#### **a) LG Planning and Imihigo system<sup>46</sup>**

This provides the means of measuring results (outputs and outcomes) in the public sector. It borrows from traditional military tactics of managing war in Rwanda. This approach has been used effectively to accelerate progress towards economic development and poverty reduction since 2006. LGs have used it variously for setting local priorities and annual targets and defining strategies to achieve them. Performance contracts are signed by LGs and monitored by the CG and this has helped enhance working relationship between CG and LGs through coordinated planning for local development.

*Imihigo* was founded on three principles, namely:

- *Voluntary*: however, national guidance is necessary to ensure national priorities are matched with local ones;
- *Ambitious*: You promise/vow to achieve only what you do not already have;
- *Excellence*: *Imihigo* is about outstanding performance which is worthy of praise.

According to recent national statistics, activities in the action plans have been achieved by district councils with a reported success rate of 100%. Under this system, pressure is brought to bear on LGs to deliver on set local development targets so as to enhance local service delivery. The process ensures full participation and ownership by citizens since priorities are developed from the grassroots level.

<sup>46</sup> Established by a Presidential decree of 12th of March 2006; Publicly signed on the 4th of April 2006 for the first time

### **b) Accountability by public entities and officers to citizens**

Rwanda has a well established Anti-corruption Authority (Ombudsman) which imposed stringent penalties for financial crimes and related malpractices. There also exist redress mechanisms for service-related grievance at all levels of the Government. In additions, Accountability days are held where the President holds public forums for leaders to account to their constituents in all regions. This is normally transmitted through popular media.

Likewise, assessment and evaluation of *Imihigo* at local levels is managed by the district. This entails setting up the planning, reporting and evaluation guidelines and timelines consistent with the higher level framework. Reporting on *Imihigo* is usually done on a quarterly basis to enable management of the respective levels to track performance and take remedial action.

## **2. Challenges**

Although the GoR has reported remarkable progress in implementation of the NDP over the last ten years, recent assessments of the decentralization situation in the country identified the following factors as hindrances to effective local service delivery:

### **a) Systemic and political factors**

- the rapidly changing local development environment has contributed to an imbalance between stakeholders' expectations created by decentralization and real capacities at local level;
- resistance from some pro-status quo officers, leading to poor implementation of the annual development plans at the national and district levels;
- inadequate legal and policy framework to provide mechanisms for coordination. The GoR is in the process of integrating decentralization principles across all sectors to improve coordination of the decentralization implementation process across sectors, and to reinforce linkages between decentralization and poverty reduction initiatives;
- inadequate institutional capacities, organizational and operational, at all levels. These include weak information management and M&E systems staff inefficiencies, inadequate equipment and physical space for LG operations and inadequate management tools such as procedure manuals;
- accountability and transparency is not optimal in public financial management, as the Government policy on access to information on public affairs and decisions has not been fully implemented.

### **b) Financial constraints**

- inadequate financing: Responsibilities for LGs have increased but sources of income are limited. This has to a large extent affected service delivery at the local level;
- inadequate fiscal decentralization and financial management due to limited revenue mobilization by LGs. The intergovernmental fiscal transfers systems are not consolidated leading to cases of inequitable distribution of national income (over or under funding of some LGs).

### **c) Socio-cultural barriers**

- remote districts record high staff turnover because of un-livability of some areas;

- poor topography (highly mountainous landscape) hinders implementation of certain community development projects such as rural access roads, water dams, education and health care facilities;

#### **d) Technological barriers**

- The GoR has invested in ICT to enhance public service delivery. However, the rural LGs need to be capacitated to fully utilize systems such as the new financial management and accounting systems as well as coordinate and integrate planning and budgeting frameworks.

### **4.4 Lessons learnt from the region**

- National will:** It requires commitment to a system of decentralization by all, both leaders and the people at all levels. This involves working on cultural change and developing an appropriate value system.
- Establishment of an enabling legislative and legal framework** is important to guide consistent and systematic implementation of a good service delivery model. Implementing pro-poor and gender mainstreaming initiatives is one of the key components of such a model.
- Strengthening institutional arrangements** between CG, LGs and Development Partners minimizes conflict and enhances accountability to the people. There is also need to strengthen capacity of LG political leaders and staff to deliver on their respective mandates. Broadening local financial base and increasing discretionary powers of LGs will contribute to enhanced local service delivery for all.
- Providing structured platforms for community participation and involvement requires ensures** effective citizen participation for local governance and inclusive development.
- Improving monitoring and evaluation** of the LG sector. The M&E framework and instruments should facilitate performance tracking and the impact of decentralization on the livelihoods of minority and marginalized groups such as women, children and the disabled.

## 4.5 Proposed framework for Inclusive Local Service Delivery in Eastern Africa



Figure 4.1: Proposed framework for service delivery

As shown above an effective and inclusive service delivery model should facilitate the attainment of MDGs and other national development goals. It should include the following components:

- i) Legal, institutional and policy frameworks
- ii) Be anchored on the national development strategy (Vision)
- iii) Rights-based approaches to service delivery
- iv) Integration, intermediation and partnership building
- v) Participation and affirmative action – may target promotion of pro-poor programming, gender mainstreaming, youth and disability issues, welfare of the aged, among others.
- vi) Mechanisms for ensuring accountability (M&E systems)



### 5.1 Key concepts

Local Government capacity refers to the ability of LGs to deliver effective and efficient public services. Capacity in this context means institutional structures, human capital, financial, physical infrastructure communication channels and service delivery mechanisms<sup>47</sup>. It follows that the success of any decentralization process is dependent on the LG capacity, examined in terms of the parameters above. LG capacity can therefore be regarded as a cross-cutting issue that impacts decentralization, Local Government financing and service delivery. General observations, conclusions and recommendations made at the end of this chapter are informed by experiences and situations reported in all the focus countries during the field study.

There is a misconception in many developing countries, that capacity development means donor-sponsored training programmes and external experts<sup>48</sup>. This chapter discusses the various LG capacity development approaches in the focus countries and highlights key challenges or capacity gaps and lessons learnt. The study also sought to identify measures taken by respective Governments to institutionalize capacity development in LGs.

### 5.2 Overview of LG Capacity in the region

One of the issues that cut across decentralization initiatives in the region is the inherent lack of essential capacities to effectively engage the population at the various governance levels. Other key capacity issues that emerged during implementation of decentralization include weak local decentralization structures and systems, leading to inability of LGs to deliver local services in a more effective and efficient manner. The relationship between the various spheres of Government and community mobilization for development very much depends on the structure of governance adopted by a country. Some countries, e.g. Ethiopia, have reported challenges in structure whereby the relationship between woredas and federal Government is termed as weak. This reality tends to apply in most countries in the sub-region.

#### 5.2.1 Capacity challenges

Challenges faced by LGs include lack of qualified human resource to deliver a number of development programmes and projects as outlined in respective development plans. However, the LGs in many cases cannot attract and retain necessary skills and capabilities required to deliver on their mandates. Specific challenges include:

- i) **Inability of LGs to manage local revenues** due to inadequate revenue collection and management systems. A number of countries have used ICT to automate and integrate LG revenue management processes in an attempt to address this problem. For instance, Kenya developed special computer software for LG accounting and revenue management, *LAIFOMS*<sup>49</sup>, which has been piloted in more than eight local authorities. Leveraging on ICT as a business enabler is a widely used strategy in corporate and public service delivery.

<sup>47</sup> UN/UNDP Definitions, October 1999.

<sup>48</sup> Capacity Development Briefs: Sharing Knowledge and Lessons Learned, Jun. 2007, No. 22, "A market-based approach to capacity development: How Uganda's Local Governments are breaking new ground" By Mark Nelson, World Bank Institute 2007

<sup>49</sup> Local authorities integrated financial and operations management systems

- ii) Most LGs in the sub-region **do not have clear linkages to sector departments** hence no formal sharing of sector-based planning and interventions. A number of LGs in the sub-region, such as in Kenya, have problems with line departments because they have no control over staff or resources, making coordination at the local level very difficult.
- iii) **Financial constraints** have been highlighted as major setbacks to realization of local governance and local development in all countries in the region. Unless LGs are given financial autonomy with defined accountability mechanisms, the issue of inadequate capacity and inefficiencies in local service delivery will remain a problem in the decentralization process.
- iv) Often, the local **political leaders' capacity** to formulate development policies and provide overall leadership for local development is severely challenged. This is further exacerbated when the educated locals cannot resist the 'urban allure' and leave for the big cities. The residual pool usually has individuals who may not have 'the desired qualifications' to develop policy and effectively steer LG development and governance processes.

### **5.2.2 Role of LG Associations**

There are reported positive benefits of having a lobbying association to advocate directly for the needs of LGs in the sub-region. National LGAs have been established in Burundi, Ethiopia, Kenya, Rwanda, Uganda, Union of the Comoros, and Tanzania. EALGA represents the LGAs in EAC member countries. Apart from advocacy, the LGAs have been key partners in capacity development programmes of LGs. For instance, RALGA (Rwanda) has set up a capacity development institute to administer courses in key areas of local governance such as finance, human resource and public administration, ICT, among others. RALGA and ALAT are also providing research and consultancy services.

### **5.2.3 Role of Training Institutions**

A number of institutions are offering courses targeting LGs in their countries and region. For instance, ESAMI is offering courses in governance and public administration, ICT, and financial management with branches in Kenya and Tanzania. The Uganda Management Institute (UMI) and Makerere University run tailor-made courses in collaboration with respective LGs on a need basis. In Kenya, GTIs and the Kenya Institute of Administration offer training to LG officers and officials. The GTIs are regionally located for accessibility by all LGs in the country.

## **5.3 COUNTRY CASES**

### **Case 1: Kenya**

#### **1. LG Capacity for Inclusive Service Delivery**

A review of documented findings and revelations of LG officials interviewed during the study indicated that the majority of the LAs could not effectively fulfil their mandate due to various capacity challenges. These include uncertainty of mandate (A number of legislations have been enacted or are in process to give effect to Constitutional provisions for devolved governments); inadequate infrastructure (physical, machinery, ICT, etc); and poor financial management. Other include limited human resource capacity; rapid population growth leading to a rapidly increasing demand for services; weak culture of public service; corruption of both elected councillors and officials; and political interference.

#### **2. Human resource management and development**

The issue of attracting, retaining and developing good quality and competent human capital is a big challenge facing all LG regimes in the region. This situation necessitated an in-depth review of the status of HR management and development in Kenya and the following highlights some of the key issues:

- i. *Inadequate HR policy in the public sector* – The civil service terms of employment and code of conduct guides management of staff in LGs. The centrally placed Public Service Commission directs all staffing issues including motivational aspects such as promotions, staff development and career progression. Lack of administrative autonomy of LAs has exposed them to the negating effects of a blanket national HR policy: rigid salary/wage structures, disparity between the private sector, central Government, public agencies and local authorities with the latter having the lowest wage levels to date. Generally, there is poor work culture in public entities that encourages malpractices at the workplace such as misappropriation of public funds. The Constitution of Kenya proposes the creation of county government-specific HR institutions that will in the long run address some of these challenges.
- ii. *Political interference in LG operations*: Councillors interfere with recruitment and selection of staff thereby compromising the quality of the staff complement. Perceived lack of job security which arises from politicization of the human resource function tends to discourage staff retention. This mostly affects qualified, experienced and skilled personnel at management level. The vacancy rate for these positions tends to be relatively high, at over 60% in most cases<sup>50</sup>.
- iii. *Poor perception about civil service jobs*: Until recently, many job seekers, especially the youth, have had low regard for Government as an employer. This is further reinforced by the perceived political nature of appointments in civil service, more so LGs.
- iv. *Inadequate management systems*: Very few LGs have established credible management systems to guide local development processes. This gap in management approach makes many professionals shy away from working with ‘archaic’ and largely manual systems in LGs.
- v. *Lack of a national capacity building strategy* – LG staff have very low prospects of improving their skills and competencies. The wage bill exerts a severe strain on local finances as salaries often absorb over 60% of the council’s annual budget, making it difficult for the council to finance a structured and focused capacity development plan. Many LGs have yet to develop and implement a restructuring programme aimed at down-sizing/rationalizing their complement of staff.

### **3. Reform initiatives undertaken to address LG Capacity gaps**

The Government set up a special commission of enquiry<sup>51</sup> in 1995 to examine the key features and operations of the LGs and recommend ways of strengthening them. Key recommendations included:

- promoting a participatory approach to LG;
- enhancing LG’s capacity, both in terms of human resources and functional streamlining;
- promoting a collaborative and effective Central-Local Government connection.

The Government has also initiated a number of legal and institutional reforms such as:

- i) **Review of the Local Government Act Chapter 265 (Constitutional Review)**: This was meant to re-define the mandate of the LAs to respond to changes in environment but this initiative has been put on hold to be amended within the context of the current constitution.
- ii) **Kenya Local Government Reform Programme (KLGRP)**: The flagship for this programme was the enactment of the LATF and the operationalization of the LASDAP during the 2003/2004 period. Both these initiatives were driven by massive investments in LG capacity development.

<sup>50</sup> World Bank 2002:102

<sup>51</sup> The Omamo Commission of Enquiry of 1995



- iii) **Results Based Management:** This performance management approach was introduced by the GoK in 2004; to accelerate achievement of Vision 2030 strategic objectives while at the same time facilitate the attainment of MDGs. RBM was cascaded to LGs, and all LGs are now obligated to sign performance contracts with the Government.
- iv) **National ICT Policy and Strategy:** Implementation of this strategy has seen LGs embracing ICT as means of improving efficiency in service delivery. A number of the major urban LGs have automated their operations particularly communication, revenue management, licensing and regulation processes.
- v) **Private public partnerships to bridge capacity gaps:** A number of LGS, especially those in major towns such as Nairobi, Mombasa and Kisumu have developed strategic partnerships with private service providers to manage their specialized operations such as water supply and sanitation (WSS), road maintenance, healthcare, etc. In particular, the City Council Nairobi (CCN) has engaged the private sector in financing their debt resolution, solid waste management and infrastructure development programmes.

## Case 2: Uganda

### 1. LG Capacity challenges

The following capacity gaps have challenged the ability of LGs to improve on their performance:

- i) *Inadequate financial resources:* The Government abolished local taxes without reviewing the national fiscal decentralization framework, while equalization grants are yet to support equity and fairness in development.
- ii) *Poor coordination of Government and NSAs:* Coordination of all participants at the local level has not been effective, leading to duplication of interventions and resources. This in turn reduces visibility of LG programmes and overall impact on local development.
- iii) *Inadequate procurement capacity in the LG:* This has hindered efficient and effective contracting of service providers required to implement local development projects.
- iv) *Human resource constraints* – Most LGs in the rural areas are poorly staffed and lack adequate human resource development programmes. They also lack technical staff in public administration, education, medical, accounting, project management, and agricultural extension.
- v) *Monitoring and Evaluation:* Measurement of performance measurement of LGs is not systematic. However, with effective implementation of market based approaches to capacity building, monitoring and evaluation of LGs is expected to improve.
- vi) *Corruption and undue political influence:* This undermines the very existence of LGs by compromising local development priorities.
- vii) *Lack of a formal policy on creation of new LGs:* This gives leeway for politicization of creation of devolved units with disregard to their economic viability and capacity to manage them.
- viii) *Low integration of ICT in service delivery:* Operations of most LGs are manual. This has also limited their capacity to maintain a database of job seekers and service providers for future reference and action. A number of the elected staff are not computer-literate thus challenging the quest for e-governance.

### 2. Initiatives undertaken to address LG Capacity gaps

Like in Kenya, the Governments of Uganda in collaboration with Development Partners have undertaken a number of initiatives aimed at empowering LGs to effectively deliver on their mandate. Some of the deliberate efforts made include the following:

- i) **Decentralized access to justice:** LGs have been empowered to discharge justice to victims of petty offences and reduce backlog in higher law courts. Penalties collected from offenders help support local development.
- ii) **Market based approach to capacity development:** This is a competitive approach using incentives and market forces to get results at the local level. The Government sets standards and incentives that drive capacity development at the local level. Its key features include the following :
  - well established service standards for key Government functions;
  - generic training materials to reinforce service standards;
  - preparation of own capacity development programme and assessments by LGs;
  - quality and performance reviews of training providers and encourage use of local training providers, but set strict national standards;
  - annual review of each LGs performance and publishing results.
- iii) **Promotion of PPPs in provision of LG services** – LGs are encouraged to forge strategic partnerships with private service providers in joint programming and tendering processes especially for infrastructure development and maintenance.

## 5.4 Summary of Experiences from Focus Countries

- i) **Local governance framework** should encompass all facets of decentralization including finance, to achieve coordinated local development. Development of decentralization policy and implementation plan such as in Rwanda and Uganda is desirable. In cases where there is no decentralization policy except constitutional provisions, there is need to undertake relevant reforms, to give LAs the required ability to facilitate local development. A clear definition of roles and responsibilities of each player in local development (Governmental and non-Governmental agencies) should be entrenched in legislative and policy provisions. This will minimize duplication of development efforts at grassroots level.
- ii) **LG financing:** Development of a national mechanism that coordinates mobilization and application of resources at both national and local level is important. Where viable, LAs should be allowed to raise funds directly through implementation of income generating activities to supplement traditional sources (taxes, licences, etc)
- iii) **Human resources:** For any LG to deliver effectively on its mandate, it requires efficient and productive human skills. The national ministry in charge of LAs should develop national policy guidelines to assist LGs in formulation of their organization-based procedures on key HR components such as recruitment, compensation, staff development and code of conduct. This is important to provide credible leadership, optimum staffing (numbers, competences and skills), cultivate the right culture for service delivery and performance management.
- iv) **Service-based systems (infrastructure):** LAs need to develop and apply appropriate physical facilities and service delivery models that support local development. Utilization of appropriate ICT should be encouraged through implementation of a national e-governance strategy. This way, LGs will be able to improve efficiency in operations, enhance communication, reduce operating costs, and improve revenue collection.
- v) **Participatory planning and budgeting process:** The approach adopted to involve stakeholders in identification of development priorities, budgeting, planning and project review should respond to the diverse needs of the local population. Though most countries have placed emphasis on gender mainstreaming, it is equally important to implement pro-poor initiatives that attempt to improve the well-being of the under-served populations.

- vi) **LG Capacity Development Programme:** there is need to follow through the various LA capacity assessment reports by implementing the recommendations. However, each LA should be compelled to develop specific capacity development programmes and dedicated funds for the short, medium and long term.
- vii) **Monitoring and evaluation framework:** M&E tools that support data disaggregation should be developed and a reputable performance management system established (organization-specific and peer reviewed).
- viii) **Strategic Partnerships:** This should not be limited to service providers only. The parent ministry should develop standards to guide LGs when entering into binding arrangements with capacity development partners. It is important to collaborate with specialized institutions offering LG trainings for HR development (e.g. Kenya Institute of Administration (KIA) UMI, ESAMI, GTIs, etc.). Development partners have vast technical expertise, which may be tapped for research and project implementation (technical cooperation) e.g. UNDP, World Bank, Danida, etc.
- ix) **Role of Civil society:** LGAs have proved to be useful in advocating for the rights of LAs in their jurisdictions. Strengthening the capacity of the LGAs and similar agencies such as AMICAAL will ensure that LAs get a reliable choice of capacity building service providers. LGAs understand the plight of LGs more than any other institution or office.

## 5.5 Proposed Framework for LG Capacity Development in Eastern Africa

Capacity development approaches for LGs in the sub-region should be designed to identify and respond to both country and specific LG capacity needs. Below are the proposed guiding principles for developing a suitable CDP for LGs in the sub-region:

- i) **Develop existing capacity:** The programme should aim to build and strengthen existing capacity rather than start from scratch. Capacity development should also include the citizens, to empower them to participate effectively in local development.
- ii) **Capacity development should be a gradual process:** The rate of improvement is dependent on the learning curve. It must be systematic and consistent to realize concrete results. Development of national vision (e.g. 2025-30) and Strategic Plans for line ministry and LGs is critical.
- iii) **Partnership building is important:** Respective national ministries in charge of LGs should formulate standards and policy guidelines on how LGs should engage stakeholders (state and non-state participants) in the CDP. The role of line ministry (CG), LGAs, external consultants, training institutions and development partners in capacity building of LGs is important.
- iv) **Holistic approach to capacity building:** The study has shown that structural, human resource and financial capacity constraints are the most common challenges facing LGs in the sub-region. The short and medium term initiatives should aim to re-assess country specific needs in all areas of capacity to inform development of suitable CDPs. Attention should be paid to the capacity and competencies of elected leadership. Elections have tended to be about popularity, and not necessarily capacity for leadership of decentralized Governments and local development.
- v) Financing capacity development should be entrenched in the fiscal decentralization model e.g. establish a Capacity Development Fund (CDF).
- vi) Appropriate M&E systems should be established to continuously identify capacity gaps, review and take corrective action.

### 6.1 Decentralization

1. Decentralization should transform existing local/traditional systems and practices to embrace principles of good governance leading to improvement in the well-being of people. For effective decentralization, culture change is critical in supporting the building of the 'national will' necessary for responding to specific (unique) needs of the citizenry. Political/national will (at central and local, supportive top leadership; capacity to own decentralization) and related concepts need to be present or cultivated. Transformations through adoption of democratic governance (election of leaders focused on development agenda and not only politics) can support development of desired political good will, hence national will.
2. Decentralization should be based on 'people power', incorporating consultative/participatory processes at all levels that have legitimate authority to deliver local services. The participatory approaches should be adaptable to country contexts. An example is the Rwandan model where there is increased citizen/stakeholder participation – National dialogue fora, (President, cabinet and LG leaders), and structured ways of evaluating policy implementation. In Uganda inclusive development process strengthened the role of LGs in local development, addressing procurement challenges/bureaucracy; implementing performance management systems and establishing appropriate mechanisms to check corruption and enhance service delivery in LGs.
3. Decentralization is effective when initiatives lead to measurable impact at local levels, contribute to attainment of MDGs, poverty reduction and facilitates sustainable economic development.
4. Implement decentralization through a phased approach to create flexibility that enables addressing the challenges and capacity gaps as they emerge. Effective change management is essential in generating solutions to common problems important in the realization of concrete results.
5. Establish an M&E mechanism to ensure continuous monitoring and periodic review of the process. Reflective M&E that supports coordination of actors to benefit from synergy is essential as demonstrated by Rwanda through the 'Build your capacity as you implement' approach.
6. Country specific circumstances need to be factored in the process – Countries have unique circumstances; some are recovering from historical injustices, while others have experienced steady socio-economic development but not through decentralization per se.

### 6.2 Local Government Financing

1. There is need for Institutional arrangements with relevant legal and policy frameworks to support decentralization of powers and functions to lower levels that would be important for effective LG financing. The framework should clearly define the roles, responsibilities of institutions and their relationships (linkages). Centre coordination of local development at the LG level to avoid duplication in financing and ensure value-for-money programming at the grassroots.
2. Political goodwill to drive fiscal decentralization is required; this will determine the extent of devolution in fiscal powers and functions from the Central Government to the LGs.

Undertaking Legislative reforms is a political process which occurs through politically elected leaders. Goodwill of person's in charge of decision-making with regard to allocation of public resources is a requisite for establishing a legal and policy framework that supports local development.

3. Local Government financing should incorporate equity considerations in resource allocation. A formula (criteria) should be developed to ensure fairness in distribution of public funds (common basket or pool of national resources) in an acceptable manner to the LG and citizens.
4. The need for Private Public Partnerships aimed at enhancing efficiency in public service delivery, promotion of effectiveness in project implementation (joint ventures) and prudent financial management practices in LGs.
5. Strong civil society should be encouraged to ensure effective lobbying and advocacy initiatives towards addressing the mismatch between funding and LG responsibility.

### **6.3 Inclusive Service Delivery**

1. Enabling legislative and legal framework to guide consistent and systematic implementation of a good ISD model integrating pro-poor and gender mainstreaming initiatives.
2. Institutional arrangements between Central Government and LGs need strengthening to minimize conflicts and enhance Government's accountability to the population.
3. Community participation and involvement need improving to enhance citizen participation and consultation with a wide range of stakeholders. This will in turn ensure that identification and selection of local development priorities is responsive to community needs.
4. M&E framework in LG's should be improved to support data disaggregation and tracking of impact on the livelihoods of special groups.
5. Regulation and coordination of NGOs and CSOs is to achieve LG-specific objectives in service delivery. Such frameworks/partnerships should aim at minimizing duplication of effort and conflict.
6. Participation in service delivery should go beyond needs assessment to technical levels that include appraisal, design and costing.

### **6.4 LG capacity**

Decentralization is a change process. Challenges experienced by various countries in its implementation are expected. The most critical thing is to ensure that the capacity of relevant agencies (CG and LG tiers), is continuously strengthened to deliver on evolving development needs of the local population.

### **6.5 General Observations**

- Holistic decentralization framework: The case of Kenya (pre-current constitutional order) explains why coordination of local development is difficult when a country decides to separate the three facets of decentralization (political, fiscal and administrative) and implement each component on its own. All the three components should support each other in order to achieve concrete results at the local level.
- Institutionalization of decentralization: Development of a NDP and implementation plan (phased) may be the ideal approach. However, the process creates more impact if it is entrenched in the country's supreme law: Constitution.

- Impact of decentralization: From the study, there is documented evidence that decentralized local governance has accrued some benefits in Eastern Africa. National statistics of the focus countries indicate that through decentralization, the people have been empowered politically, economically and socially. Transparency and accountability of the political leadership has improved, observe cultural transformation that supports responsible citizenship (nationalism) and regional integration is taking priority, among other benefits. Although it may not be possible to attribute national trends to gains of decentralization, where decentralization has been implemented, specific indicators of MDGs and poverty reduction have improved.
- LG capacity: Decentralization is a change process. Challenges experienced by various countries in its implementation are expected. The continuous strengthening of the capacity of relevant agencies (CG and LG, private sector, CSO, development partners and community members) to deliver on evolving local development needs is critical.

## 6.6 Recommendations from the Kigali Conference

The Kigali Regional Conference of May 2011 noted that there have been extensive commitments at national, regional, continental and international level to decentralization and strengthening of LGs (annex I). The following recommendations were made:

- i) Eastern Africa member countries to work together as a region to strengthen decentralization, improve local governance and service delivery in their efforts to reduce poverty and achieve the MDGs. The priority be given to knowledge exchange, peer review, and learning from regional good practices;
- ii) Support political reform processes that entrench decentralization in the national constitution to help institutionalize good local governance in the sub-region;
- iii) Support LG training and ensure that there is sufficient training capacity in the region; explore the possibility of establishing a centre of excellence for Local Government capacity building in the region. Options for utilization technology in sharing information for capacity building such as virtual colleges may be considered.
- iv) Establish a Local Government Forum for Eastern Africa (LGFEA) to bring together Ministers of LG and LGAs from the eight member countries and the EALGA. The Forum should provide leadership and a platform for closer regional cooperation, joint working to strengthen decentralization and LG's role as the key entry point for sustainable local development and attainment of the MDGs in the region.
- v) Implement recommendations of the EAC Local Government Ministers in Munyonyo, Kampala, 2009: the Commonwealth Secretariat to fund the office of a regional LG adviser, to be stationed in Kampala.

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## **Annex I: Kigali Statement on Strengthening LGs in Eastern Africa May 2011**

### **Meeting of Local Government Ministers from Eastern Africa**

**4-5 May 2011, Kigali, Rwanda**

#### ***Kigali Statement on Strengthening Local Government in Eastern Africa***

*Ministers and Local Government representatives from Eastern Africa, comprising Burundi, Comoros Islands, Kenya, Rwanda, Tanzania and Uganda met in Kigali, Rwanda, (4-5 May, 2011) to validate a study, commissioned by the CLGF, The United Nations Development Programme, Regional Service Centre, Eastern and Southern Africa (UNDP RSC-ESA), and the UNCDF on “The state of Local Government in Eastern Africa” with specific focus on decentralization, Local Government financing, inclusive service delivery and Local Government capacity. The meeting was organized by CLGF, UNDP (RSC-ESA), and UNCDF and hosted by the MOLG, Rwanda.*

*The workshop deliberated on the study findings, made recommendations for its improvement, and discussed practical strategies for addressing the issues that the study raised. Participants recognized the significant progress in decentralized governance already being made in Rwanda and across the region. They noted the extensive commitments at national, regional, continental and international level to decentralization and strengthening LG. They further committed to working together as a region to strengthen decentralization, and improve local governance and service delivery in their efforts to reduce poverty and achieve the MDGs.*

*Knowledge exchange, peer review, and learning from regional good practices were highlighted as important priorities for the future. The key role of LG training and the need to ensure that there is sufficient training capacity was recognized. Participants recommended exploring the possibility of establishing a centre of excellence for LG capacity building in the region.*

*Ministers also recalled the recommendations of an earlier informal meeting of EAC LG Ministers in Munyonyo, Kampala, 2009.*

Ministers endorsed the recommendations of the workshop, noted that the consultants who prepared the study would make revisions in the light of the issues addressed at the 2011 validation workshop, and discussed how they could work together more effectively to implement the recommendations of the study across the region. In this regard, Ministers agreed to establish a LGFEA.

The Forum will bring together Ministers of LGs and LGAs from across the countries of Eastern Africa (Burundi, Union of the Comoros Islands, Ethiopia, Eritrea, Kenya, Rwanda, Tanzania, and Uganda), and the EALGA. It was proposed that it will meet at least once a year, will provide leadership and a platform for closer regional cooperation and joint working to strengthen decentralization, and LGs role as the key entry point for sustainable local development and meeting the MDGs in the region.

In recognition of the role of LG in giving effect to many of the decisions taken by the East African Community, and the importance of decentralization in the region, it was recommended that an institutional relationship between the EAC and Ministers of Local Government from the EAC countries should also be progressed to reinforce the work of the Forum.

Ministers also agreed that:

- Hon James Musoni, in his capacity as interim chair, should convene a small team to work with the support and advice of the partners – CLGF, UNDP (RSC-ESA) and UNCDF – to develop more detailed proposals for the LGF for Eastern Africa, and a roadmap for institutionalizing the

relationship between Ministers from EAC member states within the EAC structures. A report setting this out will be tabled for discussion at the Forum's inaugural meeting, to be held provisionally in March 2012.

- Ministers from EAC member states will brief the Ministers responsible for the EAC in their respective countries regarding the commitment in the region to establish an institutional relationship between LG Ministers and the EAC.
- The interim Chair will start a dialogue with the EAC Secretariat, inform them of the decision to establish the Forum, and explore the steps required to institutionalize the LG sector within the EAC.
- Consultations on holding the inaugural meeting of the Forum in either Burundi or Tanzania, provisionally in March 2012, will be initiated. The meeting will receive and consider the report on establishing the Forum, progress towards institutionalizing the LG sector in the EAC, and a report on developments in taking forward the *Report on the State of Local Government in Eastern Africa*.

It was noted with satisfaction that, as recommended at the 2009 Munyonyo meeting, a regional LG adviser, funded by the Commonwealth Secretariat, will soon be stationed in Kampala and that Uganda will be hosting the next Commonwealth Local Government Conference, May 2013.

Thanks were given to the consultants for preparing the study, and to CLGF, UNCDF, UNDP (RSC-ESA), UNDP Rwanda Country Office, and the Commonwealth Secretariat for supporting the meeting. Warm appreciation was expressed to Hon James Musoni and his staff for hosting the meeting and for the excellent arrangements made.

5 May 2011

Hon James Musoni, Minister of LG, Rwanda, Chair

Mr. Ferdinand Niyongabo, Permanent Secretary, MOLG, representing the Minister of Local Government, Burundi

Hon Saendou Djazila, Minister of LG, Union of the Comoros

Hon Lewis Nguyai, Assistant Minister of LG, Kenya

Hon George Mkuchika, Minister of LG, Tanzania

Hon Adolf Mwesige, Minister of LG, Uganda

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