Drivers of Recentralization in Uganda and Effect on Service Delivery

Martin M. Lwanga
Uganda Christian University, Mukono

Abstract

Decentralization defined as the transfer of authority from central to local governments to perform certain duties, is seen as one of the public sector reform strategies to increase service delivery. Uganda is one of the countries whose decentralization reform was labeled ‘exceptional’ among developing countries in terms of the scale and scope of the transfer of power and responsibilities to the local level. But starting in 2005, the Government of Uganda started rethinking the policy. Among others the office of Chief Administrative Office (CAO) was decentralized taking the responsibility of CAO appointments from District Service Commission (DSC) to Public Service Commission (PSC). This has been followed with decentralization of Kampala City under the management of a Central government appointed Executive Director and certain aspects of the Health sector. What drives this more recent development of decentralization in Uganda? Is it an indication of failure of decentralization? Scholars have argued that drivers could range from electoral politics, ethnic politics, to the need for financial accountability. This paper seeks to verify these drivers with evidence from Uganda. The paper reviews different government, public and academic literature as well as findings of other researches concerning the phenomena. Interviews were conducted with a number of key policy makers. Based on these sources the paper answer the following questions: what are the drivers of decentralization in Uganda? Further, to what extent does decentralization improve service delivery by increasing efficiency, participation, accountability and effectiveness? What are their prospects of continued decentralization in Uganda?

Key words: Recentralization, Decentralization, Local Government, Service Delivery

Introduction

Decentralization in Uganda is not a recent development; it started in the colonial period where a number of laws were put in place to empower rural and urban local government to perform duties where the colonial government was indisposed. Laws such as the Native Courts Ordinance (1908) the Native Authority Ordinance (1919), the Local Government Authority (1949) District Administration Ordinance (1955) and Urban Authorities Ordinance empowered local governments (Villadsen & Lubanga, 2000). The British colonists governed Uganda through a loose decentralized structure with traditional chiefs working as sub agents, a system referred to as indirect rule.

In 1962 Uganda achieved independence and retained a decentralized structure through a federal constitution that left districts with limited administrative roles. Nonetheless, soon thereafter attempts were made by the Uganda People’s Congress (UPC) government to centralize administration. For example, in 1963 District councils lost powers to appoint and remove their political heads (Secretary General) which were handed over to the Public Service Commission where the UPC had more control. Indeed, in 1966 the UPC government abrogated
the constitution and all local authorities were centralized through the Local Administration Act of 1967. The Minister of Local government took direct responsibility for the management of Districts. District councils became agents of the central government and ceased to be known as governments. This continued to be the order of the day through the military rule of Idi Amin (1971-1979) that created ten provinces administered by military officers on behalf of the central government. The second UPC government (1981-85) restored the Local Administration Act of 1967 and governed through a centralized administration.

As a policy centralized governance is blamed for bureaucratic inefficiency and promoting dictatorship. It is pointed out that it stifled development through favoritism, nepotism, inefficiency, rigidity, arrogance, red tape, duplication of efforts and empire building (Nsibambi, 2001). Consequently by 1986 when the NRM government came to power, having already developed a decentralized grass roots local governance approach through the Resistance Council (RC) approach, which was legalized in 1987, a decentralized system was affected in 1992 under the Local governance decentralization program.

Problem Statement

In 1992 Uganda launched the Decentralization program which received wide recognized as exceptional in Africa (Steiner 2006). However, in 2003 the Central government started withdrawing certain functions from Local governments like the appointment of CAOs. Since then there have been similar steps that seem to threaten decentralization in Uganda. The recentralization of previously decentralized functions presents a need for a scholarly examination of the drivers and effect on service delivery.

Methodology

This paper is based on qualitative research as it seeks to capture opinions, reflections and views of key actors in the Decentralization program. Data was collected through an examination of extant literature, observations and interviews with one administrator at Central government and two administrators at Local government level.

Decentralization under the NRM government

The roots of decentralization as inspired by the NRM government can be traced to the Resistance Council (RC) system during the five year bush war. Though not empowered to collect taxes the committees were responsible for local administration like ‘issuing permits to allow a villager to travel to another village’ (Kasfir, 2001: 20-4). Once in power in 1986 the NRM regime spread the RC system throughout the country. Due to their democratic nature RCs were ‘greeted with enthusiasm’, winning the ‘confidence of members of the public... in most areas of the country’ (Golooba-Mutebi, 1999: pp. 105, 109). This system became institutionalized with the implementation of the Report of the Commission of Inquiry into the Local Government System in 1987, which resulted in the 1987 Resistance Councils and Committees Statute. The 1987 law set up a five-tier structure that consisted of the RCI (village), RCIi (parish), RCIII (sub-county), RCIV (county) and RCV (district) with the additional offices of District Administrator (appointed by the President) and District Executive Secretary (appointed by the Minister of Local Government) at the RCV level.
Decentralization policy was legalized in the 1995 constitution after a heated debate with proponents of a federal system of governance. Federalists were defeated on the grounds that decentralization would be more conducive to Uganda’s national unity as opposed to federate along ethnic sub regions. The 1997 Local Government Act decongested and devolved power at five levels of government: ranging from LCI to LC5 which became corporate bodies with responsibilities in areas of finance, planning and personnel matters. Power was now transferred to the people through local government. Decentralization was seen in line with the quest for good governance by promoting democratization, participation, accountability and responsibility at the local levels. The aims of decentralization was to overcome the weaknesses of centralization by transferring power to local government, reduce workload at center, foster greater financial accountability, limit red tape by fostering a more responsive system of governance.

The resultant effect led Uganda’s decentralization reform to be labeled ‘exceptional’ among developing countries in terms of the scale and scope of the transfer of power and responsibilities to the local level (Steiner, 2006). Scholars have referred to the decentralization program as ‘one of the most far-reaching local government reform program in the developing world’ (Francis and James, 2003) and as ‘one of the most radical devolution initiatives of any country at this time’ (Mitchinson, 2003).

Under Uganda’s decentralization framework, the district is the highest level of local government. Below the district are lower local governments (municipalities, city divisions, town councils, and sub counties). The District Council is the highest political organ of local government and comprises the elected district chairperson as the political head plus a number of councilors representing electoral areas of the district and interest groups youth, people with disabilities and women.

The process of decentralization involved devolution with functions being transferred from the center to local bodies. Central government retained responsibility for national security, planning, immigration, foreign affairs and national projects, and all other functions were devolved to local institutions. According to the Local Governments Act 1997 (ss. 96-99) the role of the center visa-vis line ministries and the Ministry of Local Government (MoLG) is limited to coordination, advocacy for local government, inspection, monitoring, technical advice and training supervision within respective sectors.

From Decentralization to Recentralization

Recentralization is not a new phenomenon in Uganda’s political evolution as already highlighted with the UPC government taking certain measures to recentralize certain functions shortly after independence. Whereas the colonial government had governed through a decentralized framework the 1964 Urban Authorities Act and the 1967 Local Administrations Act created a uniform set of regulations that gave the Central Government control over local administration in each district. The 1967 Constitution abolished kingdoms and made them districts as well. There were 18 districts overall. Extensive powers for the Minister responsible for Local Governments were provided for in the Constitution.

The powers allowed the Minister to, among others, determine the number of Local Councils, and approve Council elections and bye-laws. Under the Idi Amin regime (1971-79) the country was divided into 10 provinces directly ruled by the military governors.
However, in 1987, the NRM Government set up a Commission of Inquiry into Local Governments to review the Local Government System and Structures in Uganda in 1987. The Commission recommended, among others, to raise the profile of the Local Councils and grant them sufficient authority and autonomy. Eventually, in 1992, the Museveni government launched the Local Government Decentralization Program. Subsequently, the Local Governments (Resistance Councils) Statute 1993 which emphasized greater Local Government autonomy and authority including principles of non-subordination was enacted.

But starting in 2003, the Government of Uganda started rethinking the decentralization policy. For example, the appointment of the Chief Administrative Officer (CAO), which had been given to District Service Commission (DSC) was restored back to the central government. While the donor community and a number of stakeholders opposed the move (Nabahoro, 2013), the government put up a spirited fight, which highlights some of the drivers behind recentralization some of these included:

**Political Interference by Local Authorities**

Under decentralization legally and politically, the Local Government Council is responsible for all local government functions, including planning, financial accountability and the delivery of public goods and services (Natamba, et al., 2010). However, the central government desirous to protect local administration from interference by local politicians has taken over certain functions, as when the appointment of CAO was recentralized.

Here, it was argued that there was an urgent need to insulate CAOs from incessant and undue local political interference and pressures, from local authorities. Appointment of CAOs by districts, it was argued, exposed them to tremendous local pressure to contravene established regulations and procedures, especially on financial management and resource allocation (Kiyaga-Nsubuga & Olum, 2009).

CAOs who did not succumb to these pressures had been dismissed by their respective DSCs. Francis and James (2003) highlight a case where a DSC of one district dismissed a deputy CAO, under pressure from the district executive, for questioning the use of the unconditional grant for elected leaders’ allowances. The central government argued recentralization would enable the CAO to be independent from the political control of district councils. This would in turn create an environment for CAOs to operate within the provisions of the law as it would eliminate pressure on the CAO to approve illegal expenditure.

**Lack of Financial discipline by Local Authorities**

The Constitution and the Local Governments Act allowed Local Governments to collect revenue from a number of specified sources, formulate plans and budgets, allocate expenditure, and make investments in a wide range of services. Local Governments finance their recurrent budgets from local revenue and transfers in form of unconditional grants. The Local Government Act (CAP 243; GoU 1997) provided three types of fiscal transfers (conditional, unconditional and equalization grants) to local governments to implement their decentralized responsibilities. Unconditional grants are given as a minimum grant to local government to run decentralized services. Conditional grants are given for services agreed
with central government and provided by local governments, and may not be used for any other purpose apart from the one for which it is provided. Equalization grants are given to those local governments lagging behind the national average standards in service delivery.

By 1999, central government transfers amounted to over 93% of the local government funding (Saito, 2003). Local Governments experienced an unstable local revenue performance. The total own source of revenue started to decline from Ug Shs 130 bn in FY 1997/98 to a low level of Ug. Shs 70 bn in FY 2003/04. Meanwhile there was a growth in Central Government transfers since 1997 to 2008, (224.9bn in 1997/8 to 1,048.9bn in 2007/8 which was a 366.4% increase (MOLG, 2014). At the same time, cases of resource misappropriation were frequently reported in the media, and reports of the Auditor General. In view of the above, central government argued for powers to appoint accounting officers who would be centrally accountable for central government transfers and use them frugally for maximum service delivery.

Central government would therefore be in position to sanction accounting officers who flout financial management laws and regulations, in contrast to a separate personnel system where it would merely recommend to DSCs to take disciplinary action against errant accounting officers.

Further, in recentralizing certain functions, as happened where the procurement of drugs was restored back to the National Medical Stores (NMS) from districts, the need to curb corruption has been cited. The issue of corruption at Local Government has been widely noted. Survey evidence suggests that Ugandans find local officials more corrupt than central government officials, with corruption increasing as one moves upwards from the village level to the district (Deininger & Mpuga 2005: 178). Subsequently, in 2006 the Local Government Act was amended to strip local governments of the power to govern a procurement system, abolishing the former local tender boards that were appointed by councils. There had been accusations that these procurement entities had become instruments of cronyism and patronage and were corrupt (CLGF, 2007).

**Human Resource Crisis at Local level**

Uganda has frequently been cited as one of the countries with severe shortage of health workers (Lwanga, 2003:25). The health worker to population ratio in Uganda is 1:1298 compared to the World Health Organization (WHO) guidelines of 1:4391. The former Uganda minister of health, Dr Stephen Malinga, advocated recentralization of health services back under the control of central government in a bid to address a major shortage of medics in rural areas, noting, “most health workers do not want to work in the countryside, especially under the local government, because of the limited opportunities for promotion and further education.” (The Guardian 7 May 2010). Subsequently the Health Strategic Investment 2010/11-2014/15 plan points out that while Local Governments are to remain responsible for recruitment of staff at district level, over the implementation of the HSSP III the Ministry of Health Headquarters shall recentralize the recruitment of senior staff such as medical doctors.

Aside from health workers not wanting to work in up country hard to reach duty stations, decentralization provided for the recruitment of staff by local authorities and instances of abuse by preferring “unqualified sons of the soil” were found, exacerbating human resource crisis. For example, in the case of the recruitment of CAO, it was pointed out it tended to be inward looking and biased against candidates from other districts, favoring
people of local origin. Instead of appointing staff ‘for the district from the national labor market’, errant DSCs tend to appoint staff ‘for the district from the local/district labor market’ (Nabaho, 2012: 80), limiting opportunities for recruiting people with relevant competences (IGG, 2008). The decision by the Public Service Commission to retire some CAOs due to lack of requisite qualifications immediately after recentralization lends credence to the idea that some DSCs had breached merit principles during recruitment and selection of staff.

**Fear of Local Autonomy**

The length of NRM government which is coming to nearly 30 years in power can be attributed to its total control of the nation brooding minimal opposition starting with local authorities (Aili, 2010). Where it has seen a threat the NRM government has not be hesitant to curtail such power. This can be revealed in two instances that culminated in recentralization.

In November 2010 the Ugandan Parliament at the request of the Cabinet passed the *Kampala Capital City Authority (KCCA) Act* which brought the affairs of the Kampala under direct supervision of the central government. Previously, Kampala City Council was administered as a district under the *Local Government Act 1997.* According to the KCCA Act, the Town Clerk who was formally the highest financial officer in the City was replaced by an Executive Director answerable to the central government Minister for Kampala Capital City Authority. The elected Mayor became the Lord Mayor, a largely ceremonial position. Throughout NRM tenure in power Kampala has had a long history of leaning towards opposition, being the center of sporadic protests and electing key opposition elements in critical decision making offices like Mayor. The move to recentralize the management of the city and have the President appoint the Executive Director and her deputy is an attempt to undermine the influence of the opposition and weaken her power base.

Following the recentralization this has resulted in the central government increasing her financial allocation to the city, and thereby having greater control of her affairs and ultimately weakening the opposition in power. Ever since the Lord Mayor who arises from the opposition was elected into office in 2011 he has been assigned limited and in 2013 under a meeting chaired by the central government minister he was impeached from office (Mwanguhya, 2013).

Likewise the recentralization of the office of CAO was also motivated by the desire to curtail local autonomy. As Nabaho (2013) notes, when the NRM lost in elections, President Museveni accused CAOs of conniving with the opposition (Awortwi, 2011:368). Soon after the February 2006 elections, President Museveni accused CAOs of being sympathizers of opposition political parties and threatened to appoint only those who subscribe to NRM government philosophy as CAOs (Awortwi, 2011). Immediately after 2006 elections, all CAOs were required to apply for their jobs alongside new applicants. Recentralization of CAOs was therefore part of a broader scheme by government to minimize the risk of losing to any competitor (Awortwi, 2011).

**Has recentralization improved service delivery?**

Recentralization can be seen as an attempt to improve service delivery, where Local governments have failed. For example, with the recentralization of Kampala and the central government
having a greater control of her affairs through increased financial allocation, the city has since undergone a restructuring and subsequent improvement in delivery of services. In a period of three years from 2011 to 2014 local revenue collection grew by 86%, 146 Kms of road were upgraded, garbage collection was doubled from 14,000/tons per month to 32,000/ tons, among others (Three Years of KCCA, 2014). However, assessing the full impact of recentralization nationwide on service delivery is still difficult as the process is being implemented piecemeal. But, where it has happened we can examine its effect on service delivery based on certain agreeable parameters and standards. These parameters include:

**Efficiency of service delivery**

Decentralization’ refers to the transfer of power over decision-making and implementation to lower administrative levels for purposes of improving efficiency and effectiveness (Kiyaga Nsubuga, 2004). The health sector has been decentralized, with a District Director of Health Services (DDHS) leading a district health team while hospital management boards are appointed by local councils. As earlier noted, concerns were expressed that the shortage of health workers in certain districts was as result of giving autonomy to DSC to procure health workers, which was subsequently recentralized for senior staff. Further, the shortfall districts were experiencing in drugs was also blamed on decentralization and the function was restored to NMS. Presently, districts are asked to list drugs worth a given amount of money and forward the requests to NMS to deliver the drugs.

But has this improved service delivery? District leaders have criticized the recentralization of drug procurement citing it as responsible for drug stock-outs, irrelevant and expired drugs. In the month of December, 2009, Soroti, Hoima, Mbale, Amuru, Mbarara and Gulu districts were reported to ran out of essential drugs. “Sometimes when you request for drugs worth sh10m, you receive drugs worth sh8m, including drugs that you did not ask,” lamented Francis Lukoya, the LC5 chairman for Mukono district. This was blamed on NMS using a regional drugs delivery system which takes longer for districts in a given area to receive drugs (Kato, 2010).

**Effect on Accountability**

Several key offices such as the Executive Director of KCCA and CAO are now directly under the control of the central government lessening the influence of local authorities on their performance. Since the Executive Director of KCAA is now appointed by the President, the line of accountability has been extended to the President who has a Minister for Kampala city apparently to oversee the office. In a series of pitched battles between the Executive Director and the opposition leaning elected Mayor the government has not hesitated to swing in favor of her appointed official.

The Secretary of Treasury has also in what was termed as government crackdown “on non-accountability of public funds and other itches to service delivery” dropped 27 CAOs citing the mandate from the Public Finance Management Act (Mugerrwa, 2015).
Nabaho (2013) notes that the recentralization of the CAO has impacted on accountability in local governments in two major ways: shift in reporting and allegiance of top administrators in districts; and weakening control over the CAO by elected councils; Recentralization has created two masters for the CAO: the district council and central government. This has shifted the pattern of reporting for the CAO from being uni-directional to being bidirectional. Currently, the CAO reports upward to central government and downward to the district council.

Brinkerhoff (2001:2) opines that the essence of accountability is answerability; being accountable means having the obligation to answer questions regarding decisions and/or actions. Decentralization would mean that public servants are more accountable to the people who directly hold them to account. However, with recentralization, local governments, as there are hardly involved in the appointing process, are not the centers of accountability which does undermines performance.

**Effect on Empowerment**

Decentralization is often hailed because it brings government closer to its citizens and provides opportunities for participation in decision-making (Sonko, 2013). This is due to proximity of decision making center which increases opportunities for public choice and democratic participation. In instances of recentralization proximity and choice by local authorities is widened. This is certainly the case with the new policy of NMS procuring drugs for Health centers as opposed to the old policy where Districts would shop for their needs.

Indeed, in the case of recentralizing the office of CAO, as Nabaho (2013) notes:

> It has substantially reduced the control of elected politicians over top administrators in local governments....Though the CAO is responsible to the elected district chairperson and the district council, the chairperson and council cannot sanction the CAO, in contrast to the pre-decentralization era, where district councils could remove CAOs through DSCs. Under the current legal regime, councils can only recommend removal of a CAO by a resolution supported ... Elected district chairpersons were of the view that CAOs now feel they are superior and exhibit arrogant tendencies toward councilors and elected district chairpersons.

**Increased financial dependency**

Recentralization increases the dependency of Local Authorities on the central government for revenue which does not foster good governance. Up until 2005 the vast majority of local revenue—84 per cent at the district level—came from graduated personal tax (GPTs). But the GPT was regarded as a regressive tax, characterized with extremely arbitrary system of assessing household income. The unpopularity of the GPT led to government eliminating the GPT altogether in late 2005 in the run-up to the 2006 presidential elections, as were market dues and taxes on boda-boda drivers. In an attempt to replace the GPT with new sources of local revenue the government created two new local taxes in 2008: local hotel tax and local service tax. However, so far neither tax has produced much revenue for local governments, generating an average of 6 billion USH per year compared to 80 billion which they used to
collect with GPT (Green, 2013). Ultimately the result, has been that local governments have become even more reliant upon the central government for 95 per cent of their budget (New Vision, 4 July 2010). And to make matters worse, the money that is released by the central government often comes late, which has led numerous local government officials to ask for the GPT to be reinstated or ask for a 1 per cent addition to VAT (Green, 2013).

**Conclusion and Recommendation**

Decentralization of local governance has been seen as one of the most ambitious reforms undertaken by Uganda since independence in 1962 (Saxena, et al, 2010). Various scholars have praised the Ugandan decentralization reform initiated in 1992 as exceptional among developing countries, in terms of the scale and scope of the transfer of power and responsibilities to the local level (Steiner, 2006). However, the decentralization program is now being threatened by knee jerk developments manifested through recentralization of previously decentralized functions. To minimize this danger there is a need for a reassessment of the success and failure of decentralized program. This could help rectify some of the gaps that have fueled those steps. This paper has highlighted some of the drivers behind recentralization of functions previously decentralized. However, it is important to note there is no evidence to suggest that Uganda will retrace her steps and go back to recentralization of Local Government as witnessed in the 1960s, following the colonial period. The drivers tend to mitigate emerging problems though such steps tend to be short term driven and at times opportunistic. As decentralization occurs within a porous and toxic political environment cases are bound to happen of abuse by certain political forces causing the withdrawing of those decentralized functions from Local governments. Yet, even as that happens, where certain functions have been recentralized, this should be seen as a temporary measure meant to rectify the defects in decentralization, a system bound to stay and whose weakness need to be addressed directly without abandoning it. We therefore recommend a more critical reflection on the practice of decentralization in Uganda and how it can be practiced with a political context to illuminate how the system can be strengthened.

**References**


