

Findings

Africa Region . Number 126 . July 2006

37076

WORLD BANK



Good Practice
Infobrief

Findings Infobriefs reports on Good Practice in ongoing operational, economic and sector work carried out by the World Bank and its member governments in the Africa Region. It is published monthly by the Operations Results and Learning Unit on behalf of the Region. The views expressed in Findings are those of the author/s and should not be attributed to the World Bank Group.

Uganda: Local Government Development Program

The project, with a credit equivalent to US\$80.9 million was implemented by the government over the period 2000-2004. The project was designed to scale up an earlier UN Capital Development Fund pilot to 30 districts (out of 56) so that policies and principles could be tested (and costed) on a larger scale and lessons learned used to develop national policy formulation within a sound fiscal framework. It had 4 objectives : (i) Test the feasibility of implementing constitutional and legal mandates with respect to decentralized service provision and devolution of the development budget through the provision of investment funds to the Local Governments (LGs); (ii) Build the capacity of the Ministry of Local Government (MoLG), the Local Government Finance Commission Secretariat (LGFC), and a sub-set of the LGs for improved service delivery, accountability and transparency; (iii) Test and institute alternative service delivery mechanisms through the private sector, beneficiary communities and other stakeholders in the Kampala City Council (KCC); (iv) Monitor and evaluate project implementation for actual experience and good practices for formulating an appropriate strategy, implementation modalities, and phasing for eventual scaling-up, nationally, over time.

Impact on the ground

- A total amount of \$ 42.6 million was disbursed in local government grants against the projected \$ 39.5 million. Most of the 8,204 investments were made in priority areas of the government's Poverty Eradication Action Plan (PEAP), namely roads and drainage (39%), education (23%), water and sanitation (14%), health care (13%), production (5%), administration (5%), and solid waste (1%). Less than 20% was spent on the administration of these funds.
- Labor accounted for 24% of total project costs, or approximately \$7.3 million that was paid directly to communities for approximately 1.5 million short-term jobs (of which 30% went to women).
- Annual assessments and audits (by the Office of the Auditor-General) of all Higher and Lower Local Governments were conducted – a major achievement.
- According to the Social Impact Assessment (SIA) carried out at the end of the project, significant benefits were perceived by local residents. These included : roads : improved access to markets, increased land values, improved access to social services and reduction in transport fares; water and sanitation : reduction in water-borne and sanitation-related diseases, reduced distance and time to access clean drinking water; education: improved enrolment and retention of pupils, improved timeliness of staff (due to housing availability) and more conducive learning environment – chairs and desks; health investments : increased in- and out-patient attendance, increased immunization; productive investments : improved food security and improved earnings for farmers; and power: new businesses, increased land value and improved security.
- The SIA also indicates that downward accountability is gradually taking place – Councillors regard the

District Development Plan as a key document of the Council rather than a Planning Unit document.

- The public perceive a significant improvement in transparency on the part of the government and LGs, through the publication of information in newspapers, and the posting in public places of indicative planning figures, lists of approved projects, names of management committee members, work plans and budgets.
- LGDP 1 also revitalized the Technical Planning committees at all levels of LGs which has facilitated the sharing of information, harmonization and coordination among departments, promoting horizontal accountability.
- Approximately 152,129 LG Councillors, staff, private sector and community representatives received capacity building, of which 28% were women.
- The project has made a significant impact with 89% of HLGs with functional Technical Planning Committees and 3-year development plans linked to the budget, versus 30% at the start of the project. The number of LGs with at least a 20% increase in local revenues increased from 19% in 2001/2 to 36.4% in 2002/3.
- The number of HLGs delivering on their statutory mandates increased from 19 in 2003 to 42 in 2003. Sixteen HLGs were rewarded for good performance versus 2 in 2001. At the end of 2003, 79% of HLGs were compliant with the LG Act and LG Finance and Accounting Regulations as against 38% in 2001.
- Reflecting increased privatization, by end-2003, 92% of LG expenditure went to pay private sector providers versus 25% in 2001. In the Kampala City Council, for example, solid waste collection went from 39% contracted out to 50%; 75% of routine works were contracted out, along with landfill expansion and management.
- A LG Information System was developed to incorporate M&E for all sub-projects, Compliance Inspection and an electronic communication system – the system was tested in 17 districts and 2 municipalities and is being used by the LGs for decision-making in planning.
- A best practices manual was developed which fed into LGDP II.

Lessons learned

- Discretionary budget support to LGs can result in effective planning, investment and management by LGs without elite capture, providing there is a strong accountability framework upward, downward and through peers. Linking funds to performance provides incentives to LGs to improve capacity through «learning by doing» and by stimulating competition and increasing compliance with standards and regulations.
- Effective participation and downward accountability require specific support. Capacity building for communities and LLGs to effectively engage in district planning is very important. This involves developing appropriate mechanisms to inform communities of decisions, trade-offs and results.
- Investment decisions that incur recurrent costs need to be made at the level of beneficiaries and adequate resources budgeted for, especially in a declining local revenue context. Community projects can be sustained through community contributions and peer pressure, but for LG-level infrastructure, adequate budget is needed for O&M.
- Instead of using parallel project systems, it is critical to mainstream a development grant scheme into the government system as soon as possible to improve the systems, documents and staff skills.
- LGDP-type projects can significantly strengthen the informal sector and small contractors through competitive demand-driven provision of public services. CSOs can be used more proactively to provide and deliver services.
- In order to effectively manage the process of increasing revenue mobilization, the inherent political risks need to be assessed during the preparation of the project, ranging from understanding the impact on the poor to ensuring the highest level of political commitment.
- There is a need to establish better criteria and mechanisms for the transition of districts from Social Funds to LG programs so that there is a more effective engagement between communities and LGs; where both programs are necessary, it would be useful to better clarify the boundaries of each.

This Infobrief has been excerpted from Implementation Completion Report No. 30284. For more information, please e-mail Lance Morrell, Lead Operations Officer, AFT Water and Urban (AFTU1), at lmorrell@worldbank.org.

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