



UN-HABITAT

*A Publication
of the
Global Campaign
on Urban Governance*

LOCAL DEMOCRACY AND DECENTRALIZATION IN EAST AND SOUTHERN AFRICA

*Experiences from Uganda, Kenya,
Botswana, Tanzania and Ethiopia*

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PO Box 30030
Nairobi, Kenya
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CONTRIBUTORS

Cecilia Kinuthia-Njenga, Human Settlements Adviser, Urban Management Programme, UN-HABITAT (Chapter 1, 2 and 8).

Raphael Magyezi is the Secretary General, Uganda Local Authorities Association (ULAA) (Chapter3).

Stephen Wainaina is a senior economist in the Ministry of Planning, Government of Kenya (Chapter 4).

Rose Okoth, is a Sociologist, Local Government Reform Programme, Ministry of Local Government, Kenya (Chapter 4).

Prof. A.C Mosha, Professor of Urban and Regional Planning, University of Botswana.(Chapter 5).

Prof. Kironde, Lecturer, UCLAS, University of Dar es Salaam, Tanzania (Chapter 6).

Dr. Theo van der Loop, ISS Resident Representative RLDS, Addis Ababa University, Ethiopia (Chapter 7).

FOREWORD

Decentralization entails a set of policies that encompasses fiscal, political, and administrative changes that can impact virtually all aspects of development. The structure of intergovernmental relations affects everything from the efficiency and equity of service delivery, the social safety net, and poverty alleviation programmes to the development of the financial sector and macroeconomic stability. The division of power and responsibility between levels of government also raises issues of institutional capacity, as well as corruption and governance. Unfortunately, the far-reaching implications of decentralization are often overlooked, as the literature and specialists tend to focus on specific dimensions. Top policymakers in decentralizing countries are often the only ones who address the full range of issues.



The links between good governance and development are inextricable. Multi-party elections, effective institutions and constitutions that protect human rights and promote the rule of law are all recognized as essential for creating the conditions necessary for growth, justice, investment and peace. What is particularly encouraging about recent developments in Africa is that the pressure for good governance is no longer coming from one side or the other, but from peoples and leaders alike. A spirit of democratic empowerment is challenging all leaders to live up to the ideals of independence and to deliver the freedoms, rights and opportunities that their peoples deserve.

In view of the global trend towards democracy and decentralization, UN-HABITAT has been working on decentralization issues, reviewing current literature, and studying the varied regional and country experience with decentralization. This publication is part of the contribution to our work in this field.

The country papers presented in this volume are designed to highlight the broad range of issues that need to be considered with regard to local democracy and decentralization in East and Southern Africa. They are intended to provide brief overviews of decentralization processes in five selected countries in the East and Southern Africa region and to provide a summary of the many different aspects of decentralization summarizing key issues that need to be considered by practitioners. In this volume, readers are encouraged to consider the cross-cutting nature of decentralization and the importance of a comprehensive approach. A key lesson emerging from these country reports is that the impact of decentralization will depend greatly on the many factors related to design. Simply put, with decentralization, as with many complicated policy issues, the "devil is in the details." The outcomes of effective decentralization will depend on myriad individual political, fiscal, and administrative policies and institutions, as well as their interaction within a given country.

A handwritten signature in black ink, appearing to read "Anna K. Tibaijuka".

Dr. Anna K. Tibaijuka
Executive Director,
UN-HABITAT

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Acronyms

AACA	Addis Ababa City Administration
AARA	Addis Ababa Road Authority
AAU	Addis Ababa University
AAWSA	Addis Ababa Water and Sewerage Authority
ADLI	Agricultural Development Led Industrialization
ALAT	Association of Local Authorities in Tanzania
ALGAK	Association of Local Government Authorities in Kenya
CBO	Community Based Organization
CBOs	Community Based Organizations
CSA	Central Statistical Office
DC	District commissioner
DDC	District Development Committees
DDP	District Development Project
DWD	District Water development
EEPCO	Ethiopian Electric Power Corporation
EPRDF	Ethiopian Peoples Revolutionary Democratic Front
ETC	Ethiopian Telecommunication Corporation
FAP	Financial Assistance Programme
FDRE	Federal Democratic Republic of Ethiopia
GCE	General certificate of Education
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GoB	Government of Botswana
GPT	Graduated Personal Tax
HIPC	Heavily Indebted Poor Countries
IEG	Imperial Ethiopian Government
I-PRSP	Interim Poverty Reduction Strategy Paper
ISS	Institute of Social Studies, The Hague
KANU	Kenya African National Union
KAREN GATA	Karen Lang'ata Residents Association
LADP	Local Authorities Development Programme
LGFA	Local Government Finance Act
LGLB	Local Government Loans Board
LGSM	Local Government Service Management
MEDAC	Ministry of Economic Development and Co-operation
MOF	Ministry of Finance
MOFED	Ministry of Finance and Economic Development
MOLG	Ministry of Local Government
MWLE	Ministry of Water Lands and Environment
NDP	National Development Plan
NER	Net Enrolment Ratio
NGO	Non-Governmental Organization
NRM	National Resistance Movement
NWSC	National Water and Sewerage Corporation
OPHCC	Office of the Population and Housing Census Commission
ORAAMP	Office for the Revision of Addis Ababa Master Plan
PA	Peasants' Association
PAF	Poverty Action Fund
PC	Provincial Commissioner
PEAP	Poverty Eradication Action Plan
PRSP	Poverty Reduction Strategy Paper
PTA	Parents' Teachers Association
RLDS	Regional and Local Development Studies, AAU

RMLF	Roads Maintenance Levy Fund
SHHA	Small Holdings Housing Areas
TSU	Technical Support Unit
UDA	Urban Development Association
ULAA	Uganda local Authorities Association
ULGS	Unified Local Government Service
UNCDF	United Nations Capital Development Fund
UN-HABITAT	United Nations Human Settlements Programme
WB	World Bank
WUDB	Works and Urban Development Bureau



CHAPTER ONE: DEFINING LOCAL DEMOCRACY AND DECENTRALIZATION

Chapter One

DEFINING LOCAL DEMOCRACY AND DECENTRALIZATION

Background

As a result of rapid urbanization within developing countries, pressure on urban services and facilities has become a serious problem in many urban centres, and job opportunities offered by cities are too few for the large numbers of new urban dwellers. Consequently, the numbers of poor people within urban areas are rapidly increasing. In Eastern and Southern Africa, a physical manifestation of this is the growing number of slums and squatter settlements, characterized by appalling living conditions and often accommodating more than 50% of the urban population.

Among the reasons accounting for the failure of many urban local authorities in developing countries to cope with the demands of their increasing populations are: firstly, the limitations of their political frameworks for city development; secondly, the inadequacies of their financing systems; and, thirdly, the inefficiencies of their management systems.

In order to address these problems, UN-HABITAT recently launched the Global Campaign on Urban Governance, whose main goal is to contribute to the eradication of poverty through improved urban governance. The campaign aims to raise awareness of and advocate for good urban governance. As a starting point, UN-HABITAT is, on the basis of critical analysis of experience, developing global norms of good urban governance, the most basic of which include: (i) sustainability, (ii) decentralization, (iii) equity, (iv) efficiency, (v) transparency and accountability, (vi) civic engagement, and (vii) security.

The overall region-wide project, of which this study is a part, focuses on one of these broad norms, i.e. decentralization. It also deals to varying extents with equity, efficiency, transparency and accountability, and civic engagement, within the framework of decentralized local governance. Several countries in Eastern and Southern Africa have, over the last two decades or so, initiated reforms on decentralization of local authorities, while others are considering new local government legislation or amendment of existing legislation. One of the main purposes of these reforms has been to accommodate new and emerging realities, including:

- (i) the transformation towards more democratic governance that has characterized many African countries during the last decade or so;
- (ii) the adoption of the concept of sustainability as a key organising framework for national development efforts at both national and local levels;
- (iii) recognition, globally, of the vital role of civil society organizations in the development process; and
- (iv) adoption by the international community of the enabling approach to development implementation and the concomitant adjustment of the role of government.

The purpose of this research project is to assess the decentralization experiences of Ethiopia, focusing on the political, economic and managerial dimensions of local governance. The research will point out, in very specific terms, positive lessons learnt

from these experiences and how these could contribute towards the development of norms of good urban governance, from an African perspective.

1.1 RATIONALE AND AIMS OF THE RESEARCH

The publication entitled "Local Democracy and Decentralization in East and Southern Africa: Experiences from Uganda, Kenya, Botswana, Tanzania and Ethiopia" will critically discuss three dimensions of local democracy and decentralization: (i) political, (ii) economic and (iii) management of infrastructure and services. The study focuses on detailed analysis and assessment of Ethiopia's experience with local democracy and decentralization, highlighting innovative policies and practices and making recommendations on their integration in the development of global norms of good urban governance, within the framework of UN-HABITAT's recently launched Global Campaign on Urban Governance. The report will be one of a number of similar reports on other countries (Tanzania, Uganda, Botswana and Kenya) being prepared as part of a larger project entitled Local Democracy and Decentralization in Eastern and Southern Africa.

1.2 AIMS OF THE STUDY

The specific aims of the study are:

- (1) To study national urban local government frameworks including (a) a historical analysis of how the national urban local government systems have evolved up to the present, focusing on the political and legal aspects, and (b) assessment of the adequacy of the local governance systems against basic criteria such as: (i) central-local relationships, (ii) democratic elections and representation, (iii) the rule of law, (iv) transparency and accountability, (v) participation and inclusiveness, (vi) gender balance, and (vii) mechanisms for accommodating civil society organizations and partnerships between local authorities, civil society organizations and the private sector.
- (2) To analyze national systems of local government finance, including: (a) analysis and assessment of the local government planning and budgeting process, as well as of the financial management of resources, and (b) local and external revenue sources, such as taxation of property, taxation of income, taxation of goods and services, charging for services rendered, income-generating enterprises, borrowing and central government allocations, as assessed against the basic public financial management criteria of: (i) adequacy, (ii) elasticity, (iii) equity, (iv) administrative feasibility, and (v) political acceptability.
- (3) To analyze existing systems of developing and maintaining urban infrastructure and services, including water supply, sanitation, roads, public transport, electricity, education, health and public markets, and assessing the performance of these systems against basic criteria such as: (i) balance of central-local responsibilities, (ii) effectiveness (in terms of quantitative adequacy of supply and degrees of access by different socio-economic classes, or equity), (iii) efficiency (in terms of the application of resources); (iv) quality (in terms of the physical standard of services/infrastructure and reliability of use); and (v) sustainability (in both environmental terms, where appropriate, and the socio-economic ability of local authorities to continue provision and maintenance with little external assistance).

(4) To identify lessons of experience and successful examples on local democracy and decentralization, focusing on the political, economic and management of infrastructure and service dimensions of the system, and suggesting how these lessons of experience could contribute towards the development of norms of good urban governance in Africa as a whole.

1.3 ORGANIZATION OF THE PUBLICATION

The volume is divided into eight chapters. The first chapter, Defining Local Democracy and Decentralization, provides an overview and explains the multidimensional nature as well as the rationale for decentralization. It also sets the stage for understanding that the impact of decentralization will depend greatly on many specific policy and institutional issues - political, fiscal, and administrative. This chapter provides an overview of the key political factors (the constitutional, legal, and regulatory framework and local participation), fiscal dimensions (expenditure assignment, tax assignment, intergovernmental transfers, and sub-national borrowing), and administrative considerations including local technical and managerial capacity. The second chapter: Local Government Reforms in the Region addresses aspects related to inclusion and participation as well as the acceptance of new forms of service delivery at the municipal level. Changing political climate in all the selected countries presented in this publication has encouraged reforms in local governments. The third, fourth, fifth, sixth and seventh chapters, provide overviews of processes of decentralization in Uganda, Kenya, Botswana, Tanzania and Ethiopia respectively. Chapter eight, emerging trends, provides a brief summary of some of the key emerging issues.

1.4 SOME CONCEPTUAL CHALLENGES

1.4.1 The Concept of Decentralization

Distinctions have been made between administrative decentralization, fiscal decentralization and democratic decentralization. Evidence suggests that successful decentralization improves the efficiency and responsiveness of the public sector while accommodating potentially explosive political forces. Democratic decentralization refers to the reform process whereby powers (especially fiscal powers), and functions are transferred to sub-national political entities, which in turn have real autonomy in specific instances. The process of decentralization is democratic if it unfolds in the context of some form of election, whether it is direct or not.

The World Bank in its report "Sub-Saharan Africa - From Crisis to Sustainable Growth", states that "...the debate is not simply about the division between the state and the private sector, but also about the division among central authorities, local governments and local communities. The goal is to reduce the number of tasks performed by central government and to decentralize the provision of public services". (1989:54)

This study adopts the broad definition of decentralization as "*the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to field units of the government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, regional area-wide or functional authorities*" (Silverman, J.M. 1992. Public Sector Decentralization: Economic Policy and Sector Investment Programmes. (Technical Paper, 188). Washington: World Bank.).

1.4.2 Different Forms of Decentralization

The three main forms of administrative decentralization are deconcentration, delegation, and devolution. However, delegation and devolution are, in practice, more widely used while discussing decentralization.

Deconcentration refers to a system of government where selected functions are assigned to sub-national units within sector-specific national agencies. In a concentrated system, local governments do not exist as discrete entities, at least with respect to the specific functions for which central ministries are responsible. This means that with respect to those functions, government exists at local levels in the form of discrete ministry offices, without any local mechanism for mandatory horizontal integration. The effect of this system is to centralise power within central government. Tanzania for example, adopted this model of decentralization, after its decentralization Act of 1967. Central government functionaries were deconcentrated to the regional and district levels, where democratically elected local councils were abolished, to be replaced by committees dominated by officials.

Delegation refers to a system of government where responsibilities for implementing or maintaining sector investments are assigned to parastatals and other semi-autonomous government agencies. Such bodies can in turn deconcentrate responsibility for internal management and administrative systems to its own sub-national units but this is not always guaranteed. In a delegated system, an enormous amount of power still remains with the central government. This system was a feature of the former socialist regimes in Africa such as Tanzania and Ethiopia.

Devolution refers to a system of government where responsibilities and functions are assigned to local governments, sometimes with the necessary resources to carry out these functions. The essence of devolution is discretionary authority. Local authorities have discretionary authority to do what they decide to do bound only by: a) broad national policy guidelines, (b) their own financial, human and material capacities, and c) the physical environment within which they must operate. This model of decentralization is being experimented with in many African countries, and is being encouraged by the donor community.

1.4.3 Political/Administrative Decentralization

Decentralization as a political and administrative process epitomises a shift in the locus of power from one level of government to another in the same way that privatization shifts responsibility from the government to the non-state sector. Increasing revenue pressure on central governments has led many to consider decentralization as an alternative political and administrative strategy. New roles and responsibilities are emerging for both the public and private sectors aimed at promoting development and improving urban management.

Box 1: NAKURU MEETING

A workshop organized in March 2001 in Nakuru, Kenya, observed that the Eastern and Southern Africa countries are all at different levels/stages of decentralization and governance. It was further noted that although there have been attempts to strengthen planning and policy formulation to support decentralization, there appeared to be very little recognition of problems faced by the local authorities. Institutions such as associations of local authorities and neighbourhood associations were encouraged to be more influential in enhancing partnership programmes for the purposes of decentralization and good local governance. It is also notable that, although the management of local government has recently come under much criticism, it's quite evident that the central government does not have the institutional framework to take the local authorities to task whenever they violated regulations and vice versa. It is agreeable that a local government system based on public awareness and consensus would be more stable and responsive to the people's needs and strengthen and support a more democratic system of governance.

Key among the gaps in local governance and democracy in the region as identified in the workshop include:

- Lack of enabling legislation
- Lack of capacity both human and financial
- Need to harness partnership - with public and private sector and among the different tiers of government
- Lack of information accessibility and the role of the media
- Lack of political will- in some countries more than others
- Poor implementation – lack of indicators to measure issues of who monitors implementation? Who is involved and what are the criteria of selection?
- Lack of ownership of the process by the local people
- Efforts tend to be donor driven-rather than home-grown
- Lack of alternative models for local structures
- Need to understand the relationship between decentralization and local capacity for poverty alleviation.

UN-HABITAT (2001)

In many African countries, a general lack of managerial and technical expertise has precluded the formation of local government institutions and an effective working relationship between the central and the local governments. The political preference for decentralization in most of these countries is manifested in a wide variety of constraints on local government development. Local governments can rarely make any significant actions without a lengthy review by a central government ministry, and there are often strict constitutional or legal limits on the revenue raising and service provision powers for local authorities that prevent them from operating effectively.

The powers, duties and functions of a local authority can only be exercised through a council. Council resolutions give basis to the activities of a local authority. The council must ratify any order, directive or instruction emanating from outside the council. A council is, therefore, the policy-making organ of a local authority. There is always a clear separation of powers between the council and the executive. This is to enhance the effectiveness and efficiency of the two organs.

In Uganda, for example, the system of local government is based on the district, as a unit under which there are lower local governments and administrative units. Within each area the highest political authority is the council. In most cases, substantial powers, functions, and responsibilities are devolved by the Local Government Act to local governments. Local Governments have the powers to make and implement development plans based on locally determined priorities. They have the power to make, approve and execute their own budgets; to raise and utilize resources according to individual priorities after making legally mandated disbursements. Similarly, local governments can make ordinances and by-laws, which are consistent with the constitution and other existing laws, ordinances and by-laws. In addition, local governments are mandated to hire, manage and fire personnel. They manage their own payroll and separate personnel systems.

1.4.4 Fiscal Decentralization

Financial responsibility is a core component of decentralization. If local governments are to carry out decentralized functions effectively, they must have adequate revenues — raised locally or transferred from the central government — as well as the authority to make expenditure decisions. Fiscal decentralization can take many forms, including:

- Self-financing or cost recovery through user charges;
- Co-financing or co-production, in which users participate in providing services and infrastructure through monetary or labour contributions;
- Expansion of local revenues through property or sales taxes or indirect charges;
- Inter-governmental transfers of general revenues from taxes collected by the central government to local governments for general or specific uses;
- Authorization of municipal borrowing and mobilization of national or local government resources through loan guarantees.

In most of the countries considered in this study, local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority. It has been observed that the financial dependence of the Local authorities upon the centre is the single greatest barrier to decentralization in Botswana. It breeds an unhealthy reliance upon the government, forcing local authorities to look to the centre for advice and direction even on the smallest matters. It reverses the direction of accountability, making local authorities less responsive to the demands of their paymasters. Decreasing the financial dependence of municipal and district councils and land boards upon central government, and thereby increasing their autonomy and accountability to their own constituents, is the primary policy goal of the Ministry of local Government and the current 6-year national development plan.

In Kenya, resource allocation is centrally done except for the Local Authority Transfer Fund (LATF), a central local transfer that supports local delivery of services to the local authorities. The poverty reduction strategy paper has generally provided for a one-year period for the development of a decentralization policy, which would ease access and control of financial resources (amongst other resources) at the local levels.

In general, government subsidies need to be improved through effective targeting on “merit goods” (such as food and shelter). Targeting distribution administratively is more effective when it is accomplished through more objective criteria, such as geography (the poorest areas), type of commodity (low quality food not consumed by the rich), easily

identifiable groups (such as women, people with disabilities, youth and children), or season (such as when calamities strike). It is less effective when it is carried out by means testing or by targeting individuals.

1.4.5 Economic Decentralization

A growing body of literature is examining the economic rationale for decentralization. Economists justify decentralization on the grounds of allocative efficiency. Their rationale is that decisions about public expenditure that are made by a level of government that is closer and more responsive to a local constituency are more likely to reflect the demand for local services than decisions made by a remote central government. A second economic rationale for decentralization is to improve the “competitiveness” of governments and enhance innovation—and hence the likelihood that governments will act to satisfy the wishes of citizens. Another potential benefit for decentralization is that people are more willing to pay for services that respond to their priorities, especially if they have been involved in the decision-making process for the delivery of these services.

Throughout much of the 1970s through to the 90s, the world economy was faced with a variety of problems that affected the developing countries with particular severity, the region in particular experienced periods of extreme inflation, collapses in the prices of agricultural and natural resources commodities on which developing countries rely for foreign exchange, serious droughts and an extended world-wide recession.

In an age of increasing globalization, where technology is more easily transferable across borders, a healthy and well-educated population is essential not only for the absorption and use of new technology but also for meaningful participation in international trade.

It is insufficient, however, to have an educated workforce. The East and Southern Africa region needs and must acquire an institutional and managerial capacity to make the right decisions. This is essential in the quest for eradication of poverty, achievement of sustainable and truly sustained economic growth and ensuring a realistic integration of the region into the global economy.

Substantial improvements in the distribution of benefits of public expenditure could be obtained through its restructuring towards basic services that benefit the poor more than they do to the rich. This would mean, typically, the reallocation of part of the expenditure to hospitals' primary healthcare, education, social welfare and sanitation. It would also mean that a greater share in investment in water and sanitation should be assigned to urban areas, where the biggest percentage of the populations live.

The financial position of the local authorities is another background dimension that provides insight into the ways in which they function. Relevant considerations include how the current account budgetary surplus/deficit varies across types of councils and how financial performance on the general account differs from special purposes accounts.

1.4.6 Privatization and Deregulation

The most complete forms of decentralization from a government's perspective are privatization and deregulation; they shift responsibility for functions from the public to the

private sector. They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, co-operatives, private voluntary associations, and other non-governmental organizations. Deregulation reduces the legal constraints on private participation in service provision or allows competition among private suppliers for services previously provided by the government or by regulated monopolies.

In recent years, although privatization and deregulation have become more attractive alternatives to government provision in developing countries, this has not been the case in the East and Southern Africa countries considered in this study. The studies have revealed that, under appropriate conditions, decentralization can help broaden participation in political, economic, and social activities in developing countries. Where it works effectively, decentralization helps alleviate the decision-making bottlenecks that are caused by central government planning and control of important economic and social activities. Decentralization may lead to more creative, innovative, and responsive programmes by allowing local experimentation. It can also increase political stability and national unity by allowing citizens to better control public programmes at the local level.

1.5 LOCAL DEMOCRACY

Local democracy as discussed in this report refers to a viable political and development process that allows for cross-fertilization of ideas, resources and decisions for good governance. Evidence of local democracy includes the presence of an active civil society, enabling legislation, a fair local electoral system, free access to information and an administrative structure that facilitates this process.

Despite the political ideals around decentralization, many African political systems show little record of success in this sphere. To understand why this is so, a number of fundamentals ought to be appreciated. Irrespective of the political pronouncements in favour of decentralization, a given country's laws, rules and regulations that govern the interaction of various actors in the political arena significantly influence the nature of the relationships that emerge and whether those relationships adhere to the people's defined norms of good governance. Good governance, a canon that is associated with decentralization, is also about power and authority. Although people are the means and the end of development, they have different amounts of power and resources, and different interests. In nearly all societies, the needs and preferences of the wealthy and powerful are well reflected in official policy goals. But this is rarely true of the poor and the marginalized, who struggle to get their voices heard. And yet democracy in general, and decentralization in particular, must accommodate the interests of the majority and minority, the poor and the rich, the privileged and the disadvantaged. In the above context, a government that ignores the needs of large sections of the population in setting and implementing policy is not perceived to be a capable government. The process of strengthening institutions, particularly institutions that enhance the democratic tradition must, thus, begin by bringing the government closer to the people. Basically, this means bringing popular voice into policy making. In the right setting, it also means greater decentralization of central power, authority, and resources. In the average African country, these ideals are still far from being appreciated and achieved.

1.6 MOTIVATIONS FOR DECENTRALIZATION IN THE SUB-REGION

Although politics may be seen as the driving force behind decentralization in most countries, decentralization may be one of those happy instances in which good politics and good economics serve the same end. The political objectives of increased political responsiveness and participation at the local level can coincide with the economic objectives of better decisions about the use of public resources and increased willingness to pay for local services. At least four issues emerge as important for successful decentralization:

- There must be a link between local financing and fiscal authority to the service provision responsibilities and functions of the local government, so that local politicians can deliver on their promises and bear the costs of their decisions.
- Local communities must be informed about the costs of services and delivery options and the resource envelope and its sources, so that the decisions they make are meaningful.
- Communities need a mechanism for participating in decisions that affect them
- There must be a system of accountability based on public and transparent information that enables communities to monitor the performance of the local government effectively and to react appropriately to that performance

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CHAPTER TWO: LOCAL GOVERNMENT REFORMS IN THE REGION

CHAPTER TWO

LOCAL GOVERNMENT REFORMS IN THE REGION

2.1 THE ECONOMIC AND SOCIAL SITUATION IN THE REGION

The levels of social and economic welfare are rapidly declining on the African continent and the limited involvement of local communities in the processes that are meant to address their plight. In Sub-Saharan Africa (SSA) that accounts for a quarter of the world's 1.2 billion people living on less than \$1 a day, poverty is evidently pervasive. Out of the 20 countries classified by UNDP as possessing the lowest human development index, 19 are in Africa. Although a number of poverty-reducing programmes are being implemented in almost all SSA countries, little positive impact has been recorded. The region's poverty indicators are represented in Table 1.

Whatever explains the low success record of current poverty reduction efforts in Africa, the continent's worsening degree of vulnerability to life and welfare-threatening calamities is unmatched. Poverty in Africa is characterized by lack of access to income, employment opportunities, normal internal entitlements by the citizens to such things as freely determined consumption of goods and services, shelter and other basic needs of life. The majority of the people suffer from weak purchasing power, homelessness, and insufficient access to basic social services and necessities such as education, health, food and clean water.

The HIV/AIDS pandemic is perhaps the worst "disaster" currently affecting the continent. How it impacts national development in general, and poverty prevalence levels in particular, needs to be better contextualized and appreciated as part of the continent's poverty-reduction effort. Sub-Saharan Africa accounts for more than 70 percent of all HIV/AIDS cases globally, and is the only region where women living with HIV/AIDS outnumber men. In the 30 Sub-Saharan African countries that have registered the highest HIV/AIDS prevalence levels, the average life expectancy has already started to decline, standing at about 47 years, roughly 7 years lower than would have been the case in the absence of the pandemic. The challenges of HIV/AIDS on the public and private sectors of Africa are obvious. Principally, AIDS threatens Africa's capacity-building effort: unlike most other communicable diseases, AIDS strikes the educated and skilled as well as the uneducated. Consequently, it reverses and impedes the continent's capacity by shortening human productivity and life expectancy. The complex relationship between economic growth and HIV/AIDS is increasingly being recognized: the epidemic is as much likely to affect economic growth as it is affected by it. In most African countries, the economic shock of AIDS on the labour market has translated into severe loss in economic productivity. Of particular concern is the agriculture sector: The average African country employs a large percentage of the labour force in this sector, which accounts for a major portion of the GDP and export earnings in many of these countries. The effects of HIV/AIDS on this sector are, therefore, likely to reverberate throughout the national economies.

TABLE 1: POVERTY INDICATORS IN SELECT SUB-SAHARAN AFRICAN COUNTRIES

	Life expectancy	Infant mortality rate (Per 1,000 live births)	Net Primary (Ratio %)	Under 5 Mortality (Per 1,000)	Maternal Mortality ratio (Per 100,000 live births)	Births attended by skilled health staff (%) 1995-99	People living with HIV/AIDS (% Age 15-49) 1999	Gender empowerment Measure (GEM)	Population below income poverty line (%)
Botswana	39	46	81	59	330	...	35.80	17.0	33.3
Cape Verde	69	54	98	73	55	...	...	11.1	30
Ethiopia	42	118	35	176	...	...	10.63	7.8	31.3
Mali	43	143	31	235	580	24	2.03	12.2	72.8
Mauritania	54	140	55	142	930	58	0.52	3.0	28.6
Mozambique	43	146	40	117	1,100	44	13.22	30.0	69.4
Niger	46	162	25	275	590	18	1.35	1.2	61.4
Rwanda	40	110	...	180	...	...	11.21	25.7	35.7
Senegal	52	68	60	118	560	...	1.77	14.0	26.3
South Africa	48	54	96	69	...	84	19.94	27.9	11.5
Sudan	...	67	...	109	550	...	0.99	9.7	...
Tanzania	45	90	48	141	530	35	8.09	22.2	19.9
Togo	49	80	83	143	480	51	5.98	4.9	...
Uganda	42	83	...	131	510	38	8.30	17.8	...
Zambia	38	112	75	202	650	47	19.95	10.1	63.7
Zimbabwe	40	60	...	90	400	84	25.06	9.3	36.0

Source: UNDP, *Human Development Report 2001-Making New Technologies Work for Human Development*, UNDP, New York; The World Bank, *World Development Report 2002-Building Institutions for Markets*, World Bank, Oxford University Press, Washington D.C.

2.2 RENEWED INTEREST IN LOCAL GOVERNMENT

Although strengthening local government has recently emerged as a focus of decentralization efforts in many less developed countries, literature on local government in the developing world remains scarce. Only a few attempts to conceptualise the issues broadly, or to compare decentralization and local policies across a group of countries have been made.

Generally, there are a number of reasons for the limited importance of local government in most developing countries. First, the form of local government introduced by the colonial powers is alien and often lacks acceptance from the indigenous people, even in areas where traditional chiefs or councils, have long existed. Their legitimacy is derived from customary practices such as the assignment of elders to a governing council. The idea of a council with a membership defined according to other criteria may be slowly or never accepted particularly where local tradition is strong.

In most countries where local government was introduced early in the colonial times, they were intended to serve the settlers. Colonial authorities often failed to involve the local people in self-government in a meaningful way until they were forced to do so by the rapidly growing independence movements. When the settlers went back to their countries of origin in post-independence years, former colonies were left with an institutional framework that was not designed with their culture and needs in mind. Even where strong local government was established for the indigenous people, its functions were typically administrative and regulatory, having little to do with self-determination and economic development.

There is wide agreement that the present crisis in the region is to a large extent, a crisis of the state. The state has played too pervasive a role originally, because there was “no realistic alternative to it as the mobilizer, organiser and manager of resources.”

The main reason why the local governments have been neglected in the developing countries is that strong central governments are not always willing to share power. Often, in the name of national unity and stability, central governments weakened colonial-era local authority institutions after independence without creating new ones with significant powers. Thus the urgent need for the local government reform in the region.

Local Authorities are part of the government structure created by governments to perform assigned duties and functions. The Local Government system is an elaborate system of public administration, which empowers the local authorities through Constitutional Acts of government.

To facilitate their operations, local councils in this region, are divided into various committees and sub-committees. They are empowered under Local Governments Acts to appoint for any purpose, general or special committees for better regulation purposes and management of any of the functions for which the Local Authority is established.

Regardless of this, Municipal and other local government authorities continue to be manipulated wholly by the functionaries of the central governments, which limits their

autonomy and consequently their power to pro-actively manage the new challenges facing them.

In many African countries, decentralization initiatives are pursued with little or no regard to the results. This leads to the emergence of weak development policies and usually very little if any fiscal autonomy for local authorities.

An important part of understanding the mixed track record of decentralization is to recognize the wide range of decentralization approaches and analyze the power relations (between central and local and within the local) that inevitably underpin them.

Decentralization of power and authority from central to regional and local authorities is an important foundation in improving the capabilities of the local authorities to deal with the new and complex challenges thrown up by urbanization and globalization. In part, it serves the need of local leaders to gain access to more regulatory and co-ordination levels for strategic interventions in local processes. In another, possibly more important sense, decentralization addresses the need of citizens and their associations to have greater self-determination and influence at the levels of government closer to them.

Despite the obstacles to creating effective local government institutions in the region, there is a strong case and much support for defining a more substantial role for them. In contrast to development economics, alternative strategies focus on decentralizing the public sector, slowing the growth of large urban areas, rural-urban migration, and regionalizing development.

The more pronounced role of decentralized government in developed countries suggests that local authorities may have an important role to play in the management of development. In many countries actually, local governments are the institutional overseers of the urban areas in which most industrial and specialized service activities are based. Even small trading centers may function as communication and transport centers for their regions providing critical input-output linkages and serving as concentration points for marketing activities.

2.3 MUNICIPAL SERVICE DELIVERY

Local Authorities in the sub-region are charged with the responsibility of providing services such as health, primary education, refuse collection, water and sanitation, and fire protection services, among others, within their areas of jurisdiction. But over the years, service delivery in the regions' local authorities have deteriorated to an extent that even the most basic services are not easily available. This has, however, been attributed to uncontrolled population growth viz-a-vis the available resources.

It has been noted that the existing facilities in most Local Authorities in the region were planned to cater for much smaller demands. The expansion in commerce and industrial development has added to the existing high population growth in the towns without any commensurate rise in the quality and quantity of public infrastructure and services. Factors that affect service delivery include insufficient resources (both collection and allocation), mismanagement, weak technical and institutional capacities to increase service coverage, and lack of planning and foresight.

It is a well-known fact that in 1960s, there were no more than 1,200 university graduates in the region as a whole. Indeed some countries had no graduates at all. In what was effectively a race against time, African leaders understandably responded by investing massively in human resource development. This was made possible partly by the small but steady rates of economic growth and partly by the sustained foreign assistance. Between 1960 and 1980, most African governments consistently allocated high proportions of their annual budgets to health and education. Households and individuals made similar efforts accounting for nearly 75% of them spending on health, they made sacrifices and gave a higher premium to the education of their children. The results were tangible and very significant. By the late 1980s, Sub-Saharan Africa was producing over 70,000 graduates each year. Major cities had hospitals and health centres and the rural areas, clinics and dispensaries. Amid a general improvement in sanitation and nutrition, the incidence of infectious diseases, maternal and infant mortality were considerably reduced. (Giovanni Andrea Cornia, The Courier Issue No. 159 pp46)

The decentralization of health care in Uganda, for instance has improved the geographic distribution of services. Poor communication and transport systems, population dispersion and the fact that the supervision of personnel, resource distribution and operations is easier at lower levels of administration, are all arguments in favour of such decentralization. Nonetheless, where it means loss of control over the implementation of national policies (in financial administration, curriculum development, drug procurement, manpower development, and so forth), and excessive additional financial burdens on households and communities, decentralization is potentially damaging. This was the experience of Kenya when the purchase of drugs was decentralized at the District level. The country subsequently had to reverse this policy because of the problems.

The delivery of water and sanitation services has also experienced major hiccups. For example, current estimates of water supply in Kenya indicate that 74% of the urban population has access to safe drinking water, while 50% of the rural population have access to the same. The public sector accounts for 1,000 water schemes operated nation-wide. 2 million people are connected to sewerage systems. The rest of the population relies on pit latrines and septic tanks, the latter mostly found in urban areas. The biggest challenge for the government is raising adequate resources for development and rehabilitation of existing water supplies. Development expenditure has over the years declined from a peak of K£43 million in 1995/96 to K£34 million in 1996/97. Commercialization of water and sanitation is emerging as a key strategy to deal with the problem.

Despite these achievements, the approach to manpower building by the post-independent African leaders was, to say the least, haphazard. As a result, a number of problems such as the appropriateness of the school curricular, understaffing and the long-term budget implications of the recurrent expenditures, were overlooked (although reforms have been attempted in a number of countries with varying degree of success).

2.4 INCLUSION & PARTICIPATION

Studies have indicated that the concept of participation is the heart of the policy of decentralization in the region. One of the objectives of decentralization is “to ensure democratic participation in and control of decision making by the people concerned”. In order to effect this directive the Local Governments' planning and budgeting processes

are ideally bottom-up, incorporating the proposals of the lower councils. The planning and budgeting conferences/forums are held at varying intervals (depending on country) to give the upcountry councils ample time to make their inputs. Attendance to these forums is made open to all citizens, interest groups, individuals and all other interested parties.

The machinery of local government in Botswana, for example, has been designed to facilitate people's participation in development, reflecting a long tradition of democratic consultation and devolved decision making. Local authorities are responsible for constructing and managing a large percentage of the country's social infrastructure at the local level (e.g. health clinics and primary schools) and for providing a wide range of services. The same scenario seems to apply to the other countries' policies but with varying degrees of institutionalization.

2.5 FROM STRUCTURAL ADJUSTMENT TO POVERTY REDUCTION STRATEGIES

In addition to the negative social impact, more than ten years of structural adjustments have not produced the sought-after stabilisation or the economic growth that was initially anticipated. Even the World Bank and the IMF, who spearheaded the structural adjustment programmes, have admitted that they were flawed and the need for a new approach for Sub-Saharan Africa's economic problems could hardly be more urgent.

In 2000, many developing countries were formulating Poverty Reduction Strategy Papers (PRSP). The PRSP is an ambitious project that attempts to link national policy formulation, planning and budgeting in a participatory manner, and is expected to spur economic growth while at the same time reduce the incidence of poverty. In Kenya, the government adopted a broad-based consultative approach in drawing this plan, which covers the plan period 2001-2004. The private sector, civil society religious organizations, women, youth and persons with disabilities were all involved in the process of drawing up a pro-poor strategy paper. The consultations were organized from the divisional, district and provincial levels. Thematic and sector working groups were formed and all these efforts culminated in the national stakeholders' forum.

As a showcase for inclusive local level planning, the PRSP has useful lessons. The success and sustainability of this process and especially the implementation stage, depends largely on the availability of adequate resources. It is noted that the successful implementation of the Interim Poverty Reduction Strategy Paper (IPRSP), the precursor to the PRSP, was bogged down by non-performing economies in many African countries.

The Uganda Participatory Poverty Assessment Project (UPPAP) report clearly shows that poverty in Uganda is complex and afflicts people in different ways. As such, the local governments are best placed to provide the public services and infrastructure relevant to each area. Effective decentralization, being devolved powers to make decisions backed by sufficient resources, is necessary to enable the local government to address the poverty situations in accordance with local priorities and circumstances of each area.

2.6 TOWARDS LOCAL GOVERNMENT REFORM

There are many reasons why change may not always be welcome, and for the maintenance of the status quo. For many leaders, maintaining the status quo is comfortable and does not threaten the interests of the powerful. However it is suggested that this is a short-sighted approach and disempowers the societies from coping with the pressures of rapid urban change and globalization.

Evidence suggests that the principle ingredient for success is visionary and strategic leadership. Ideally, this should be spread across the state, civil society and the private sector. At a minimum, it should be evident in the local state and be systematically developed across society. The potential success of participatory governance is dependent on a new form of leadership that operates on the basis of sharing power and advancing the collective interests of the community in the context of a more interdependent world.

The governments of developing countries, particularly in Africa, have historically been much more centralized than their industrialized counterparts. Cultural factors; the early emphasis of development economics on central planning, industrialization and centralization of development in major cities; scarce managerial and technical expertise; and perhaps most importantly, the existence of strong central governments dominated by particular ethnic or economic groups unwilling to share power have all contributed to the weakness of local government.

In recent years, there has been a widespread movement to develop or revive local government in the sub-region. This interest has come from the government of these countries, academics, and international development organizations. Part of the explanation for this surge of interest is a realization of the potentially productive role for the local governments. However, it was significant changes in economic and political conditions that triggered concrete action.

As central governments in these countries reduce the growth and scope of their own activities in response to economic realities and donor pressures, interest in strengthening local authorities is on the rise. At the same time there has been a growing awareness of the potentially productive role of local government in raising resources, providing services, expanding rural-urban linkages, stimulating private investment and implementing national development policies.

In spite of this growing interest and support, fiscal reform of local government is likely to be a slow and painful process because serious constraints on decentralization are not going to disappear suddenly, and some standard analytical tools may have limited applicability. Defining a reasonable fiscal role for local authorities is not a neatly generalized exercise because the political, economic and institutional context in which they operate, varies so significantly across developing countries.

Changing political climates also encourage the development of local governments in the developing countries. As people become more educated and better informed through improved communication and more aware of the problems of central bureaucracies, the desire to bring the control of government functions closer to themselves grows. Thus, the emergence of more democratic institutions. In some of these countries, there has been a

movement towards greater democracy as military regimes and dictatorships are forced to relinquish power and institute political reforms. For example, in the case of Uganda, the emergence of a renewed interest in local government and decentralization is due to several reasons:

- ❑ Increased emphasis on popular participation and democratization (in which the decentralization of decisions for local communities is seen as essential).
- ❑ The economic crises forcing donors and national governments to look for other ways to mobilize local resources.
- ❑ Frustrations with the results of planning and implementation through central governments that lack the capacity and legitimacy.
- ❑ The recognition that a well functioning public administration is an indispensable part of a modern developing society consisting of both private, market-driven production sector and a service-delivering sector, managed by legitimate and representative political leaders, both at the national level and at the level of local governments.

This sets an example for other countries and emboldens people to push for further changes.

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CHAPTER THREE: LOCAL DEMOCRACY AND DECENTRALIZATION IN UGANDA

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LOCAL DEMOCRACY AND DECENTRALIZATION IN UGANDA

BACKGROUND

By and large, contemporary Uganda continues to be acclaimed a “success story” in Africa. This success derives not only from the much-heralded macroeconomic stabilization and the sustained economic growth that the country has registered over the past decade but also it is a product of relative socio-political stability, modest gains in social provision and progress in fostering democratic governance.

At the time of its independence from Britain in 1962, Uganda was an emerging success story with rapid agricultural growth, a developing industrial sector and growing intellectual and cultural leadership. However, progress was dramatically reversed by the late 1960s when political instability was followed by a coup led by Idi Amin in January 1971 and turbulence continued after his government was overthrown in 1979.

By the time president Yoweri Kaguta Museveni and the National Resistance Movement (NRM) assumed power in 1986, Uganda had become one of the poorest countries in the world. The education and health systems had collapsed, the physical infrastructure had crumbled and the low wages and poor morale had destroyed the civil service. Furthermore, the economy was highly regulated with state intervention in nearly all sectors. Real gross domestic product (GDP) per capita was 42 percent below its level in 1970; the public revenue base had collapsed; inflation was raging; and government expenditure, exports and investments had all fallen to below 10 percent of GDP. (World Bank 2000)

In mid-1987 the government embarked on economic recovery programme aimed at reducing poverty by restoring fiscal discipline and monetary stability, and rehabilitating infrastructure (economic, social and institutional). The recovery programme further encompassed civil service reform, revised investment and incentive structures and made a rapid move to a market-determined exchange rate.

Since 1987, the Government of Uganda has worked consistently to implement and improve an economic reform programme that has now attracted the attention of the entire region. By 1992 the effects of a turnaround had started to show. Foreign inflows increased and agricultural production boomed. The Government-led reform and development assistance has been impressive as reflected by sustained real GDP growth and a remarkable drop in poverty.

In the area of governance and democracy, the successful 1996 presidential and parliamentary elections and the 1998 Local Council elections are to be noted; and special representation has also been accorded to disadvantaged groups in the legislature. The decentralization programme is increasingly devolving power from the centre to lower levels of administration. These, among others, are no mean achievements in a relatively short period of time.

3.1 GOVERNANCE REFORM

In the pre-colonial period, governance in Uganda was supported by two key institutions, namely; the kingship and the family. The kingship rule was hereditary and the king appointed chiefs to govern in different parts of the kingdom. It was these chiefs who maintained law and order, provided for the well-being of the subjects, collected taxes and carried out development projects in the area. This system was supported by a strong family cohesion in which the individual was fully protected and instructed. The family extended beyond the nucleus considerations and included members of one's clan, tribe and community.

The colonial rulers introduced the modern government system, which put political and economic powers in the hands of the central government. Nonetheless, as at the time of independence in 1962, the local authorities had significant powers in their areas of jurisdiction. Sufficient resources to undertake development programmes (e.g. the local authorities loans fund in the early 60s) accompanied this.

In contrast, the postcolonial period was characterized by politics of intrigue and exclusion. From the mid-1960s to mid-1980s, Uganda underwent a series of political and military dictatorships. The kingship system was abolished, the constitution abrogated, the infrastructure and the economy collapsed and total centralisation of political power and decision making was practised. The people were denied any say in the management of their own societal affairs as decisions were taken by administrative officials appointed and supervised by the centre. Development projects initiated in the area were dependent upon the extent to which the area was seen to be supportive to the rulers.

The National Resistance Movement (NRM) took over the reigns of power in January 1986 and established popular resistance councils, from the district down to the village level. The 1987 Resistance Councils Statute laid the foundation for the decentralization of authority to the people through their councils. This was promulgated in the constitution of the Republic of Uganda in 1995 and given full effect by the Local Government's Act of 1997.

Under the National Resistance Movement government in power since January 1986, Uganda is one of the few countries in Africa seeking to change the state/civil society equation. The NRM aims not only to transform the state into a less dominant and more accountable institution but also to encourage the emergence of a wide range of political and economic forces which can help control future state action.

The Ministry of Local Government (through its decentralization secretariat and the Programme Management Unit for DDP/LGDP) is central to the overall implementation and management of Uganda's decentralization policy. It provides leadership to all the other branches of central and local governments. In addition to the MOLG, there are other central ministries, departments, offices and commissions that play important roles in the development and refinement of the decentralization policy. The functions of the different sector ministries/institutions are to define/refine and to implement sector specific policies, and to support local government to implement the provisions of the 1997 Local Government Act.

3.2 DECENTRALIZATION OF POLITICAL POWERS

Uganda has one of the most ambitious and radical decentralization policies in Sub-Saharan Africa. Building upon a long tradition of local government structures in Uganda, the presidential policy statement of 1992 formalized and articulated the government's political commitment to decentralization.

Uganda experienced administrative (rather than political) decentralization from the beginning of the colonial period until the NRM came to power. Appointed chiefs were at all local levels "the bedrock of administration" throughout this time. The extensive powers of the chief have been described as "decentralized despotism", because of the combined legislative, executive and judicial customary law and the use of force (Mamdani in Hansen H. B. et al., 1998). However, limited political decentralization operated in parts of Uganda.

Decentralization in Uganda is expressed first in the National Objectives and Directive Principles of the state policy, under the political objectives and in particular under the democratic principles of government. The constitution is clear that the state shall be based on democratic principles which empower active participation of all citizens at all levels in their own governance, and that all the people of Uganda shall have access to leadership positions at all levels. Specifically, "the state shall be guided by the principle of decentralization and devolution of government functions and powers to the people at appropriate levels where they can best manage and direct their own affairs". A whole chapter in the country's constitution (chapter eleven) is dedicated to the decentralized local government system. The first legal backing is entrenched in the highest law of the land. This ensures Government's commitment to decentralization as the preferred system of local government.

The basic organ of local government is the district council (or city council in the case of urban areas). In the districts, there are town councils and sub-county councils. In some areas there are big towns which are municipal councils.

The challenge, however, is that in taking the path of decentralization, Uganda ventured into a sphere where there were few and only fragmented examples to learn from. Thus, the transition period has had its ups and downs. The law and policy has been interpreted differently by various groups. Whereas some see it as taking away their power, the overzealous regard it as a state of total independence of the local governments. The Act itself has been found lacking in some of its provisions. Measures are being taken to amend the Act to accommodate the practical experiences of the local people.

The challenges of NRM are many, but foremost among them is the task of retaining its position as an inclusive organization. The whole rationale of a movement was that it would be open to every one and thus act as a catalyst of change for society as a whole. That is how the NRM originally came to power and acquired legitimacy across the country. President Museveni likes to compare it with a river, which is being constantly recharged by waters from its tributaries.

Several institutions have been established to support the system. They include:

- i. District service commission, at every district, which has the power to appoint, confirm, exercise disciplinary control or remove officers in the public service of the local governments or both.
- ii. Local government tender board, at every district and municipal council which handles the procurement of goods and services and consultancy services of local governments.
- iii. Local government public accounts committee at every district council which examines the reports of the auditor general, chief internal auditor and any reports of commissions of inquiry and advises the council and the minister on management of funds and other resources of the local government.
- iv. Local government finance commission at national level which advises the president and the local government on transfers to local government and potential sources of revenue.
- v. The resident district commissioner at every district who is the representative of the president in the district.
- vi. District land board, which is in charge of land matters in the district.

These institutions are established and are functional. They are managed by people of high moral character, proven integrity and long-standing working experience in responsible positions. Members of the boards and commissions are not councillors.

The system of local government is based on the district, as a unit under which there are lower local governments and administrative units. Within each area the highest political authority is the council.

Substantial powers, functions, and responsibilities are devolved to local governments by the LGA. Local Governments have the powers to make and implement development plans based on locally determined priorities. They have the power to make, approve and execute their own budgets; and to raise and utilize resources according to individual priorities after making legally mandated disbursements. Similarly, local governments can make ordinances and by-laws, which are consistent with the constitution and other existing laws, ordinances and by-laws. In addition, local governments are mandated to hire, manage and fire personnel. They manage their own payroll and separate personnel systems.

The concept of participation is the heart of the policy of decentralization. One of the objectives of decentralization is “to ensure democratic participation in and control of decision making by the people concerned”. In order to effect this directive the local government planning and budgeting process is bottom-up, incorporating the proposals of the lower councils. The planning and budgeting conference is held every year to give the up-country councils an opportunity to make their inputs. Attendance is open to all citizens, interest groups, individuals and all other interested parties.

Consistent with the Government policy of privatization, local governments have been encouraged to work with the private sector agencies in the delivery of services. This has been done mostly in the management of markets, repair and management of roads, rehabilitation and construction of health units, classrooms, community centres, water supply and other services. The maintenance of some of these infrastructure services to a great deal depends on the community through their service user committee.

Through a range of integrated development projects, the government of Uganda, through the Ministry of Local Government (MOLG) has been able to attract several donors to support capital development and capacity building projects in several districts. The projects' focus has been on: (i) infrastructure development in the areas of water, feeder roads, primary health care, universal primary education, agriculture, and (ii) capacity building of district council officials and other community based organizations. The MOLG co-ordinates the design of these projects and the donors choose particular districts where they want to operate.

3.2.1 Marginalized Groups and Minorities in the Development Process

Marginalized groups include the youth, people living with disabilities and women. Although women are a marginalized group, they are not a minority group. Women constitute over 51% of Uganda's total population (UNCDF October 2001).

Although there is a youth council that is mandated to take care of the matters affecting the youth in the country, its contribution to the local government in the decision-making process is minimal. The youth and people living with disabilities have very little input into the planning and resource allocation process of local governments. These institutions are weak in terms of economic resources and training to effectively articulate their issues/concerns at the district councils and sub-county levels, where investment/resource allocation decisions are taken.

Women's participation in the planning and budgeting process in local governments and the subject of gender mainstreaming have been identified as important matters of national concern in the development process in Uganda. There are, however, clearly a number of ways in which women have limited access to the local development process:

- The planning budgeting and resource allocation process is still male-dominated and not adequately gender sensitive.
- General reluctance by the communities to participate in meetings that have no direct immediate benefit to them.
- Inappropriate timing of meetings which does not take into account women's' schedules of activities.
- Cultural factors such as low status accorded to women, especially in the rural areas, which muzzle women's contribution to the development process.
- Weak and ineffective representation of women's institutions in the government and thus biased in the local planning and budgeting process as well as resources allocation.

3.3 ECONOMIC DIMENSION

Before decentralization in Uganda, Local Governments had no powers over their financial and planning matters. They had to seek the approval of the centre for all their recurrent and development activities. With decentralization, the local governments gained autonomy to manage their own financial and planning affairs. This significantly changed the relationships between the central and local governments.

There is an established Local Government Finance Commission of seven members to advise the president and the local governments on financial matters. The local government nominates four out of the seven members of the commission. This is meant

to ensure adequate representation of the local government interests. It is the commission that recommends the amount to be allocated as various grants to each local authority. It also advises the local government on appropriate tax levels. The commission is independent in its operations, which is important for objectivity in handling local government financial issues.

Government retains the powers to determine the type of taxes to be levied by the local governments. It also prescribes the financial controls and accountability measures for compliance by the local governments, including regular audit and inspection.

Local governments share their revenues in agreed portions, and in accordance with the law. In the city and the municipal councils, revenue is collected by the divisional councils, which retain 50% of all revenue collected and remits 50% to the city or municipal council. The city or municipal council is, however, required to distribute at least 30% of its total amount of revenue to the divisional councils in its area of jurisdiction. This acts as a mechanism for equalization amongst the divisional councils in each city or municipal council.

In rural areas, the sub-county councils collect revenue. The sub-county councils retain 65% and remits 35% of the total revenue collected to the district council. The sub-county council redistributes the amount it retains to the county council (5%), the parish council (5%) and the village councils (25%) and retains the rest for its operations.

The law provides for the safeguard against non-remittance of the agreed percentages. The district local government and municipal councils are also required to provide the necessary guidance and technical support to the lower level local governments within their areas of jurisdiction and enforces financial management and accountability, including conducting internal audit and regular inspection.

3.3.1 The Planning and Budgeting Process

The district council is the planning authority in the district. Each local government is required to prepare and implement a comprehensive and integrated medium-term development plan, incorporating the plans of the lower levels local governments and councils in their respective areas of jurisdiction. There is an established technical and planning committee, which consists of the heads of departments at each level. In order to facilitate the planning function, the districts have District Planning Units, manned by statisticians, economists and demographers. They assist to co-ordinate the plans of the various departments and assist in capacity building at the lower councils' planning.

The councils have also exercised their powers to budget for their revenues in the short and medium terms, through the annual and medium term budget framework. The annual budget conference, which is attended by all the stakeholders in the area, helps to identify the priority activities to be financed in the budget. The council committees, assisted by the respective departmental officers, raise proposals which are discussed and integrated into the local government budget for each year.

At present, there are three major sources of revenue for local governments: the locally generated revenue, the government grants and the donor funds.

Local revenue is collected mainly from Graduated Personal Tax, Property Tax, market fees and trade licenses. The biggest source of local revenue is the graduated tax, which

accounts for more than 80% of the local revenue sources. In the urban areas, there is more collection in the property tax although the full potential of this source is yet to be exploited. Local governments also have powers to borrow money or accept any aid or assistance, for purposes of carrying out their functions and services. They may raise loans by way of debentures, issuance of bonds, or any other method they may deem necessary, so long as they may not exceed 25% of the locally generated revenue and that the council demonstrates the ability to meet its statutory requirements.

In terms of grants, local governments have graduated from a time when they had no transfers from the local government, through the vote allocation system to the current arrangement of block grants to district and urban councils. The grants have increased over the years and account for as much as 80% of the revenues of the local authorities. Government grants include unconditional and equalization grants.

The unconditional grant is the minimum grant paid to local government to run decentralized services. The conditional grant is the money given to local authorities to finance programmes agreed upon between the centre and the local governments. The equalization grant, on the other hand, is the money given to local governments for giving subsidies or making special provisions for the least developed Districts

Since 1998, the government of Uganda has decentralized the development funds through a number of modalities, including the Poverty Action Fund (PAF), District Development Project (DDP) and the Local Government Development Programme (LGDP). This has boosted the capacity of local governments to implement development programmes.

Every local government council is required to maintain proper books of accounts and other records, to balance their accounts for each year and to produce statements of final accounts within four months from the end of the financial year. There are detailed financial and accounting regulations to which every local government must conform. The auditor general audits these accounts and a report of the audited accounts is given to Parliament and to the respective council. Local government records and activities are also open to inspection and monitoring by the line ministry and the government Ombudsman to promote adherence to the law and accountable practice.

Nonetheless, a lot remains to be done in building the capacity for effective financial management at District and sub-district levels, especially in accounts, audit, planning and procurement. The local revenue base is still weak and heavily dependent on Graduated Personal Tax, which is unpopular. The conditional grants, which seem to be preferred by the government and the donors, permit the local government to have minimal discretionary powers over the use of government transfers. This is a great danger to decentralization. The equalization grants, too, have been given a meaningful manner to address the question of equity and fairness in development.

The illustration below demonstrates the efforts being put up in fostering participatory development.

Box 2: LOCAL AGENDA 21 MODEL COMMUNITIES PROGRAMME IN JINJA

The model communities programme (MCP) was introduced to the Jinja Municipal Council in 1995. Jinja Municipality was interested in participating in the MCP because it wanted to bring together municipal authorities, residents and local organizations to initiate a participatory planning process.

The objective of the Local Agenda 21 planning process in Jinja has been to improve services to residents while protecting and improving the natural environment.

While Jinja's population doubled between 1960 and 1991, little investment was made in infrastructure and services, and not many housing units were erected. This resulted to overcrowding and severe housing backlog. This in effect resulted to the corresponding demand and pressure on the environment, resulting in deterioration in environmental conditions. As focal points for population growth, commercial and industrial activity, urban areas concentrate energy and resource use as well as waste generation, often to the extend that the environment is overloaded and over-stressed, while the capacity to manage it is overwhelmed.

With the onset of political instability and subsequent collapse of the economy during the 1970s, the municipality lost its ability to maintain services, which subsequently fell into a state of despair.

During the course of developing the LA 21 MCP Ro Jinja municipality, community consultations were held with residents and all other stakeholders to discuss issues related to the environment problems faced in the municipality.

In the prioritisation process two issues were identified as major problems facing Jinja municipality. These were:

- i. Improvement of Jinja's natural environment;
- ii. Improvement of domestic sanitary conditions and wastes disposal, namely solid waste disposal and sewerage and sanitation management.

The programme started by identifying and inviting interested groups and institutions in town initially by the municipality management. A multi-sectoral stakeholder group was set up to oversee the activities of the programme and a project team was formed to run the programme, with the support of a co-ordinator and a researcher.

Sensitisation and training was offered to the stakeholder group, the project team and the target group of the MCP on partnership building and other aspects of the programme through workshops. a wide cross-section of residents was consulted, including local councils, municipality, business community, women, youth, churches and NGOs.

Source: [www.bestpractices \(2000\)](http://www.bestpractices.org)

3.4 MANAGEMENT OF PUBLIC RESOURCES

3.4.1 Rural Water and Sanitation

Rural water supply is a major priority under the government of Uganda's Poverty Eradication Action Plan (PEAP). The sector is benefiting from the PUF and the bilateral donor fund. In 1998, the government introduced a strategy reform process to the water and sanitation sector. The objective of the reform was to ensure that services are produced, delivered and managed with increased performance and cost effectiveness it was also to decrease the government burden while maintaining the government commitment to equitable and sustained water and sanitation provision. To provide the necessary backup, the Ministry of Water, Lands and Environment (MWLE) set up local Technical Support Units (TSU) in different regions of the country.

The Ministry of Water Lands and Environment has developed the water sector policy and strategy. At the national level, the ministry has the overall responsibility for the management and efficient utilization of the water resources. However the role of the ministry and its DWD is changing from a mainly executing and management role to that of policy formulation, strategic planning, sector monitoring and regulation. The mandate includes overall sector planing, human resource development and advisory services. Direct provision and maintenance of water and sanitation services is the overall responsibility of the local governments.

Sanitation in general, household sanitation, continuous hygiene education and other environmental health activities e.g. vector control, improved housing, food handling, etc are part of the sanitation improvement strategy, specifically for the rural growth centres. Communal type VIP multiple stance toilet facilities are provided in reserved public places.

Despite the big strides made towards this goal in the sector in the last 10 years, the current national rural water and sanitation coverage remains low at only 52.3% and 51% respectively. Actual safe water supply by the district varies widely within districts and regions. The average water use per household is half the minimum recommended amount, due to long distances to the water points. This brings along the gender issue whereby girls and women are assigned the duty of water collection.

Constraints in the sector include low funding, supply driven implementation methodologies, selection of inappropriate technologies, poor co-ordination of donor-supported projects, inadequate technical capacities at the local levels and inadequate involvement of the private sector. In most cases, there is only one district officer who in some cases may not be a qualified water engineer. Managerial and technical deficiencies extend to the private sectors with operators with little experience in a service that was hitherto a preserve of the central government agencies.

3.4.2 Urban Water and Sanitation

An estimated 55% of the urban population in Uganda have access to safe water but sewerage facilities reach only 5% of the population while on-site sanitation, predominantly pit latrines, serve the remaining percentage.

Reforms in the urban water and sanitation sub-sector are underway, within the context of the key policies of poverty alleviation, decentralization of functions and responsibilities to the municipal authorities. The main objective is to increase coverage to 100% of the urban areas by 2010 and improve operational, financial and investment capacity of the service.

The current strategy for the provision of water and sanitation on the urban areas is organized along the following two modalities: the first is at the National Water and Sewerage Corporation (NWSC), a parastatal that operates and maintains water and sanitation facilities in large towns. Although some efficiency has been realized in the past mainly arising from economies of scale for such a large monopoly, the performance of NWSC is still characterized by a low efficiency, high costs to consumers and failure to replace broken pipes and check leakages in time.

The second method of service provision lies with urban authorities who are responsible for the operation and maintenance of water and sanitation facilities.

3.4.3 Roads

Government places roads development amongst its highest priorities for investment. The ministry of works, housing and communications is the government agency mandated to set policies, standards, co-ordinate and develop the whole country's transport infrastructure. Government's medium term transport sector policy aims at promoting effective and efficient transport services as a means of providing support to modernization of the economy in particular increased agricultural and industrial production, trade, tourism, social and administrative services. This will further enhance governments strategy for the eradication of poverty and ensure economic integration.

The national policy provides for the following strategies:

- Continued improvement of the managerial and operational efficiency of the roads administration.
- Devolution of the functions of the roads construction, rehabilitation and maintenance of the specified roads to the local authorities.
- Encourage and promote the active participation of the private sector.
- Involve the stakeholders at appropriate levels in the formulation and management of roads projects and policies.
- Encourage the use of community and labour based construction and maintenance methodologies where appropriate.
- Enhance road safety measures.

Constraints within this sector include institutional deficiencies arising from frequent changes in local government administration and poor co-ordination with the centre. There is also the problem of the deviation from planned activities to suit political priorities. Others include inadequate sources of revenue to the local government from the sector, inadequate technical manpower- particularly at the sub-county level, insufficient training for the officers and the political committees in charge of works, and inappropriate technology for some areas.

3.4.4 Education

Education is one of the government's key priorities and had equally continued to receive priority in resource allocation. There are four broad priorities in the sector:

- ❑ Universal access to primary education - This programme was launched in 1997 and has led the government to focus more strongly on provision of basic learning materials and training of teachers and construction of classrooms and expansion of post-primary opportunities. The results have been a tremendous increase in school enrolment.
- ❑ Equity thrust- Emphasising on the removal of gender bias in the regional and social inequalities in the education sector. This is inter-linked to the government's drive to eradicate poverty and to meet special education needs including the education of the physically impaired.
- ❑ Strengthening the role of the central government in the education sector, as well as accountability, transparency and effectiveness
- ❑ Building the capacity of the districts both to provide public services and to effectively enable private sector involvement.

3.4.5 An Assessment

In order to appreciate the impact of decentralization on public services and infrastructure, one needs to bear in mind the picture of Uganda as it was in the 1970s and 80s. The public service had collapsed. The water systems were not working anymore, the roads were full of potholes, the schools were dilapidated and schools materials were no longer provided. In fact, personal progress seemed to be on the uneducated, which resulted in high illiteracy levels in the country. The health units lacked basic supplies and drugs and the medical personnel were extremely insufficient. Hospitals and health units lacked maintenance. Although government was providing public transport, the companies were ridden with corruption and inefficiency and government subsidies on parastatals were excessively high.

When the NRM took over power in 1986, almost everything needed rehabilitation. Government's top agenda was to restore the facilities, which had been destroyed by war. It was also necessary to expand the facilities in order to lay the foundation for meaningful development and growth. The principle goal has been to eradicate poverty through the institution of various reforms. The National Poverty Reduction Strategy, as outlined in the PEAP, entails raising household incomes and improving the quality of life by enhancing access to basic social services of health, roads, education, water and environmental sanitation. A look at the facilities, which have been rehabilitated, constructed and improved since the onset of decentralization gives the hope that Uganda can once again shine as an example of development undertaken by the people themselves through their popularly elected councils.

As a result, poverty in Uganda is on the decrease. The Uganda Participatory Poverty Assessment Project (UPPAP) report shows that poverty in Uganda has reduced by 21% between 1992 and 1997. Further trends in poverty in the last ten years show that whereas in 1990, 56% of the population lived below the poverty line, by 2000, the figure had gone down to only 35%.

However, poverty cannot be overcome within a short time. Some sections of the society expect decentralization to produce miracles. It is important to point out that local governments require patience and understanding as they grapple with the problem of poverty. Decentralization, therefore, remains a process that requires the collaboration of everyone in the society.

The UPPAP report clearly shows that poverty in Uganda is complex and afflicts people in different ways. As such, the local governments are best placed to provide the public services and infrastructure relevant to each area. Effective decentralization, being devolved from powers to make decisions backed by sufficient resources, is necessary to enable the local governments to address the poverty situations in accordance with local priorities and circumstances of each area.

3.4.6 Lessons Learned

A poor community is easily recognized by its appearance. It has no roads, the houses are poor, high illiteracy levels and limited access to health facilities. In such an area, water supply for domestic use is scarce. Inadequate roads and energy systems are a major constraint in improving livelihoods.

One of the key lessons to be learned from the experience so far gained, is that decentralization of responsibilities must be accompanied by sufficient resources to finance the activities of the local governments. Ugandans are now grappling with the challenge of a decentralized system that is heavily dependent on the central government grants. The central government now provides more than 80% of the financial requirements of the local governments, while the local governments themselves can hardly raise more than 15% of their needs. In order to instil confidence and self-reliance in the local governments, it is necessary to decentralize revenue sources for those taxes that can be efficiently managed by the local governments.

It is also preferable that planning and fiscal decentralization proceeds in a systematic manner along with capacity building in critical fields like accounts, planning, statistics, auditing, and financial management. Poor records keeping can constrain the system and lead to inefficiencies and resource waste.

The role of the political leaders in planning and financial management can not be overemphasized. They provide the mobilization of resources, determination of priorities and political supervision over the technocrats. Therefore, a training programme for councillors strengthens their ability to quickly grasp technical aspects of the development projects that need to be put in place.

It is also important to note that local governments are able to utilize development expenditure in line with government priorities in a transparent and accountable manner. Nevertheless, special efforts need to be made to build capacity in technical areas of public service, coupled with adequate facilitation and remuneration of the officers.

Peace is a prerequisite for poverty eradication and by implication, development. Local governments are also affected by any form of insecurity or conflict and play a significant role in situations of civil strife, in meetings and mobilising communities, resettling the displaced persons, reporting on wrong elements and so forth. This need not be ignored since its outcomes have a bearing on the council resources and stability, necessary for the management and development of public services and infrastructure.

The experience of Uganda under decentralization shows that it is possible to reverse the decline in public services and infrastructure by addressing the question of governance and empowerment of the people to plan and implement programmes relevant to their specific area needs.

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CHAPTER FOUR: LOCAL DEMOCRACY AND DECENTRALIZATION IN KENYA

CHAPTER FOUR

LOCAL DEMOCRACY AND DECENTRALIZATION IN KENYA

Background

Kenya was a British colony and protectorate from the 1890s until independence in December 1963. Following some constitutional reforms, Kenya became a one party state from 1982 until 1992 when more political parties were allowed following domestic and foreign pressure on the government. The ruling party, Kenya African National Union (KANU) which dominated Kenya's post-independence politics, legalized pluralism in 1992 led to the emergence of several opposition parties based mainly on ethnic lines.

Kenya has been and continues to be a relatively stable country. It has not experienced the major ethnic and civil conflicts that have wrecked most of its neighbours, although in the first and second multiparty elections there were cases of politically instigated ethnic clashes.

Kenya's economy is reasonably diversified, though most employment depends on agriculture, which contributes more than 25% of the GDP. The country enjoyed strong economic growth from independence until 1970s. The average GDP growth rate declined from 6.5 % between the 1960s and the 1970s to about 2% in 1990-1999, below the average population growth rate of 2.5% (The World Bank).

The local government system in Kenya comprises the Ministry of Local Government, the Provincial and District Local Government Offices, and the local authorities. Other key players include the Ministry of Finance, and the Controller and Auditor-General. Local authorities derive their legal foundation, powers and functions from the Local Government Act, Chapter 265 of the Laws of Kenya. They are semi-autonomous legal entities with administrative and legal powers delegated by the central government

4.1 POLITICAL DECENTRALIZATION

The local government is a key component of the public administrative system. As early as 1947, the need to set up a form of self-government in Kenya was already being advocated for by the colonial governors of the time. It was already envisaged at that time that there was need for an autonomous local body that would control its own budget and be responsible for a wide range of services.

Tracing the origins of local governance in Kenya, it is to be understood that during the post-independence period, emerging African nations struggled to find their own identity and fought to come to terms with conflicts between their own culture and the western value systems that they had inherited. In 1902, for example, the Village Headman Ordinance was passed which gave provincial commissioners (British) the authority to appoint African headmen to maintain law and order in the villages, to help in tax collection, maintain local roads and to arbitrate in minor disputes.

It should be noted in this case that the creation of a headman was solely for the purpose of controlling and monitoring the activities of the "natives", and various attempts to

incorporate the settlers and the Africans under the provincial administration/management system were unsuccessful.

From available literature, indications are that the first local government commission was appointed in 1926 under R. H. Freetham to examine the structure and functions of the local government in Kenya. In response to recommendations from this commission, the legislative assembly passed the District Councils Ordinance in 1928.

What may be of relevance to our study, however, is the sessional paper no. 2 of 1961 on the reconstruction of local authorities. This document formed the basis for the draft local government bill in 1962, which outlined the organization of local government. In 1963, the Local Government regulations were published, which placed area and urban councils under the jurisdiction of county councils. The next major legislation was the enactment of the Local Government Act, Cap 265 in 1977, which is effective to date, but not without amendments.

4.1.2 Historical Development of the Local Government in Kenya

1902	Village Headman Ordinance <i>Colonial administration appointed local chiefs.</i>
1912	Local Authority Ordinance <i>Selected chiefs appointed to head local.</i>
1919	District Advisory Committees in selected areas <i>Established to deal with wartime problems and management of settler estates during world war I.</i>
1924	Local Native Ordnance <i>LN councils under D. c. mandated to collect local tax/provide services: water, markets, slaughterhouses, education roads, bridges, sanitation.</i>
1926	R.H. Freetham, Local Government Commissioner <i>Recommended separate LG institutions for Africans and settlers.</i>
1928	District Council Ordinance <i>Segregated councils adopted.</i>
1937	Africans elected as councillors
1950	Local native councils <i>Changed into African District councils</i>
1963	Local government regulations <i>Kenya becomes an independent state.</i>
1966	Hardacre local government commission <i>Removed the two-tier system of local government. African D.C.s replaced by county councils; municipalities and townships left autonomous.</i>
1967	Sessional Paper No. 12 of 1967 <i>Government accepts to revitalise LAs with reliable sources of revenue including grants.</i>
1969	Transfer of Functions Act,1969 <i>Major services; primary schools, health services, roads maintenance including financial resources transferred to central government except 7 M Cs; Nairobi, Mombasa, Thika, Eldoret, Nakuru and Kitale with £6M deficit.</i>
1974	Graduated Personal Tax <i>GP tax transferred to central government. General grants abolished.</i>

1983	District Focus for Rural Development <i>The policy weakened the LAs, strengthened central financial resources control.</i>
1986	Sessional paper No. 1, 1986 on Economic Management for Renewed Growth <i>LAs to be assisted in revenue collection and preparation of annual estimated and forward budgets.</i>
1995	Appointment of a commission of inquiry on local authorities in Kenya <i>To prepare a report on LAs in Kenya: a strategy for local government reform in Kenya (the report is yet to be officially released).</i>

4.1.3 The Centre Local Relations

The relationship between the central government and the local authorities is one of master and agency, with local authorities “enjoying” semi-autonomy. However, local authorities are legal entities with a name, a common seal and perpetual succession. They can sue and be sued and can acquire and hold property and other assets, but the central government exercises its authority over local authorities in various ways. These include:

- At inception, each local authority is categorized. The city council of Nairobi and municipalities have generally a wider range of functions.
- The financial base of any local authority is dependent on approved revenue sources, most of which are determined at the central government level and pronounced through the national budget.
- Senior staff appointments are determined by the Public Service Commission through the Ministry of Local Government.
- The controls of financial collections and expenditure (through estimates), requirements on reporting and enquiries, control over funds operations, audit of accounts as well as procedures of the council's conduct of business, remuneration for the councillors, employment levels and budgeting processes are all determined by force outside the council. These are done mainly at the ministry of local government and also at other central ministries levels.
- Local authorities are also expected to adhere to guidelines/requirements determined at central government level communicated through central ministerial circulars and through the minister for local government.
- The minister for local government can order for the dissolution of the council and subsequently appoint a commission (oversight) to run the councils. He/she can even at most wind up a council if for any reason he/she thinks this is justified.

Over the years, the situation has not gotten any better. In 1974, a compensating grant was introduced to replace the Graduated Personal Tax (GPT), but the allocation for this dwindled with time and was finally abolished in 1978. From this point onwards, it was no longer difficult to appreciate the kind of financial distress the local authorities were facing and which, when considered with other factors such as weak institutional frameworks, staff apathy and a restrictive legislation, have continued to further weaken the local government system in Kenya.

It is interesting to note that, the Local Government Act does not provide for the establishment of a city in Kenya, and so, Nairobi is still legally a municipality, though it enjoys the status of a city. Political factors have also led to the extension of boundaries

of some municipalities, such as, Naivasha, Kisumu and Kitui thus capturing large rural populations. These anomalies in classification have tended to over-stretch the capacity available to administer and manage them effectively.

The process of elevating towns to city statuses in Kenya is an interesting phenomenon. The criteria used to elevate Kisumu and Mombasa from municipalities to city councils is one that leaves a lot to be desired in the Kenyan political system. To many observers, this appears to be a political manoeuvre by the ruling political party to win political support from the residents of the former municipalities. It is interesting to note that the situation in these towns is a complex one considering the activities that preceded their final elevation to cities. The activities for one may appear genuine as may be justified by those in government, (the demolition of Kiosks in Mombasa without providing the citizens with alternative sources of livelihood and settlement, the cleaning up exercises in Kisumu without considering the sustainability of such exercises). In the real sense, the motive here can be seen more as a political move by the ruling party to seek popularity in these regions ahead of the general elections later in the year. The situation was aptly described by the *Kenya Times* of January 18, 2002:

"That virtually all our urban centres led by the country's chief metropolis, Nairobi, are an eyesore is probably an understatement. True, the population match may have outstripped the capacity to effectively cater for services, provide facilities and create opportunities but, pray where is the evidence of the local authorities in any of our urban centres even trying? And primarily because planning long became anathema and lethargy set in, with both finding an icing in corruption, nobody bothered whether a road reserve was grabbed or whether areas designated for other facilities were instead dished out or had some hideous looking structures planted on them.

The creation of unplanned structures, including kiosks which were pulled down in Mombasa and shortly as it has been stated, will be replicated elsewhere, are rooted almost exclusively on preoccupation of self gain, myopic vision and a seemingly irredeemable inclination for avarice. For did the owners of the structures being pulled down not pay someone before they could be licensed to put up the structures?" The question remains, how can a balance be struck between meeting the needs of the hawker, the small time trader, the slum dweller whose business and residential premises are the very anathema for order and planning, how do we safeguard the aesthetical imperatives of an urban setting? After all an urban centre, a town, a city must still wear the attributes, which exalt its status. - *Kenya Times, January 18 2002.*

It is important to point out in this case that if we wish to stick to some minimum standards for our urban centres, then we have little choice but to insist kiosks and certain structures can only stand on designated places but not sprout out everywhere.

Nevertheless, this move can be seen on the other hand to be in line with a presidential commission's report popularly referred to as the Omamo Commission or Omamo Report. The recommendations of the report in question have never been made public to date. Reference to this document in the report is based on the Kenya Gazette Notice No. 2939 and 2940 dated 26 May 1995. According to the TOR of the commission, as stated in the

notice, the commission should have dealt with numerous macro and micro issues on LAs. The final commission report should have several recommendations and strategies proposed which when implemented will have a significant impact particularly on human resource development in LAs. Some of these strategies should include, *inter alia*, alternative choices of local government development through the process of decentralization, autonomy and related aspects for enhancing efficiency and effectiveness of the metropolitan, city and municipal systems in the country; future structures, powers, legal frameworks, functions, and staffing of LAs at all levels in the country (viz-a-viz the local government Act Cap 265); elevation of Mombasa, Kisumu, Nakuru and Eldoret to city status; division of Nairobi city council and other proposed cities into boroughs (Municipalities/districts); greater active local community participation in the design and the implementation of development plans; examining LA licenses and regulations that inhibit development; and removing unacceptable practices such as nepotism, misallocation of plots and deliberate disregard to planning and development regulations. (Mbogua J. P. and Chana S. T., Human resource Development Strategy for LAs in Kenya, 1999,pp viii).

Since the inception of multi-partyism in the country there has been intense debate regarding the constitution. The need for the constitution to be reformed has been the concern of many interest and pressure groups and most quarters including the ruling party have accepted the need for constitutional reform. It is clear that one of the problems which constitutional reform may deal with is the existence of maladministration and how best to ensure an effective administration devoid of maladministration and manipulation.

Maladministration manifests itself in a situation where a person, given state powers for purposes of administration, wrongly applies the power and causes injury to the subjects of the state. Apparently, there have been regular complaints from Kenyan citizens about mal-administration. Public institutions and officers such as Chiefs and their Sub-Chiefs, District officers and Provincial Commissioners, civil servants, Ministers and their deputies, members of the armed forces and officers of parastatals very often exercise their powers in ways that cause injury to others. Those who are injured need the right to get redress, and a process through which to do so. (Winnie V. Mitulla et al., 1998 pp 2).

The situation as observed above compromises the true sense of good governance.

4.2 THE LOCAL AUTHORITY FISCAL SYSTEM

Kenyan local authorities are a fairly diverse group in terms of the ways in which they raise and spend resources. A review of the composition and levels of revenue and expenditure across different types of councils provides a useful background for understanding their fiscal performance.

Several acts of parliament, including the Local Government Act, the Rating Act, the Valuation for Rating Act and the Regional Assembly Act, give local authorities in Kenya a right to raise income from a wide variety of sources, subject to the approval of the ministry of local government. No particular source of revenue is required or reserved exclusively for specific types of local authorities, but some general patterns have emerged. Large municipal councils are less diversified in their principle sources of revenue, relying heavily on water charges, land rates, house rents, sewerage fees and

grants for teachers salaries with small percentages from all others. Town councils are less reliant on land rates and infrastructure-based revenue but rely more on plot rents, licenses and incomes from less capital-intensive services such as market and bus park fees.

County councils tend to have fewer substantial sources of revenue than the councils in the urban areas, except for those that charge production excess on cash crops or have access to land rates. Most county councils rely heavily on market related fees and trade licenses, which are collected in at least several trading centres as well as the administrative seat of the county council. Some councils have bus parks and slaughterhouses, and a few collect large amounts of revenue from game reserves within their areas of jurisdiction. Most other revenue sources are unreliable and unproductive.

The financial sustainability of any local authority in Kenya is to a large extent dependent on the central government/local authorities' relationships. The local authorities' capacity to fulfil their functions is also largely dependent on their financial resources and their efficiency in generating revenue from these sources, and further the supplementary resources they can derive from the central government in the form of revenue sharing grants and loans. The control system in place also affects the timeliness of expenditures (exchequer releases being highly controlled), their level of activities and the range of services they can offer or development projects they can embark on.

4.2.1 Intergovernmental Transfers

Over the years Kenya has attempted to use a comprehensive approach in the development of the local government system. The budgetary process makes a point of matching potential resources with expenditure targets. A key element in the system has also been that revenue resources are assigned in a limited flexible system, which limits local authorities' capacity to develop their own revenue base. At present there is national tax revenue sharing under LATF and roads revenue programme. In the past, grants have been provided by the central government to bridge the gap between revenue raised or potential and expenditure needs as estimated by the local authorities.

It is equally important to note that the local government system in Kenya leaves a lot to be desired in terms of local democracy. It would be easy to conclude that local government is a form of decentralized government in which definite powers and obligations are exercised in furtherance of central government goals and objectives for its peoples. But operations of local authorities are regulated by the central government through the ministry of local government. This is on the premise that, while devolving powers to the lower levels, the manner in which this power is exercised should be controlled and limits set on what local authorities can do. This Act bestows upon the minister for local government the powers to the:

- Establishment of local authorities and definition of their boundaries, (section 5).
- Approval of minutes, accounts and estimates(section 213, 228 and 244).
- Appointment of inspectors to examine accounts of a local authority (section 231).
- Powers to remove members of a council and appoint a commission winding up a local authority and its dissolution (section 252, 253 and 254).

Among the unique characteristics of the local authorities are the powers to make laws, which are enforceable locally within their area of jurisdiction. They have the powers to raise revenue locally; they are political organizations in that membership to these

councils is through political election and nomination. Local authorities are planning and management authorities as they are supposed to ensure there is harmonious development within their areas of jurisdiction.

The executive implement law formulated by the council, and can therefore not act without the authorization or mandate of the council. It is only when councils are dissolved in preparation for a general election, does the executive constitute itself into a committee which decides on administrative and other routine matters of the local authority. The local authority is also subjected to the terms and conditions of their employment as stated by the public service commission, the employing agency for government as well as the requirements of the local government Act and other applicable laws.

Local authorities in Kenya are associated with administrative as well as professional problems. This is in contrast with the requirement that local authorities in Kenya once created become independent entities. In the past, however, urban councils were dependent on county councils, but with their elevation to town councils in 1997, they assumed an independent life of their own. Though the Local Government Act provides for the establishment of joint boards between two or more local authorities for purposes of common interests, none has ever been formed. This can be seen as an institutional weakness of the local authorities in Kenya. Secondly, the law requires that when a local authority is established to form a county council, all the assets and liabilities be shared equally/appropriately. The reality on the ground, however, in most cases is very different from the ideal.

Relationships between the councils and the provincial administration represent the assumption of separation of powers. The provincial administration at the end of it all is seen as the direct expression of the central government in a different form. The Provincial Commissioners (PCs) wield lots of power and are in charge of security and implementation of government policies at the grassroots level. The PC has a chain of officers under him/her who are well spread out in all corners of the country. Citizens often look up to the provincial administration for development, security and all aspects that pertain to government policy. At the local authority level, residents have very limited opportunity to participate in their council's development except through representation by their councillors. This has proved to be ineffective, as the councillors in most cases do not hold consultative forums at ward levels. There exist no ward-level consultation committees.

Recent developments, however, indicate the government's commitment toward local level consultations. Windows of opportunity for development of effective participation structures at the grassroots levels can be seen from initiatives such as:

- a) The Poverty Reduction Strategy Paper (PRSP) - This is a project that attempts to link national policy formulation, planning and budgeting in a participatory manner. It is expected to spur economic growth while at the same time reduce poverty among residents.
- b) The local authority development programme (LADP) - This is an ambitious initiative to assist local authorities in their medium term investment planning.

These planning strategies have been revised to incorporate elements of participatory planning, gender considerations and environment. These planning guidelines allow for

ward-level participation in the articulation of local needs, which are then prioritised at council level.

Though local consultations were undertaken, resource allocation is centrally done, except for the Local Authority Transfer Fund (LATF), a central local transfer that supports local delivery of services to the local authorities. The poverty reduction strategy paper has, overall, provided for a one year period for the development of a decentralization policy.

Today, the Kenyan economy is faced with major challenges of growing poverty and high unemployment. Over half a million people enter the labour market annually. To contain these challenges, the economy needs to grow at a higher percentage than it is now, per annum for a long time. This can only happen through recovery and improvement of the productive sectors, which call for a creation of an enabling environment through stabilization and economic reforms, which in turn calls for urgent rehabilitation, and improvement of infrastructure.

4.2.2 Community and Participation

With the shifting emphasis in development strategies towards promoting more socially equitable economic growth and meeting the basic needs of the poor, wider participation in decision-making is considered essential to the development process. Participation and decentralization are considered to have a symbiotic relationship, as successful decentralization requires some degree of local participation. Likewise, in countries with poor history of participation, decentralization can be an important step in creating opportunities for citizen participation.

There are no legal or administrative structures for community participation and involvement in the management of Kenya's local authorities, particularly at the ward level. The law only guarantees political participation through civic elections. Once elected, council and the central government remain the key decision-makers on local development matters. It is assumed that councillors effectively represent citizens, yet they rarely hold consultative meetings in their respective wards. A commentary by Cllr. Jamine Madara of Ukwala Town Council sums it up as follows:

"Citizens' participation in decision making in the local authorities has been elusive in Kenya, except during elections when citizens participate in electing their councilors. Once this is done they are never consulted in any decisions that affect them. General inadequacy of resources in local authorities and the poor performance of national economy has made service delivery a daunting challenge like never before. Local authorities must therefore find new ways of working that draws on the resources, experiences and capacity of various actors to complement their ability and to encourage a feeling of ownership, promote public awareness, strengthen local authorities management instruments and promote transparency in the process. Inclusion of the community and the creation of an effective system of participatory local government are prerequisite for sustainable development." - ALGAK *Habari, August 2001*.

The government of Kenya has formulated policy objectives for the privatization of municipal services and the public enterprise as part of its wider structural adjustment reform programmes. Privatization of municipal services has been proposed as the best option in addressing institutional ineffectiveness, low productivity and unsuitable financial position. Although privatization of municipal services is not new in Kenya,

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comprehensive policy guidelines are required to set performance standards, allocate scarce resources efficiently, mobilize resources, alleviate inequality, set the prices right, and promote participation

Provision of services is, in the strict sense of the word, a function of the central government. The central government, however, has delegated this function to the local authorities for efficient management of the same. It is quite apparent in this case that service provision has been decentralized to lower levels of government. This situation, therefore, enhances the principal agent relationship between the central and the local government.

In Kenya, local authorities under section 143, are granted power to enter into contracts necessary for the discharge of their stipulated functions. Budgeting and expenditure guidelines set by the central government through the Ministry of Local Government further guide the councils on procedures relating to procurement of goods and services and preparation of realistic budgets. It is mandatory under the Local Government Act that local authorities keep their expenditure within approved estimates.

It is, however, important to note that the review of the Local Government Act Cap 265 is ongoing. The review aims at establishing a decentralized legal framework that emphasizes the devolution of powers to local authorities with adequate financial and other resources. External and internal developments over the years have necessitated the need for legal reforms: Firstly the 1994 Nyeri Workshop and report on the Local Government Act, the public views and recommendations of the 1995 Omamo Commission on Local Authorities and the introduction of multi-party politics in Kenya 1992: Civil society and other pressure groups such as Karen Langata Residents' Association (KAREN GATA), the Nairobi we want, ALGAK and others. Globally, the need for improved local governance, poverty eradication, and the key role local authorities play in this, brought to the fore the need for an enabling legal framework.

The illustration below gives an insight into the initiatives of the local associations, which are in great need of governmental assistance (Box 3)

BOX 3: AFRICAN COMMUNITY DEVELOPMENT RESOURCE CENTER (ACODREC)

ACODREC is a community-based organization initiated in 1995 operating in the southern industrial part of Nairobi in informal settlements of Mukuru and Kayaba. Most of the inhabitants of this area work in the nearby factories where they are paid a paltry US\$47 per month. ACODREC comprises Kayaba Jua Kali Association, Mukuru Nursery School, Kayaba Umoja Self-Help Group, Mukuemba Mixed Group Housing Co-operative Society, Anneriuki Business Promoters, Wachama Scheme and Tushauriane Group. Because of the adversities faced by the community, the group set to address and reverse the existing trends. To alleviate poverty among its members the group introduced various income generating activities including housing provision, candle and soap making, savings and credit society, carpentry, metalwork, leatherwork, pottery and weaving. Various ACODREC partners have already implemented these activities and the members can boast of improved income levels and improved living conditions.

The group also set out to address the problem of a high number of school-age children who were not in school. The group mobilized the parents and applied for registration of a nursery school. Currently, children up to the age of six attend the nursery school on half-day basis. The children are prepared to enter various formal schools, sponsored by the Mukuru Promotion Centre. Many youths are now self employed through the various activities such as cleaning "pay as you use toilets", carpentry, tailoring, sale of second hand clothes, metalwork and fast food kiosks.

The group has been involved in the education of its members on practical skills, ideas and sensitizing them on the need to play an active role in the improvement of their welfare. Through the housing savings and credit scheme, the members have been able to save and buy land elsewhere in Nairobi. Prior to this initiative, the residents were generally poor, and lacked adequate housing, healthcare, education and sanitation. The houses were constructed using pieces of carton materials and polythene papers and were vulnerable during outbreaks of fires and rainstorms. High unemployment rates led to a high number of thefts and high levels of drug abuse. The founder and a few recruited members conducted a house-to-house campaign on the need to form community based groups to improve the lobbying capacity in addressing the various issues affecting them. This led to the registration of ACODREC in 1996, and resulted in further campaign and recruitment of members.

The objectives of ACODREC include:

- Alleviation of poverty and improvement of members' living conditions
- Sharing of practical skills and ideas
- Conducting seminars and workshops to train members in organization skills
- Creation of loans and credit facilities
- Promoting people's sense of worth through identifying their potential and resources
- Co-ordinating activities and disseminating information from within and without the group
- Unifying sustainable projects in the community.

The member groups contributed money towards the activities of the organization, including imparting of skills and ideas during seminars and workshops, initiating and supporting income generating activities and the co-ordination of all the related activities. The various groups that make up the organization have different roles to play based on their areas of specialty. The co-operative society would, for example, provide savings and credit services to the members, the nursery school focuses on teaching languages to the children, etc.

(Source: Best Practices 2000, <http://www.bestpractices.org>)

4.3 MANAGEMENT OF PUBLIC SERVICES

Local Authorities are charged with the responsibility for providing services such as health, primary education, refuse collection, water and sanitation, and fire protection services among others within their areas of jurisdiction. But over the years, service delivery in Kenya's local authorities has deteriorated to an extent that even the most basic services are not easily available.

The existing facilities in most local authorities were planned to cater for a much smaller number of people. The expansion in commerce and industrial development has added to the existing high population growth in the towns without any commensurate rise in the quality and quantity of public infrastructure and services. Factors that affect service delivery include insufficient resources (both collection and allocation), mismanagement, weak technical and institutional capacity to increase service coverage, and lack of planning and foresight.

4.3.1 Water & Sanitation

Current estimates of water supply in Kenya indicate that 74% of the urban population have access to safe drinking water, while 50% of the rural population have access to the same. The public sector accounts for 1,000 water schemes operated nationwide. 2 million people are connected to sewerage systems. The rest of the population rely on pit latrines and septic tanks, the later mostly found in urban areas. The biggest challenge for the government is raising adequate resources for development and rehabilitation of existing water supplies. Development expenditure has over the years declined from a peak of K£43 million in 1995/96 to K£34 million in 1996/97.

The National Water Plan of 1974 expressed the government's desire to ensure availability of potable water for all by the year 2000, but this proved to be an unrealistic goal for the government in the new millennium. Despite this unfulfilled policy, the government continues to be the major player in water provisions in Kenya.

The thrust of the current water policy is the need for decentralized water resource management. This will take the form of devolution to local governments and increased participation by the private sector. The policy also states that the government will endeavour to hand over the responsibility for urban water supply and sanitation to autonomous departments within local authorities by the end of the year 2000. Due to this policy shift the government has embarked on the review of the Water Act (Cap 372) to address any inconsistencies that may need to be harmonized with the on-going review of the Local Government Act.

4.3.2 Commercialisation of Water and Sewerage Services

Data on water production, sales and consumption in most urban areas is unreliable, as many connections are inactive and most meters do not function. In Coast province for instance, about 38% of the connections are not working and 37% of the meters are not functional. Production capacities are often under-utilized and cost of production high. The supply network is, therefore, grossly affected, and in Nairobi, water supply shortages are quite common in certain areas. Nairobi collects just about 40% of the water bill and the billing system is six months in arrears. Provision of water and sewerage in urban areas is therefore hampered by:

- Low production in the face of ever increasing consumer needs;
- Low revenues due to poor tariff structures for piped water;
- Inefficiency in meter reading and billing;
- Lack of linkages between water supply and sewerage works.

To address the foregoing, a few local authorities have ventured into commercialization of water and sewerage services. This entails establishing and registering a water and sanitation company wholly owned by a local authority. Nyeri, Eldoret, Nakuru, and Kericho municipalities have created autonomous water supply and sewerage companies. These companies make independent management decisions.

4.3.3 Health

Challenges faced by the local authorities in the provision of health include the inability to employ and retain adequate professional staff, as terms and conditions for these cadres are not competitive. Secondly, local authorities do not have sufficient resources to finance health services. For Nairobi, the physical facilities are adequate and well spread throughout the city. However, due to budgetary constraints they have not been able to maintain the facilities to the required standards. Procurement of medical equipment and drugs have also been critically affected. The budget to support health provision in Nairobi is estimated at Kshs.1.1 billion annually, but currently this department gets just about Kshs.500 million.

In deciding who can best undertake a function, it has been found that the central government often has a comparative advantage in creating and disseminating information and providing national coverage for priority national concerns such as family planning, HIV/AIDS, and vaccination programmes and arresting epidemics. The high cost of health services including training of health personnel, can best be catered for by the central government.

With the establishment of various health management boards it is likely that private sector experiences may begin to rub off on the way business is conducted in public health facilities. Efficiency and economic allocation of responsibilities might help in increased resources and improved services. Local authorities could greatly benefit from categorical grants from central government to support local health care needs.

From the foregoing, we can appreciate that the government has made an effort to strengthen the capacity of the city council to better manage health services. However, for the health boards to be effective there is still need to establish lower level management structures, to ensure that basic health care is accessible to all. Lessons learnt from these boards should be replicated in other local authorities through appropriately formulated policies. Remuneration for local authority health personnel has to be competitive for them to attract and retain competent staff. The health sector in Kenya is one that still needs a lot of oversight from the centre in terms of policies and regulations that ensure overall coverage and quality control.

4.3.4 Roads

Planning for physical infrastructure is a component of the national economic planning to ensure best use of scarce resources. Government policy is to provide an efficient network of physical infrastructure throughout the country in line with the goal of achieving industrialization by the year 2020. Due to budgetary constraints, the priority in the road

sector favours the maintenance, rehabilitation and reconstruction of the existing road networks.

Overall expenditure on development and maintenance of road fell steadily during the 1980s from 5.5% of total expenditures to 2.7% in 1988. Likewise the share of road maintenance fell from 31% in 1985 to 19% in 1988. Responsibility for roads has always been shared between the central government, local authorities, and private organizations, with local government managing collectively, a wider network.

In 1993, the government established the Roads Maintenance Levy Fund (RMLF), which derives its revenue from a levy on the sale of petroleum and to a lesser extent, from toll charges imposed on vehicles transiting through Kenya. This levy replaced the domestic road tolls. It generates an average of Kshs.8 billion annually, and is managed by the Kenya Roads Board, a public-private sector agency set up by the government.

Management of roads is still very much centralized. Even though a wider road network is under the jurisdiction of local authorities, we observe that their participation in the Kenya Roads Boards is minimal. The 20% share of the RMLF is managed centrally by the ministry of local government, thereby denying local authority control over maintenance of roads, and opportunities to build local capacity. It is unlikely that all local authorities will benefit from this central pool in the near future, unless allocation is substantially boosted in recognition of the road network under the jurisdiction of local authorities.

The establishment of the Kenya Roads Board provides opportunities to enhance management of the roads' network in Kenya, outside mainstream central government control. Assignment of responsibilities and resources between the various players in the sector has to be well thought out. Community-based road maintenance should also be encouraged and supported by the roads' board. Routine road maintenance works should be contracted to indigenous labour-based contractors. This will enhance their capacity and generate local employment opportunities.

4.3.5 Education

Local authorities are mandated with provision of basic education for those between 3 and 15 years. This covers early childhood education, pre-school units and primary education. Secondary education is provided largely by the central government and religious organizations. The last ten years has witnessed the growth of privately owned and managed primary and secondary schools due to increasing demand for quality education that the public sector cannot cope with. The central government also sets the curriculum for the implementation of the 8-4-4 system of education used in public schools. This has recently been reviewed and a recommendation for the reduction of the number of primary school years.

Low economic growth has necessitated reduced expenditure on education and other social services. Over the years, local authorities have taken advantage of the policy of cost-sharing to off-load most of their responsibilities to parents. Public schools with committed Parents/Teachers Associations (PTA) are well equipped and facilities are maintained. This has brought about a glaring disparity in the conditions and quality of service offered between different income groups.

The education sector in Kenya clearly demonstrates the contradictions between policy and practice. The existing policy on primary education states that this service is free in public schools, while the reality is different. In the absence of financial and equipment support from the central and local governments, school administrators usually pass on the burden of running their schools to the parents. Levies as high as Kshs.10,000 per parent are imposed to meet the cost of maintaining and equipping these schools. Secondly, the government has been unable to enforce the school fees guidelines for public secondary schools. Thirdly, the government has not been able to stop charges to pupils for extra tuition especially during the school holidays.

The government has failed to enforce nationwide adoption of the 8-4-4 education system. Most high-cost private schools offer the British curriculum of General Certificate of Education (GCE "O" and "A" levels).

Past trends show that some of the top-performing public schools are managed by committed Parents/Teachers Associations (PTAs) that consult regularly on issues affecting their schools and maintain healthy accounts through various fundraising strategies. There is clearly a case for schools to be managed largely by parents and communities. Local authority support should be heavy in areas where communities are not able to manage on their own.

4.4 POLICY RECOMMENDATIONS

The following policy recommendations are proposed:

- In order to have an effective local democracy and decentralization, there is need to define the service delivery mandates between central government and local authorities. An effective monitoring system with indicators and benchmarks should be established that would give a clear indication of the progress being made locally.
- Frequent reviews of the Local Government Act are necessary in order to have realistic expectations in the provision of the services. Positive aspects of the same Act, such as powers granted to pass/use by-laws should be appreciated.
- Decentralization of responsibilities without supporting resources from the central government, is not realistic. The recently initiated local authority transfer system should in future include other taxes such as VAT and Corporate tax. The proportion of shared revenue should eventually be increased from the current 5% as local authorities assume greater responsibilities. A clear definition of decentralization is necessary. However, on the part of the Local Authority, there is need for responsible officers and proper auditing of accounts.
- The local authorities should have forward looking strategies and should utilize the scarce resources at their disposal efficiently. In this connection, local authorities lack strong institutional framework while capacity building is lacking. The availability of adequate knowledge and information is also necessary for a forward-looking local authority system.
- The level of intervention by the Provincial Administration in local authorities and the negative effects that intervention has had on management of the Local Authorities

need to be reflected. Local Authorities should create an enabling environment in order to facilitate participation by other players/actors/stakeholders, etc. However, the parallel system (Provincial administration's roles) could also be used positively.

- There is need for the central government to define a clear vision and set the pace for improved local governance.
- There is a great need to think of harmonizing the legal structures where they affect Local authorities e.g. Land Act, Physical; Planning Act and other similar legislation.
- There is need to have a clearly defined framework and vision in the Local government reform process rather than a disjointed approach that is currently displayed in its implementation. There is also need for adequate resources in the reform process to sustain the process. There is need for ownership of the process by the citizens. The application of good partnership practices is necessary.
- Government needs to change its attitude and accept change as inevitable. The government should play more of a management role and not politics.

4.5 CONCLUSIONS AND LESSONS LEARNED

Local authorities are hindered in the provision of these services due to inadequacies in their financial and human resources. The distribution responsibilities between municipal and county councils is unbalanced; county councils have no mandatory responsibilities, despite a number of them having wide revenue bases, especially among the districts/regions endowed with rich agricultural lands. There is also a variation among the municipalities themselves. As a result of this, some are unable to mobilize adequate resources to meet their own needs and also because of the haphazard manner in which certain councils were elevated to municipal (and now city) statuses/councils.

The history and development of local government in Kenya provides some useful insights into the possibilities for strengthening local government in Kenya today. Two factors stand out as important. First, in contrast to many developing countries, Kenya does have a semi-autonomous and often effective local government. By and large there is a viable legal and institutional structure in place which could, with some reforms, permit local governments to play a more important role in the development process. Second, there has long been widespread official recognition by the Kenyan government that local authorities should be strengthened in order to enable them fulfil their unique and important responsibilities more effectively.

During most of the first two decades, however, the central government has in practice been hostile or indifferent to meaningful local authority reform. It is this obstacle that must be understood and overcome if Kenyan local governments are to be revitalized.

An alternative approach to allowing new sources of local revenue would be to provide local authorities with the option of adding a small percentage to selected central government taxes. As long as the existing central tax rates are relatively low, a small add-on would be very distorted and would be very productive for local authorities. Furthermore, centralized collection may be more efficient than local collection. One

possibility is to allow local authorities to add a small percentage to the sales tax. Another possibility is to assign the councils a portion of the motor vehicles license fees or the motor fuel tax or both. Part of this could be used for road construction and maintenance, a costly service, which most councils do not have the resources to provide adequately.

Particular agencies often fail to meet specific responsibilities, resulting in operational difficulties for local governments. There are also a number of unclearly defined intergovernmental relationships, and various opportunities for productive co-operation remain unexploited.

Basic institutional reforms are required at all levels. Government ministries that assist in specific aspects of local government operations must be made to function more efficiently, and DDCs need to ensure that decentralized activities of the local authorities are co-ordinated and support national development goals. In addition, the fiscal operations of the local authorities should be required to conform to minimum standards.

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CHAPTER FIVE: LOCAL DEMOCRACY AND DECENTRALIZATION IN BOTSWANA

CHAPTER FIVE

LOCAL DEMOCRACY AND DECENTRALIZATION IN BOTSWANA

Background

After 80 years as a British protectorate, Botswana attained its independence in 1966. Its constitution established a non-racial democracy, which maintains freedom of speech, freedom of press and the freedom of association and affords all citizens equal rights. Since independence, Botswana has always had a successful economic development, a fairly well articulated welfare programme and a democratic regime. A high level of crucial indicators demonstrates a steady move from a small to a middle income country with reasonable per capita income/GDP.

Botswana's economic growth rate - averaging 7.3 percent between 1970 and 1995 has been the highest in the developing world. The mining industry particularly diamonds, currently contributes about 35% of Botswana's GDP. At independence, mining contributed only one percent of GDP. Manufacturing, construction and agriculture each contribute about 3-6% of GDP, and there has been growth in the financial and government services in recent years.

5.1 AN ASSESSMENT OF THE POLITICAL AND LEGAL FRAMEWORK

Botswana is a unitary state. This means that parliament is the sovereign power with full competence in all areas of jurisdiction. Local authorities are not mentioned in the constitution and have no inherent competence derived from the constitution. All local authorities exist by virtue of ordinary Acts of Parliament and at least in theory, any of them could be abolished at any time by parliament. In common usage, devolution in Botswana is taken to mean statutory or regulatory transfer of authority, usually though not exclusively to the elected councils, while deconcentration is taken to mean administrative transfers of authorities to all local authorities including councils.

There have been moves to decentralize power to the local authorities. Experience of this decentralization to-date is however slow. All along local authorities have largely been dependent on the central government for their development as well as recurrent budgets. The realization of the unsustainability and weakness of this system has, however, prompted the government of Botswana to look for ways to strengthen local authorities.

The government of Botswana vowed in the National Development Plan – NDP 7 (1991-97) to strengthen “the role of the local authorities in promoting economic development” and to delegate “greater responsibility for development planning, finance and implementation to the local authorities while increasing their capacity to these responsibilities”. (GOB-NDP 7:463). Pursuant to these objectives the government of Botswana agreed in 1993 to investigate the viability and sustainability of a policy of decentralization concerning its local government structures. Since then the government has made tremendous strides in achieving those objectives.

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The form of decentralization being practised in Botswana is unclear. It lies between decentralization and deconcentration. It is interesting to note that the government in the past followed a so-called “top-down” approach towards decentralization, which subsequently gave more responsibility but hardly any more power to local authorities. Such a policy can also be termed as deconcentration. The current reform efforts pertaining to local government policies are spelled out in the National Development Plans 7&8.

Decentralization in Botswana has been through the delegation of power to the local authorities. It has been argued that to associate decentralization solely with the delegation of power to the representative local authorities, such as the district councils, and to assume that power in the hands of the district administration was purely a deconcentrated form of central control would be to oversimplify matters.

There are two reasons for this. First, most of those who wield power at the district level belong to the same politico-bureaucratic elite group sharing similar values, interests and objectives: whether they are civil servants of the district administration, either elected or appointed members of the local authorities- the councils, the land boards, or the tribal administration. Secondly, all middle and senior level officers in the field working for either a central department or a local authority belong to centrally controlled personnel services which are responsible for their recruitment, selection, training, transfer, discipline, salaries and conditions of service. Thus, especially in the weaker councils and land boards where the officials predominate over the representatives, the distinction between decentralization and deconcentration becomes vague. It would, therefore, be wrong to assume that decentralization through local authorities necessarily brings government closer to the people and involves them in grassroots development more than deconcentration through some form of administrative system. What is essential, however, is that real power, authority to take decisions, and the resources to implement them, must be passed by the centre to the people at district level and below.

The machinery of local government in Botswana has been designed to facilitate people's participation in development. It reflects a long tradition of democratic consultation and devolved decision making. Local authorities are responsible for constructing and managing a large percentage of the country's social infrastructure at the local level (e.g. health clinics and primary schools) and for providing a wide range of services.

Local government plays a crucial part in the development process: it helps to administer the transformation of Botswana's mineral-based revenues into sustainable development for people particularly in the rural areas. In March 1991, Local Authorities employed about 13,000 people, equivalent to just under 20% of total government employment and spent about P150 Million (US\$ 30 million) on their recurrent budgets. The number increased to 16,000 by March 1996, representing 19% and 18%, respectively of total government employment for the two years (GoB, NDP8 pp461). Much of the recurrent spending, and all of their development expenditure, is financed by the central government.

There are four different types of local government in Botswana: these include District and Urban councils; land boards; Tribal administration and the District administration. The Ministry of Local Government (MLG) is the focal point for the planning and co-ordination of local authorities. MLG co-ordinates national policies on specific areas, such as district administration, land allocation, town and regional planning, tribal

administration and customary courts, housing and rents and community development. It liaises with other central government ministries (dealing with education, health, water, transport and communication) as well as other national, regional and international agencies working in local government, lands and community development and social services.

The Minister for Local Government is ultimately responsible for the efficient operation of the local authorities. He or she approves council's budgets and by laws. A major part of the council's recurrent budget income is received as grants from central government and these are disbursed through MLG. Development budget grants for local authorities are also funded through the MLG. All pensionable staff of local authorities-except District administration staff are appointed through the Unified Local Government Service (ULGS), which also manages their recruitment, career development, deployment and training, in consultation with the executive heads of the Urban and District councils. This can be seen as a major setback in the process of democratization of the governance system. This is particularly so because the existing relationship between the central government and the local authorities and the relations among their executives creates a potential bias in regard to the appointments and the distribution of benefits of such alliances. The following issues characterize the democratization process in the country:

- LA legislation is outdated and the present review being carried out by the government is a welcome move.
- Powers of the local authorities are still weak as the centre is still too powerful.
- As far as the development process is concerned, it is evident that at the local level that development planning is a formalized process. The standardized approach to the development process ensures that local urban authorities do not overlook key development areas.
- The above, however, creates a problem in that development programmes are perceived to come from the centre, as the centre controls the finances and is seen as involving itself in some aspects of the implementation process. There is therefore little, if any, identification with development programmes and a reluctance to be accountable for the outcome of the programme by the local authorities.
- It is inevitable that the structures of the municipal authorities are bound to lead to a duplication of functions and consequently a misallocation of resources. In this regard, there is scope for rationalizing the LA structure. A few local authorities are already collaborating and sharing their resources in their endeavour to utilize resources more efficiently.
- It is notable that for various reasons the current local authority structure is beset with communication and co-ordination problems that can seriously hamper development. As this is a "people" problem it is imperative that the government and the local authorities look at ways of overcoming this problem.
- In order to achieve sustainability of the growth of the urban areas, there is need for better and more harmonious interaction of all role players (LAs, central government, the private sector, NGOs, etc.) through regular meetings and more transparency in mutual dealings.

5.1.1 Lessons Learned

- Though there is a commitment to decentralization by the government, the process is not going as fast as is required. This could be attributed to the fear of the incumbent leaders for the future political scenario after the local authorities become fully autonomous.

- Local authorities have been given enough powers to discharge their duties but have no capacity to do so. This is basically due to financial constraints.
- The involvement of civil society in the process of decision making is rather weak.
- There is particularly weak involvement of the private sector in the process of decentralization. The role of partnership has not been fully exploited.

5.2 ECONOMIC DIMENSION OF LOCAL GOVERNMENT

5.2.1 The Budgeting Process

The country has had an increasing economic growth over the years following the 7.7% growth in real GDP during the year 1999/2000. It is envisaged that the economy is likely to register a further impressive growth due mainly to another year of double-digit growth in the mining output with the expanded production capacity at the diamond mines coming into full operation.

Local authorities in Botswana are more advanced in terms of dealing with matters of crucial importance to the welfare of the community. However, in terms of financial relationships, the current arrangement is such that the central government still controls the way money allocated to local authorities should be spent. The control involves the grant money, taxing powers, access to credit and management of development funds.

The inability of local authorities to control their own budgets and dependence upon the central government for the vast majority of their revenues are perhaps the greatest factors limiting the full success of decentralization in Botswana. The capacity and autonomy of local authorities in the area of local government finance and personnel administration are not yet strengthened.

Until recently Municipal local authorities in Botswana used to be funded through three sources, namely, Revenue support grant (also known as Deficit grants), loans from the Public Debt Service Fund, and Development Grants. However, loans from the PDSF have been frozen for now. The deficit grant is the difference between the local authorities' agreed estimates of expenditure and anticipated revenue from the local sources and government subsidies. This form of transfer applies to all urban authorities, including districts. This grant is subject to a high degree of control from the centre. In the early 1970s, this grant accounted for 22% of local authorities' revenue and by mid-1980s the percentage had risen to 77%. This trend continued into the 1990s and the 21st Century. In 2001/2002, recurrent budgets of local authorities' deficit grants have gone up even further, accounting for 76.3% of the total budget. (GoB: MoLG-City and Town Councils Recurrent Budget)

Councils have legal powers to collect certain taxes, levies and fees in order to be able to defray their operating expenses. With a few exceptions, they are discouraged from trying to raise revenue by embarking on potentially profit-making businesses. Such enterprises involve possible losses of public funds as well as profits; they can also entail unfair competition with the business community who contribute a large part of the councils' revenues.

Councils also have powers and in some cases are required by law to exempt certain individuals and organizations from taxation. Benefiting from this regulation in towns are for example, parastatals, (as far as their industrially used land is concerned), religious

buildings, public/private owned buildings and government. In 1988, the Local Government Tax, until then a major source of revenue for councils, was abolished because it was asserted that the collection of the tax was too expensive (NDP7:455).

The other type of transfer involves funds for development projects. This is a lengthy and bureaucratic process. Development projects are 100% grants from central government. This is influenced by: the size of the population, development projects already placed, and the remoteness factor.

It is important to note that from the 1980s to date, the statutory local authorities certainly have seen real growth in the size of both their recurrent and development budgets. They have been delegated increased responsibilities, such as responsibility for district health teams and drought relief. Major efforts have been undertaken to increase their implementation capacity. An outstanding example has been the District Council Water Units, which since their establishment in 1979 have assumed responsibility for 100% of operations and maintenance, budgets and work forces have grown. However, implementation constraints have remained. The effects of central government review, and central government control of finances and personnel also limit the ability of the local authorities to fulfil all their responsibilities. The challenge for the future, just as before, is to provide the local authorities with the financial and personnel resources within an appropriate statutory framework to allow them to fully exercise the authority they already have.

It can be observed that the financial dependence of the LAs upon the centre is the single greatest barrier to decentralization in Botswana. It breeds an unhealthy reliance upon the government, forcing local authorities to look to the centre for advice and direction even on the smallest matters. It reverses the direction of accountability, making local authorities less responsive to the demands of their paymasters. Decreasing the financial dependence of municipal and district councils and land boards upon central government, and thereby increasing their autonomy and accountability to their own constituents, is the primary policy goal of MLG and the current 6-year development plan (NDP8).

A number of measures are already under way in this area, including:

A Formula Determined Revenue Support Grant system has been adopted and applied since 1996/97. The formula provides for a specific level of support from the centre to LAs, which can be calculated well in advance by LAs themselves. The intention of the new system is to change the financial incentives that LAs face, forcing them to finance increased expenditure from increased revenue from their own sources or else from cost savings.

The changed incentive structure created by the formula only makes sense if the LAs are given the authority to increase their own sources of revenue. The three major measures in this respect are currently being implemented by the MLG, all of which will have a profound effect on the local authorities finances and upon the relationships between the LAs and the central government as a whole.

In line with the policy of cost recovery, the MLG has developed a costing manual for LA services. At the present time, user charges for most of the services provided by the local authorities are far below the cost recovery level. The new manual will allow LAs to

calculate the true cost of the services they provide and, therefore, to make informed decisions about the appropriate level of fees.

Closely linked to the above, is the preparation of the model by-law for revision of LAs user charges. This by-law when introduced will allow councils and land boards, on an annual basis, to set the level of fees they charge for the service they provide. The preparation of this model by-law was done through a consultancy, which analyzed the existing legislation and came to the conclusion that in addition to drafting a bye-law, legislation affecting all the three forms of local authorities will have to be amended to accommodate a new system in which there would no longer be national uniformity in respect to user charges.

In addition to increasing the local authorities' revenue, there are three other measures that are being pursued by the MLG in the area of local government recurrent finance during NDP8. First, there is the ongoing LA budget reform and the adoption of the costing manual. This will improve LAs' budgeting procedures. Secondly, there is the long-standing commitment of the MLG to create a local authorities accounts commission. At present, there is no comparable institution of local authority level to the central government public accounts committee. Establishing full financial accountability to local authorities requires that it be created. Third, during NDP8 it is intended to computerise the local authorities financial functions. Measures have been taken to computerize the treasury department of the local authorities, land management systems of land boards and human resource development activities in the LAs.

With financial decentralization, must come adequately trained staff. At present, all local authorities are employed by the Unified Local Government Service (ULGS), which is administered by the department of the local government service management in MLG. The ULGS is responsible for appointments, transfers and dismissals of local government staff, a situation that has been viewed as separating the councils from their employees (Noppen, 1982:13, Picard, 1987:197). In the process, as asserted by Holm (1988:189), the members (employees) "must be very sympathetic to the central government directions if they are to succeed in their careers". In addition, it has been agreed that all tribal administration staff should be transferred to ULGS though this decision is yet to be implemented.

The practice in Botswana has always been that the government should provide financial support for the implementation of urban plans. The government in this respect has been responsible for providing infrastructural services and social facilities without much assistance from the community and the private sector.

The financial strength of LAs remains extremely limited. Although their recurrent budgets have grown significantly, their own sources of revenue have remained limited, mainly because they are not legally empowered to make changes on the rates so as to increase revenue. They are still wholly dependent on the central government for their development budgets and significantly depend on the centre for their recurrent budget. Government is considering empowering LAs as part of the decentralization process.

5.2.2 Economic Opportunities for Women

The government of Botswana does not believe in positive discrimination in favour of women since this is seen as necessarily discriminating against men. There are programmes aimed at improving the lives of the poorest people; whether this group

contains a high percentage of females or not is seen to be of no particular relevance. However, there are two exceptions to this policy of no positive discrimination - the women affairs unit and the financial assistance policy.

The Women Affairs unit was established in 1981 to promote the integration of women in the development process, to co-ordinate research activities relating to women, to assist women organizations, to deal with all policy issues relating to women and to disseminate information. Most important is its role in spreading of awareness within government, decision makers and the general public of the role of women and in pointing out that by not enabling women to participate fully, a valuable economic resource for the country's development is being wasted.

The government went on to promulgate the policy of economic opportunities which resulted in the launching of the Financial Assistance Programme (FAP) in 1982 to encourage job creation by giving grants to supplement owners' equity and loans owners may be able to arrange. In implementing the programme, it was recognized that there are special programmes as regard to women and that special incentives would be needed. The FAP, therefore, was designed to give women an additional 10% of subsidy, over and above that which a male applicant would receive. This was meant to give extra encouragement to women to start or expand productive businesses.

Other financial help for women has come through the Women Finance House which provides finance to women and women groups who want to engage in business activities and also through preferential treatment in loans disbursed under the Arable Lands Development Programme.

5.2.3 Lessons Learned

- The process of getting funds for development is lengthy and bureaucratic and thus slows the process of getting projects off the ground.
- However, the new system of encouraging LAs to raise their own revenue should be encouraged and the government should desist from interfering with this
- Municipal authorities cannot borrow money from the private sector banks for development projects
- Cost recovery measures are applied in the provision of infrastructure without unduly affecting the poor.
- Government should consider empowering the LAs as part of the decentralization process.

5.3 MANAGEMENT OF PUBLIC SERVICES

The Act, which establishes municipalities, stipulates some service functions they have to deliver. These include water supply, sanitation, roads, education, health, social and community development, etc. There is partnership between the central government and the local government in the provision of these services. The ministry of local government continues to build capacity at the local level so as to transfer implementation of all its projects to the local authorities. This goal is being pursued upon realization that councils perform better than the central government as implementing agencies.

The government has adopted a policy of cost recovery with a view to ensuring sustainability in service provision as well as to provide adequate resources for future

maintenance of the extensive infrastructure developed since independence. There is scope for enhanced cost recovery measures in the areas of works, transport and communications, education, health, water and sanitation, lands and housing agriculture among others. In some instances, the rate, scope and coverage of the government subsidies have been reduced, while at the same time improving the effectiveness of such subsidies through proper targeting.

In addition to the introduction of the cost recovery measures, emphasis has been placed on making administrative improvements in order to enhance the efficiency of the collection of payments and debts due.

As far as service provision by the municipal councils is concerned, though much has been done towards improvement, there is still a lot to be done. On the whole, the provision of the social and line infrastructure is quite adequate in most of the municipalities though there are a few problems here and there.

5.3.1 Housing

Local authorities and central government have been implementing a very successful programme of providing housing via the Botswana Housing Corporation as well as a parallel system of squatter upgrading. The novelty of the squatter upgrading system is that it has adopted a phased programme of improvement: whereby the first phase of the project was centred on providing secure tenure and essential services like water through standpipes and sanitation through improved pit latrines, and electricity provided only to the periphery of the neighbourhood. During the second phase all old squatter upgrading areas have to be further upgraded with full on-plot water articulation, full electrification and a reticulated sewerage system, storm water drainage is also to be provided, and the provision of health and education centres.

However in spite of all these efforts, housing is still a problem in many urban areas due to high demand; overcrowding is on the increase and rents are going up every year. It is worth noting that government has now shifted its housing policy from "provision to enabling", thus taking the private sector on board. Plans are also underway to vigorously attend to the problem of land to meet the rising demand for plots.

5.3.2 Water and Sanitation

Urban centres in general have the highest demand for water and sometimes cities have to go several hundreds of kilometres searching for water. Municipal Authorities are only responsible for water supply in the SHHA areas, which are supplied by standpipes. This has been offered as a free service to the poor communities.

Capital sanitation systems for the municipalities are provided for by the central government through the department of water affairs. However, departments are responsible for maintenance of this. Government policy is to provide water-borne sanitation in urban areas including SHHA areas. The cost of sewerage system as in case of water supply, is recovered through appropriately set tariffs, which are aimed at full cost recovery.

5.3.3 Roads and Public Transport

The Roads Department (Ministry of Transport and Communication) and the Ministry of Local Government share the responsibility for the construction and maintenance of

roads. By and large, most municipalities have been able to discharge their duties quite well as a good proportion of roads are tarred and in good condition. In addition, under the labour intensive road works programme, a number of roads have been upgraded in the rural areas.

In all the municipalities and towns, no public transport system is run by the local authorities. The services have been left to the private sector.

5.3.4 Education

The government of Botswana places great importance in education. It has consistently allocated 20% of its total national budget to this sector. In order to improve operations education has also been decentralized. The Ministry of Local Government shares the responsibility for primary education with the Ministry of Education. LAs are responsible for the provision of primary schools building, supplies and teachers' housing and other related facilities. The Ministry of Education is responsible for the provision of teachers, their supervision, deployment and curriculum development.

Municipal authorities have been trying to cope with the problem of population explosion though there is a rise in the student's numbers, lack of teachers' housing, classrooms and other facilities. The current classroom shortage ranges from 2.6% - 36.4% of requirements.

One of the main implementation problems in the councils is the lack of capacity. In quite a number of cases money has been voted but the project never took off or was never completed. It is curious to note that during the previous NDP 8, most of the money allocated for primary schools was not expended.

5.3.5 Health

A national health policy was passed in 1995. This defines the roles and responsibilities of the various providers of primary healthcare services, thus strengthening the decentralization process.

The Ministry of Health is responsible for all health facilities owned or supported by the government as well as facilities open to public such as mine hospitals. The local authorities through the Council Health Department, District Health Team and a network of councils, health posts and mobile clinics run the primary healthcare.

The primary health facilities have been designed with the aim of making health services available and accessible to all citizens in general and to the rural communities in particular. Past NDPs emphasized the provision of clinics within 30Kms reach of 85% of the population and 15kms reach for health posts. To date the percentage of urban population with access to primary care ranges from a low of 85% to a high of 100%.

5.3.6. Conclusion and Way Forward

From the foregoing, it is quite obvious that the process of decentralization in Botswana has already started and some powers are given to local authorities but not enough responsibilities. The legal framework exists, it is fair, and is enforced impartially. Stakeholders are involved in the planning and implementation of projects.

In spite of the above, we find local authorities do suffer mainly from budget constraints as they do depend a lot on central government hand outs both for their recurrent and capital budgets; and secondly, they lack capacity. This interferes with their autonomy and cripples development of their own preferred developments.

Service provision and management is quite commendable in that the country enjoys good education, health, sanitation and transportation services. What is needed is better coordination of the major actors in this sector.

The Way Forward

For Botswana's Municipal Local Authorities to play their role in sustainable human development in the future, they must have full and adequate powers, must be able and without hindrance to undertake the responsibilities which are recognized as their own, and must be able to call upon the necessary financial and human resources and management and training capacity to fulfil their responsibilities. For the above to happen the following measures suggested:

- (a) Municipal Local Authorities in Botswana must have independent treasuries in order to develop budgets independent of central government.
- (b) Municipal Local Authorities should train their own staff who must develop skills in order to carry on the work of their employers proficiently and efficiently. Councillors and executive officers should be trained in separate courses on methods and approaches of financial management of local government resources.

Again, Councillors and executive officers should be exposed to situations, from which they can learn of how to cope with more autonomy such as short attachments to industry, exposure to more autonomous local government structures in other African countries or to planning and management approaches conducive to run medium-sized enterprises.

- (c) Municipal Local Authorities must start up business ventures that must make profit to be declared as dividends similar to any business ventures.
- (d) Municipal Local Authorities must have the status to enter into joint ventures either with local or foreign partners.
- (e) Municipal Local authorities could do government services such as traffic control, drought relief, ambulance services etc. on an agency basis for Government. Such services would be paid for by government on such conditions as agreed upon by the related line ministry.
- (f) With regard to the tax collection at local authority level there is room for improvement in Botswana by:
 - (i) Increasing the number of notable properties - increase serviced provision.
 - (ii) By using the correct zoning for rating purposes.
 - (iii) By periodically revising the valuation roll and to note improvements on sites for rating purposes.

- (g) Exploring new sources of revenue and cost saving measures while maximising the exploitation of existing sources. E.g. raise clinic fees, community centre fees, house rentals and sanitation fees.

It is important to emphasize however that there is a limit to which these charges can be raised without having adverse effects on the usage of the facilities and, indeed, the amount of revenue raised. High clinic fees could result in fewer people seeking medical treatment and the spread of diseases. It could, however, be argued that private medical practitioners and the traditional doctors charge high fees but the numbers of their clients continue to rise, as noted in CITIES (1996).

High user fees could also act as a deterrent and the number of people using the facility could decline and less revenue being realized. In the case of high sanitation fees, fewer people could apply for refuse collection while the rest of the population resort to other forms of refuse disposal which may lead to environmental problems. For example, Kweneng District Council is currently looking into the possibility of privatizing its refuse collection services by engaging small non-governmental organizations or groups. It is hoped that this will result in a cheaper and more reliable service.

- (h) Promote employment generation, especially for the low income so as to increase the revenue base. It is clear that enabling frameworks need to be put in place by city authorities in order to provide enough space for the operation of the informal sector: urban street vendors, hawkers and small scale industries.

There are no clear, comprehensive, absolute answers that need to be done for the promotion and enhancement of business by local authorities. If one is focusing on employment and self-employment creation, the small and micro level enterprise at the margin of the formal sector or in the informal sector probably offer the best opportunities for positive results. The informal sector tends to be bewildering to the policy maker due to its scope and diversity, its dynamism and spontaneity, its ruthlessness and survivability. Aspects of it may engender government interest at times; for example, the recent Ministry of Health concerns for the "street food" sub sector. A prescription should strive for predictability, transparency, an enabling environment and enhancing human capital.

- (i) Capacity building at local government level: With decentralization, inter-governmental finances need to become more transparent, more closely related to the responsibilities placed on local government, and more closely linked to the financial and managerial performance of local authorities. The resources at hand must be managed more effectively: by pricing urban services, being responsive to demand, building partnerships with the private sector to manage and finance urban infrastructure, and building much stronger local government institutions to operate the nuts and bolts of city management (Cities, ibid).

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CHAPTER SIX: LOCAL DEMOCRACY AND DECENTRALIZATION IN TANZANIA

CHAPTER 6

LOCAL DEMOCRACY AND DECENTRALIZATION IN TANZANIA

Background

The United Republic of Tanzania is made up of two formerly independent countries, that is, Tanganyika and Zanzibar, which united in 1964 to form the new nation of Tanzania. The two halves of the republic have a somewhat different evolution and system of local government. The study refers to the Tanzania mainland only and reference to Tanzania should be so construed.

Tanzania, covering an area of 945,087 sq. km., and a population of around 33 million people, is one of the poorest countries in the world. Per capita income is estimated at about \$250 per year. The economy is heavily dependent on agriculture (primarily coffee, cotton, tea, cashew nuts, sisal, maize, and tobacco), which accounts for about 50% of total GDP, which provides 85% exports and is by far the largest employer. The country is divided into 20 regions and 112 local government areas. The current geographical area of the country was, with subsequent changes, delimited during the colonial era of the late 19th Century. The Germans ruled the country till the end of the First World War. Britain administered the country till independence in 1961. From 1967, the country adopted a policy of socialism and self-reliance, which entailed a major reorganization of the rural population into *Ujamaa Villages*.

Major political and economic changes took place from the mid-1980s. Economic liberalization saw the hitherto public sector-led economy giving way to a private sector-led economy in which, the public sector was to play a regulatory role. The one party political system was abandoned and was replaced with a multiparty system in 1993, and the first multiparty elections were held in 1995. These two movements led to a drive to reform the public sector, and also to improve governance. The local government reform, ongoing since 1996, is aimed at improving both governance and efficiency.

6.1 POLITICAL AND LEGAL FRAMEWORK REFORM

Recent years have witnessed a move towards reforming local government, because of the conviction that central government had to decentralize most of its powers to the local governments as a way of improving governance, democracy and bringing about local economic and social development. Tanzania embarked on the process of local government reform in 1996.

There are two types of local government authorities in Tanzania: District Councils for Rural areas; and City, Municipal and Town Councils for urban areas. They are empowered to make by-laws and to collect revenue necessary to fulfil their functions. The Minister for Local Government, who approves their budgets and appoints their senior officials, oversees local authorities. The chief executive of the council is the director. The councillors, who formulate the overall policy for the councils, represent the local population. A council is headed by a mayor (in the case of urban authorities with municipal or city council status), or a chairman (in the case of town councils and district authorities). These are elected from amongst the councillors.

In Tanzania, the institutional and legal framework, which regulate the relations between central and local government is complex, excessively and self-defeatingly control-oriented, and is somewhat ambiguous and fragmented. There are also overlaps and conflicts between major pieces of legislation. Some of the problems emanate from the framework set-up during the decentralization era, which remained intact despite the restoration of local authorities. The central government continued to exercise excessive control over local governments such as approving their revenue bases, budgets, and their by-laws.

The uniform role, functions and structures of the local authorities translate in the mismatching of the council tasks and capacities. The limited capacity of the councils has not prevented them from centralizing authority within themselves, compared to lower tiers of government. Moreover, in the present circumstances, councils have no incentives to rationalize and structure themselves to improve their performance.

Governance problems emanate from the fact that the relations between political leaders at national and local level, civil society organizations and the councils are weak and sometimes antagonistic. Within the councils, clear antagonism exists between councillors and the technical staff. Secondly, the problems of governance concern the present weak representation at the central government level of the views from the local councils, through associations, such as Association of Local Authorities in Tanzania (ALAT), in matters of vital interest for the local authorities and especially with regard to their ability to provide services. The other major problem is that local authorities in Tanzania operate under severe financial constraints. Under funding is significant. With respect to revenue, local authorities have sources that are generally difficult to collect and are non-buoyant. There has been regular political interference by the central government agencies in revenue collection by councils. The councils themselves have not been effective in organising equitable or efficient collection, nor has the central government operated a clear grant system with clear indications for local councils to improve performance. The general public is against paying local taxes since councils are seen as inefficient, non-transparent and unaccountable, and rife with corruption. Lastly, there are no institutional mechanisms to facilitate rational decisions about sharing public revenue sources and funds between the central government and the local authorities. Central government transfers to local authorities remain inadequate and arbitrary, even where the councils operate as agencies of the central government. The expenditure of the councils remains lopsided with little going to development and the bulk of the income going to recurrent expenditure particularly personal emoluments.

By the end of the 1980s, there was a general agreement within the government and the political set up that a reform designed to improve the delivery of services as well as governance was required. Reform was envisaged to be necessary and to cover both the civil service and the local government. Various studies, commissions, workshops and seminars were undertaken from the early 1990s. The conclusions from all of these was that there was need to downsize central government, increase efficiency and at the same time reform local governments to decentralize more power, to improve service delivery and to encourage transparency and accountability.

The local governments of the future were seen as institutions with the following features: largely autonomous; strong and effective; democratically governed; deriving legitimacy from services to the people; fostering participatory development; reflecting local demand

and conditions; and being transparent and accountable. The main principles of the reform were pointed out in the government policy paper on local government reform published in October 1998. These included:

- Letting people participate in government at the local level and elect their councils.
- Bringing public services under the control of the people through their local councils.
- Giving local councils powers over all local affairs.
- Determining appropriate and cost effective organizational structure for local government authorities.
- Improving political and financial accountability.
- Securing finances for better public services.
- Creating a new local government administration answerable to the local councils and to local needs.
- De-linking local administrative leaders from their former ministries.
- Creating new centre local relations based on legislation and negotiations rather than on orders.

The overriding goal of the reform therefore, is "to create good governance based on political and financial accountability, democratic procedures and public participation". Local government reform in Tanzania includes the following five main dimensions.

1. The financial dimension: This seeks to give local authorities more sources of revenue and also to introduce conditional and unconditional grants from the central government to local authorities. Conditional grants are to be provided for the more sensitive sectors such as education, health, roads, water and agricultural services, and in the initial stages this would be sector specific. Unconditional grants are to be provided for other development sectors such as natural resources, trade co-operatives, and lands and community development. In addition the various sources of revenue are to be divided between the two levels of government on a more rational basis, in line with the expenditure responsibilities of both levels.
2. The administrative dimension: Decentralization of local government personnel integrating them in the local councils from ministerial subordination, and restructuring local government administration. Management staff is being decentralized so that local authorities can appoint, promote, develop and discipline their own staff. Besides, each local authority will revisit its structure and functions to ensure that they reflect the needs and conditions of the areas under their jurisdiction. This is a departure from the existing set up whereby there are uniform structures and functions for all local authorities.
3. The central-local relations: Central government agencies and ministries previously in command positions to concentrate on policy making, support and facilitation, monitoring and quality assurance and control within the law.
4. The service function dimension: Decentralized public services to bring service provision and management to end users while increasing service quality and quantity.
5. The democratic dimension: Strengthening local democratic institutions enhancing public participation and bringing control to the people.

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One of the major achievements in effecting local government reform has been the change in the legal and institutional framework. These are affecting regional administration as follows:

- I. **Restructuring legal administration:** following the enactment of the Regional Administration Act (No. 19) of 1997, regional administration has been restructured. Small regional secretariats have been formed to take the place of the Regional Development Directorates, which tended to replicate and duplicate the functions and responsibilities of local government authorities and also to weigh heavily on these authorities. The regional secretariats have been given a redefined back-stopping role to the local authorities within their areas of jurisdiction
- II. **Amendment of local government laws:** the various local government Acts of 1982 were amended in 1999 through Act (No. 6) of 1999, to give effect to the new central/local relations. The amendments stress good governance calling for democratically elected local leaders and enhanced transparency in the conduct of council affairs as well as greater transparency and accountability of the councils to the people. The revised laws provide for the decentralized management of staff and finances (including plans and budgets) by local government authorities, both of which underpin a largely autonomous local government system. The central government is also enabled to provide block grants to local government authorities.
- III. **Strengthening of democracy at the grassroots level:** this has been achieved through the establishment of the *mitaa* (neighbourhoods) committees in the urban councils' areas of jurisdiction. This was in part to replace the defunct 10-cell leadership system, which operated in the one party era, and in part, to bring urban councils closer to the people.
- IV. **Codes of conduct regulations:** for the staff and councillors have been prepared and enacted with the objective of ensuring good governance at the local level.

The restructuring of the city of Dar es Salaam to form three municipalities and an overall city council is a special example of reform in Tanzania. (Box 4)

Local government legislation was amended in 1999 to reduce the powers of the Region and District over local authorities. Local authorities are now required to perform their duties efficiently, and in a transparent manner, and to include CBOs, NGOs and the private sector as their partners in development.

Legislation also aimed at ensuring the transfer of certain revenue from the central government to the local authorities in a more systematic and predictable manner. A code of conduct for the officials and councillors has now been put in place, as well as procedures to sanction against the offenders.

Box 4: REFORMING THE CITY COUNCIL OF DAR ES SALAAM

Whatever happens in the city of Dar es Salaam has an impact on the whole direction of governance in the Republic. For many years it was felt that the city council of Dar es Salaam (DCC) was too far from the people, was not delivering efficiently, and was rife with corruption. Ideas to restructure the DCC into municipalities were mooted in the late 1980s, but progress could not be achieved due to political opposition to restructuring emanating largely from the council itself. Reforms could not be carried out with the council in place and given its manifest failure to deliver, it was abolished in 1996 and replaced with a commission which was charged with the responsibility of restructuring the city into three municipalities of Ilala, Kinondoni and Temeke. The city commission of Dar es Salaam was seen as being at the forefront of the local government reform. Its success was seen as a harbinger of the success of the whole reform process, and capable of producing useful lessons.

Despite opposition from proponents of local democracy, the appointed city commission outperformed the council in almost all facets. City cleanliness improved, various city buildings including schools and health centres were rehabilitated and market places given a facelift. Most impressive was the tremendous improvement in revenue collection, which rose from Tsh. 997 m in 1995 to Tsh.1.13 bn in 1998. Although salaries for council employees were now paid in time and were particularly high for the commissioners themselves, expenditure on development, as a proportion of total expenditure, rose from 3.1% in 1996 to 47% in 1998.

There were misgivings here and there but, overall, the commission did an admirable job, so much so that there were calls for the abolition of other councils and their replacements with commissions from a number of urban areas in the country. Nevertheless, it was not the intention of the government to have the commission forever. Plans for restructuring the city were finalised, and the commission completed its work in January 2000 when local government was re-established in Dar es Salaam. The city was divided into three municipalities and an overall city council playing mainly a co-ordination role. It is hoped that the municipalities will be closer to the people and can, therefore, deliver better services. The element of competition, which is introduced by the new structure, is expected to improve performance.

The success of the former city commission is a challenge to elected local authorities. It is also a guillotine, which the government is using every now and then to threaten poorly performing councils with disbandment.

The current efforts to strengthen ALAT are commendable, but it is important to take proper care not to creep into re-centralization through central government ministries retaining powers within themselves or their institutions.

6.2 ECONOMIC DIMENSIONS OF LOCAL GOVERNMENT

There has been an outcry over the years that local governments in Tanzania are not performing well in terms of local finance mobilization and management. This has been attributed to their not being able to exploit the resources given to them to the full and of poorly managing their revenue. At the same time it has been observed that local authorities are given revenue sources whose yield is low, and whose collection therefore, is difficult.

The central government has also been accused of not transferring adequate revenue to the local authorities, being slow to approve revenue collection proposals from local governments and sometimes keeping rates low or opposing modes proposed for revenue collection for political reasons. The ongoing reform of the local government is aimed at strengthening the revenue base of the local governments by giving them more financial autonomy and putting in place a number of conditional and unconditional grants to be transferred from the central to the local governments.

6.2.1 Centre-Local Financial Relations

As is the case in many countries, the central government is the major mobilizer of the resources in the country mainly through taxation. However, legislation gives various sources of revenue to the urban authorities, district authorities, townships and village councils. In general, it is the central government that determines and approves which revenue sources should go to local authorities, as well as the rates to be charged. At the same time there are a number of revenue sources that are shared with the central government, or cases where the central government transfers revenue to local authorities.

In a move to strengthen the revenue base of the local authorities, the Local Government Finance Act was amended in 1999 to appoint local authorities to be licensing authorities in respect of the business of commission agents, manufacturers' representatives, brokers, travel agents, buying and selling motor vehicles, import trade, regional trade, companies co-operative societies and so forth. The fees collected are to be treated as revenue accruing from the local authorities in question.

Legislation was also amended to require the central government to pay block grants to local authorities to meet the cost of development and maintenance of services particularly education, health, water, roads and agriculture. Block grants may vary from one authority to the other depending on the grades and standards as may be prescribed by the Ministry of Local Government.

Under the LGFA, local authorities are empowered to borrow money or to take bank overdrafts as long as they get approval from the Ministry of Local Government, which consults with the Ministry of Finance. Nevertheless, local authorities in Tanzania have not been active borrowers of finance in the open market. The Local Government Finances Act 1982 set up a Local Government Loans Board (LGLB) which started its operations in 1986. Its functions are to:

1. Receive, administer and invest funds deposited to it by the local authorities (known as the minimum compulsory reserve MCR that is determined as 10% of the councils' revenue).
2. Lend the same funds to local authorities to finance development programmes and services.
3. Furnish guarantees.
4. Provide and operate central service on behalf of those authorities.

Where the government is satisfied that a certain local council has a weak revenue base, it may pay to that authority an equalization grant to enable it provide, maintain and develop other necessary services within its area of jurisdiction.

Local government legislation sets out a number of controls, regulations and procedures aimed at ensuring proper management of the finances of the local authorities. Responsibility for ensuring proper management of finances and other categories of resources of local authorities is placed under the Minister for Local Government. Although the Director is the accounting officer for the funds of a local authority, the Minister for Local Government is responsible for:

- Ensuring the proper management of the finances of the local authorities.
- Facilitating the securing of funds for the operation of the local authorities.
- Promoting the timely preparation of the annual budget of the authorities and ensuring that the authorities operate within the limits of the approved budget.

Local government legislation sets out a number of controls, regulations and procedures aimed at ensuring the proper management of the finances of the local authorities. Responsibility for ensuring the proper management of the finances and other categories of resources of local authorities is placed under the ministry of local government. Section 42 of the LGFA empowers the minister to issue instructions known as "financial memoranda" to ensure maximum control of the management of the financial business of the local authorities.

6.2.2 The Planning and Budgeting Process

All local authorities in the country have their own recurrent and development budgets. The budgeting process covers both the revenue and expenditure sides. The fiscal year of the local authorities runs from January to December unlike the central government one, which runs from July to June. Budgets are done once a year but supplementary budgets may be done whenever the need arises.

Unlike in the central government budgets, there are no long-term or medium-term budget plans, typical budgets found in these authorities are "annual incremental budgets". However, LGAs have been instructed to be aware that the central government budget is prepared on a "medium-term expenditure framework", a fact which impacts on the subsidy to be received from the central government.

As a rule, budget inputs originate from wards or unit levels, which happen to be the centres of the operations or deliverers of services. At these levels, development committees outline the prioritized needs. From the wards, the budgets are co-ordinated through the various departments, ending up with the treasurer who submits the budget to the full council.

In budgeting for revenue, sources of revenue by types and classification are examined. Budgeting for expenditure falls under two categories. One is recurrent expenditure such as personal emoluments, travelling, works and maintenance. The other category is development expenditure. Expenditure budgeting starts at the departmental level, each department outlining its expenditure needs for the coming financial year.

Recent reforms have introduced some changes. The local government budget in authorities where reform is being implemented is discussed first at the councils' financial committee and is then submitted to the regional secretariat where co-ordination for the whole region is done. From there, the budget is presented to the full council for approval, before the whole budget is presented to the MRALG for inclusion in the national budget.

The Minister for Local Government has issued a directive requiring LGAs to ensure that their budgets are discussed at various levels using a bottom-up approach.

Subject to the guidelines that may be issued by the minister for local government, each local authority can use its own discretion to determine how the budget is going to be compiled, and who is to carry out which responsibilities. It is, however, the responsibility of the treasurer to consolidate the overall estimate for submission to the finance committee in the required time.

6.2.3 Strategies for Supporting Local Economic Growth and Employment Creation

In executing their functions, local authorities are required to take the necessary measures to suppress crime, maintain peace and good order and to protect public and private property. They are also required to regulate and improve agriculture, trade, commerce and industry. Further, they are expected to relieve poverty and distress; and to assist and ameliorate life of the young, the aged and the disabled. Moreover, under the Human Resource Deployment Act of 1983, local authorities were given the task of formulating employment generating projects and of giving guidance regarding the undertaking and execution of self-help projects. Given the thrust to address issues of poverty both at local and national levels, local authorities are supposed to play a key role in the eradication of poverty as a way of improving governance and improving the welfare of the residents.

6.2.4 Assessment of the Financial and the Economic System

There is generally dissatisfaction with the financial and economic systems in the local authorities. In 1999, only 10 authorities got a clean auditors' certificate; 50 authorities got a qualified certificate and 52 got an adverse opinion. In part, this was one of the forces that led to the Local Government Reform Process. A recent review of the Reform Process revealed a number of weaknesses in relation to grants given to the local authorities by the central government including the following:

- 1) The grants are decided without proper involvement of the local government authorities and the allocation formulae are not clear.
- 2) The grant system is unreliable in terms of timings and amounts and is unstable. Though some improvement is acknowledged, the amounts of the grants and the autonomy to make local priorities are far from expectations.
- 3) Development grants are project-specific and the formulae for allocation are unclear and non-transparent.
- 4) The national minimum standards are not agreed upon and applied to the grant system. Performance is, therefore, difficult to measure.
- 5) The utilization of the grants is not efficient and the reporting system causes many problems at all levels of government.

Box 5: WAMMA EXPERIENCE IN TANZANIA

Experience over the past few decades has shown time and time again that development programmes will only succeed and remain sustainable if they are planned, carried out and assessed in full partnership with the people whose lives they affect. This means that individuals and communities need to be able to understand their options for change, choose from among them and take action to carry out and sustain activities chosen.

Translating the concept of community participation into practice in real life situations has been a continual challenge for development practitioners. In some sectors, however, considerable experience gained over time has resulted in important lessons learned that are now being widely replicated and adopted.

The WAMMA programme, a collaborative partnership between the government of Tanzania and the international Non-Governmental Organizations (NGO) WaterAid was set up to support community managed water sanitation and hygiene projects. From 1991-1996, WAMMA helped a total of 86 communities in the Dodoma region of Tanzania to provide themselves with improved drinking water supply and sanitation systems. During that time the villagers raised Tsh. 24 Million (US\$40,000) for their village water fund. This impressive result made WAMMA a model for an integrated participatory approach to the provision of community water supply and sanitation the programme has shown that governments, NGOs and villagers can work together efficiently and that empowerment is a powerful motivating factor.

Key to the WAMMA's success was the creation of four multi-sectoral teams of fieldworkers, each covering one of the four main districts of Tanzania's Dodoma region, each team with four to six members, was formed mainly from junior staff of government water, health and community development departments-both men and women.

At first the team members were unskilled and not very motivated, given the low pay, poor job satisfaction and lack of practical experience in their jobs and until then afforded them. But all that began to change as the fieldworkers received on-the-job training in participatory techniques from government and WaterAid staff. They learned to mobilize communities by treating villagers with respect and courtesy, listening to their concerns and proposed solutions. They also mastered new ways of giving community members technical guidance and making them aware of health and hygiene issues. They helped the people with whom they worked choose and design their own appropriate and sustainable water supply and sanitation projects and make arrangements to manage them.

(Source: Vision 21: Water for People, Second World Water Forum and Ministerial Conference)

Moreover, the central government seems to be wavering in its resolve to strengthen the sustainability of local governments. The system of giving unconditional grants to local authorities is yet to be put in place. Besides, the 2001/2002 budget transferred a number of revenue sources from local to central government, or otherwise tampered with revenue sources already given to local authorities. The programming and planning process too is still the standard bureaucratic system based on departments and, therefore, not characterized by transparency and accountability to the public.

Policies and planning for economic growth and employment generation are very weak. LGAs should be encouraged to see themselves as having the duty of attracting business and economic activities, large or small to their areas, in competition with other authorities

locally and globally. The success of the Youth and Women Development Fund, for example, is likely to be limited because it is imposed by the central government and is most probably a political window. The continued sidelining of the local government in the national poverty alleviation policies is undesirable.

There is a great need to improve the financial management systems of the LGAs. The internal audit needs to be strengthened, while problems pointed out by the auditors need to be addressed. In the light of plans to transfer block grants to LGAs, it is necessary to increase public awareness and transparency, as a way of increasing accountability.

6.3 MANAGEMENT OF PUBLIC SERVICES

For historical reasons, major public utilities and services have been provided by the central government, or by agencies of the central government. It is a general policy of the government that certain sensitive services such as water, education and health should be accessible to all. As such local government legislation requires the central government to transfer sums of money to local authorities to enable them to provide these services. The LGRP aims at creating local authorities that can derive their legitimacy from the provision of basic services to the people. Legislation has been amended and provisions added requiring LGAs to provide these services in an efficient and cost-effective manner and foster co-operation with civic groups and other persons or authorities.

Sector reform, some of it predating LGRP, has been going on. New policies aimed at decentralization and co-operation with stakeholders are being implemented. As a broad generalisation, however, much of the sector reform is being done internally, leaving the structure where accountability is to the central government ministries in place.

6.3.1 Water and Sanitation

In 1991, the government approved and launched the national water policy for overall development and management of water resources. The policy focused, among other things, on cost sharing and beneficiary participation in planning, construction and maintenance of community based water supply schemes and application for the integrated approach for water and sanitation.

The excerpt in Box 6 illustrates the importance of governmental assistance in the development process.

As a general observation, most services and infrastructure are still being provided by the central government or increasingly through executive agencies. Also most of the funding comes from the central government or donors.

With regard to water and sanitation, the existing policy of supply and access is not adequate, especially for the poor households. Continued shortage means that access is declining. The capital development system is implemented at high levels of government and, therefore, cannot be said to be transparent as far as the common man is concerned. The service maintenance system is poor and much of the water infrastructure is rundown and is in need of refurbishment. Where agencies have been set up, they report to their parent Ministry and not to the local authorities in whose areas they are operating.

**BOX 6: THE WITHDRAWAL OF THE STATE FROM WATER PROVISION;
THE CASE OF DAR ES SALAAM**

The last important investment in water, in Dar es Salaam took place more than 20 years ago. As a result, the current parastatal organization supplying water to the city, DAWASA (Dar es Salaam Water and Sanitation) faces an economic and management crisis.

DAWASA does not have adequate resources for the extension of the network. Due to the lack of cost recovery, and the unprecedented growth of the city, DAWASA is not able to provide quality service. The billing system also needs a lot of improvement. The bills are based on an approximation of the rate of consumption. The city is divided into more than 270 pressure zones. Prices are, however, the same in all pressure zones. As a result, a section of the customers are reluctant to pay for the service they do not receive, or they do not want to pay the same rate as their neighbours with higher consumption compared to theirs. This is why 30-40% of the consumers do not pay their bills. The intervention by the Ministry is also limited due to the economic crisis.

Without adequate financial resources DAWASA is unable to finance any new extensions of the networks. When residents apply for connection, DAWASA carries out a survey and estimates the cost. It is the duty of the applicants to raise the required finances. Those who cannot afford to pay the required rates, seek the assistance of NGOs or other donors.

DAWASA is now earmarked for privatization. The distribution of water will be in the hands of a private operator. Community boreholes will supply the rest of the city that is not connected. This transformation has already started.

The current DAWASA and the international donor policy is to encourage the participation of the population and neighbourhood organizations. The CBOs and NGOs are not only integrated in the policy of DAWASA but also in the ministry and the municipalities.

Since DAWASA water is inadequate, people in Dar es Salaam get water in at least four ways. Some 30% of the households are connected to the network. The second alternative is to purchase water from the vendors or from the neighbourhoods. The third option is to get it from private wells. Lastly, the poorest get their water from rivers and pools. The situation is not likely to improve unless new approaches are adopted.

Source: <http://www.bestpractices.org>

6.3.2 Roads

The road sector has always been in the realm of the central government. The current policy to let LGAs manage the public roads is being funded through the road fund collected by the central government. Some 30% of the Road Fund Collection is allocated to Local Authorities for the maintenance of district roads. There has been some improvement in the district roads but the resources available are too little to handle the task at hand. Road access to low income areas is not improving. Capital investment is inadequate to meet the demand, and more transparency is required in the use of the road fund.

6.3.3 Education

LGAs have been operating as central government agencies in providing primary education. The provision of education is inadequate in terms of infrastructure, manpower, books, stationery, and so on. Enrolment has gone down and illiteracy has increased. The government is campaigning to ensure full enrolment and has abolished certain fees and other requirements that may hinder this campaign.

Basic education in Tanzania is financed by the central government and parents of the students. Due to poor collection of local revenue, few councils manage to supplement government grant for primary education. The ability of local authorities to spend money on education depends on their ability to collect more revenue.

6.3.4 Health

The national health delivery system includes the central government authorities, the private sector and volunteer and religious organizations. Local authorities are supposed to run certain health facilities on behalf of the central government. The financial resources going to the health sector come from the central government grants and resources generated by the local authorities themselves.

Through the establishment of council health boards and health facility committees, which are new organizational structures and institutional arrangements, the powers of practical decision making by the community will be recognized and promoted. Thus, the governments' commitment in devolving powers to the councils and communities is manifested by the development of well thought out, practical and transparent guidelines.

Overall, the service sector in Tanzania has been dominated by the central government. The ongoing reforms do not seem to be well co-ordinated. This is manifested by the fact that the reforms are producing systems that are answerable to the central government rather than to the local authorities. The local authorities have to improve their capacity to mobilize resources in order to be able to play an important role in the provision of services and infrastructure. They also need to develop capacity to use the resources from the central government in an efficient and transparent manner.

6.4 SUMMARY OF POLICY DIRECTIONS/RECOMMENDATIONS

Both the central government and the ruling political party are committed to local government reform. The Local Government Reform Programme needs to be sped up since it very much behind schedule. It also needs to be nationally owned and, therefore, less dependent on donor support and direction. As much as possible solutions to problems must be home-grown and must reflect local conditions. Lingering re-centralization particularly by sector ministries must be watched. The continued appointment and remuneration of senior local government officials by the central government needs to be looked into, since these will tend to owe allegiance to the authorities that appoint and pay them rather than the authorities they work for.

Considerable training of councillors, officials and the general public on the principles of good governance, particularly the responsibilities of each, is required. The Code of Conduct which has been formulated for councillors and officials needs to be well known and implemented.

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The Association of Local Authorities of Tanzania (ALAT) is weak and needs to play a more active role in putting forward the views and aspirations of local authorities in the country. It needs to play an active role in the decentralization process and in the general growth and performance of local authorities. It should also be less dependent on donor support.

Intra-local government relationships have not been the subject of much debate or scrutiny. Lower levels within the local authorities need to be strengthened and enabled to play a more active role in local social and economic development.

Every effort needs to be made to enable authorities to collect as much local revenue as possible. The transfers from the central government must be related to need, and performance must be predictable and must be able to encourage local authorities to maximise local revenue collection, and not to encourage dependence on the central government, or complacency. Borrowing by local authorities to undertake capital works needs to be encouraged.

The financial management system in local governments is inadequate and needs to be improved in terms of transparency and accountability and in terms of qualified manpower and equipment.

Strategies for local economic growth and employment generation are grossly missing in local authorities' programmes and need to be encouraged. Likewise, the Poverty Reduction Strategy Paper and the overall poverty reduction policy must be well grounded within local authorities. Currently, local authorities seem to play a peripheral role in this strategy.

Local authorities must be strengthened in terms of offering such essential services as education, health, water and roads. Where agencies have been created to provide these services, they should report to the local authorities in which they are working and not to the central government ministries. Problems that make it difficult for local authorities to offer these services, such as lack of qualified manpower (including engineers and accountants) need to be addressed. Co-operation with other stakeholders such as the private sector, NGOs and CBOs is essential. Performance indicators need to be developed and utilized for policy and programme development.

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CHAPTER SEVEN: LOCAL DEMOCRACY AND DECENTRALIZATION IN ETHIOPIA

CHAPTER SEVEN

LOCAL DEMOCRACY AND DECENTRALIZATION IN ETHIOPIA

Background

Ethiopia is one of the world's oldest nations and one of the few in Africa that was never colonised. After the 1974 ouster of Haile Selassie, the last emperor of a dynasty claiming descent from the biblical Solomon, Ethiopia had a Marxist government headed by Colonel Mengistu Haile Mariam. In 1991-95, a transitional government headed by Prime Minister Meles Zenawi developed a new constitution that called for democratic elections, which were held in 1994 and again in 1999. A 1993 referendum allowed the secession of Eritrea to form an independent nation.

Ethiopia has a mixed farming economy, raising both crops and animals. The major crops are grains. Manufacturing forms only a minor part of the Ethiopian economy. The country has one of the lowest exports per capita in the world with coffee accounting for a larger portion of the merchandise exports. Given the country's agriculture-centred economy, Ethiopia is particularly vulnerable to the adverse effects of fluctuations in commodity prices (especially coffee) and drought, which are frequent phenomena.

Ethiopian economy is, however, improving as it solidifies its transition from a command to a market based economy. Its extensive system of price controls has been almost entirely dismantled. Tax rates have been lowered and some restrictions on the private sector have been removed. Ethiopia's GDP grew by 5.3% in 2000 and is projected to be higher in the subsequent years. Military spending is declining and the country is moving rapidly to demobilize large numbers of soldiers. Almost 400,000 people were displaced by the country's conflict with Eritrea which began in 1998, with many unable to go back to their homes owing to the presence of landmines or lack of community infrastructure, or both.

7.1. POLITICAL AND LEGAL FRAMEWORK

7.1.1 Local Democracy, Decentralization and Local Government Legislation

Ethiopia is one of several African countries that are currently engaged in implementing one form or another of an integrated decentralization system. This system consists of several interrelated and sometimes overlapping tiers of government and/or administration. After the federal government, the regional level involves the nine "national regional states" as well as two "city administrations" (that is, Addis Ababa and Dire Dawa). This level of government is relatively well established whereby the regions are endowed with a substantial amount of resources to match at least a part of devolved responsibilities. Below the regional level, we find the district level, which consists of a total of 66 zones. In the constitution, they are mentioned explicitly as structures to be used for "administrative convenience". In all regions, zonal administrations have been installed which are mostly appointed, except in the most diverse region where they are elected (SNNP).

Below the zonal level we find the local level of government. Each zone is sub-divided into 'Woredas' (sub-districts), which are considered to be the key local units of elected government since they play key roles in prioritizing the provision of public services. There are 556 Woredas in Ethiopia. The next, partly overlapping, level consists of municipalities. This is more of a disjointed level with legislation often still based on decennia old proclamations; at the same time many initiatives are being undertaken to integrate this level more clearly in the overall government structure. The last tier of government, closest to the grassroots, consists of "peasant associations" and "Urban Dwellers Associations" or "Kebeles". These associations are elected, and they undertake certain political functions. The lower tiers of government are much less clearly crystallized as compared to the regional level, and also they are much less endowed with resources.

Ethiopia has limited experience with decentralization policies in comparison to many African countries in which a relatively developed system of local government prevailed from the colonial heritage. In Ethiopia, the culture and experience of local government has been applied to Woredas (sub-districts) and municipalities. Woredas have existed as the lower tier of government or basic unit of administration for nearly half a century, and they were entrusted with a range of responsibilities over matters such as education, health, law and security within urban areas and their surrounding rural settlements. On the other hand, municipalities of various categories have been entrusted with providing a range of services and carrying out the proper planning and development of urban areas. Nevertheless, there has not been meaningful integration and co-ordination between these units of government functioning at the grassroots partly because the very concept of local government and its structure is not well conceived and developed in Ethiopia. It is proper to survey the development of local government under the three most recent regimes in Ethiopia.

7.1.2 Municipal and Local Government During the Imperial Era

The Haile Selassie I regime (1923–1974) is generally credited with initiating modern administrative and local government reforms in Ethiopia, although these reforms were of a particular kind. The regime instituted greater centralization of political power and authority, resulting in the dominance of the central government over, and undue interference in Awraja (zone), Woreda and municipal affairs. The focus of development was on Awarajas (zones). Woredas and municipalities were considered more like de-concentrated units of government administration or field agents of the central state instead of true local governments with adequate authority within their territorial jurisdiction. Side by side with the move towards greater territorial integration and modernization of the country, the Imperial regime issued the 1932 decree that recognized Addis Ababa as a municipality with defined functions (e.g. road and public security) and introduced a system of municipal taxation on land. This was a major initiative in municipal governance in Ethiopia (Sisay, 1996).

The need for reorganization of the provincial administrative system of the country was felt and the first comprehensive administrative regulation, Decree No. 1 of 1942, was issued following restoration of Emperor Haile Selassie to power after the departure of Fascist Italy (ruling Ethiopia between 1936 and 1941). The decree defined the power and role of the Ministry of Interior in matters related to provincial administration as well as the administration and responsibilities of the Governor-Generals of Provinces, that is, the central government representatives who shall exercise general supervision over all appointed officials. The decree favoured a highly centralized form of local government

and regarded municipalities and other local institutions as parts of the national system of government. With reference to municipalities in particular, part 74 of the decree defined the status and functions of municipalities for the first time. Furthermore, part 73 of the same legislation formalized the institution of a council composed of representatives of various ministries and seven residents elected yearly amongst property owners and principal merchants to deliberate and advise on matters dealing with the development of the town and the welfare of its inhabitants as well as fixing municipal taxes and rates (Sisay, 1996).

On the other hand, part 71 of the same decree provided for the status of chief executives of municipalities. These were known as "Kantiba" or Lord Mayor for Addis Ababa and Gondar municipalities, which were designated as chartered municipalities. All other non-chartered municipalities were to be headed by Town Officers. It was also stated that the Emperor would appoint mayors upon the recommendation of the Ministry of Interior. Furthermore, all mayors and town officers were made to receive instructions from Governor Generals of their respective provinces, except the Kantiba of Addis Ababa who is supervised by the Ministry of Interior.

As part of the modernization drive, the Imperial regime issued Proclamation No. 74 of 1945 "to provide for the control of municipalities and townships" in a more elaborate manner. The legislation defined the lawful taxes municipalities shall impose and made provisions for the summoning of municipal councils. In addition, it also recognized six towns, namely: Addis Ababa, Jimma, Harar, Dire Dawa, Gondar and Dessie, as municipalities and ninety-nine other towns as townships. A particularly major reform at the time was taken with the issuance of General Notice No. 172 of 1954 that recognized the status of Addis Ababa as a chartered city. The charter gave Addis Ababa its own council with significant legislative powers on all matters of policy. The "Kantiba" or Lord Mayor enjoyed the status of a governor general of a province and was to act as the chief executive officer and preside over the council. Furthermore, the city was given special powers, including the authority to issue bonds and to raise capital from domestic and external sources. Addis Ababa was an exception in this regard because no other municipality was provided with this significant legal authority. Indeed, all other municipalities of the empire were subject to strict control and supervision by the Ministry of Interior and the governor-generals of their respective provinces

Municipal elections were not entirely democratic during the Imperial era. Among other things, the qualifications for candidacy were based on ownership of property. The automatic inclusion of representatives from seven ministries in the municipal council was also a requirement to ensure the influence of the central government. Moreover, the municipality's directorate within the Ministry of Interior was made responsible for oversight and support towards proper functioning of municipalities as well as issuing the necessary procedures that govern their operations.

7.1.3 Municipal and Local Government in Ethiopia During the Derg (1974-1991)

Following the overthrow of the monarchy in 1974, the military regime issued a series of legislations, which affected the functioning and institutional set-up of municipalities and towns in Ethiopia. The various proclamations issued during two decades of rule by the military regime made municipalities and woreda (sub-district) administrations the focus of indoctrination of Marxist-Leninist ideology and strict one-party control. The regime created various forms of Urban Dwellers' Associations (UDAs) in urban centres, peasant

associations (PAs) and service co-operatives in rural areas to undertake economic development functions and deliver services to the people. Organizationally, municipalities were hierarchically organized into Central UDAs, Kefitegnas ('Higher' UDAs) and neighbourhood associations or Kebele associations depending upon the size of the population. To facilitate this reorganization, the regime took a major policy initiative by issuing proclamation No. 47 of 1975 that provided for the nationalisation of urban land and extra urban houses. The proclamation designated a new Ministry of Works and Housing (later successively known as the Ministry of Housing and Urban Development and Ministry of Works and Urban Development) and transferred all the functions and authority over municipal administration from the traditional Ministry of Interior to this new institution.

To further consolidate the process of municipal reorganization, the Derg regime issued the Urban Dwellers Association Consolidation and Municipalities Proclamation No. 104 of 1976. This law provided for Addis Ababa to be headed by a mayor and all other urban centres by town officers. It also provided for the organization of all urban dwellers into co-operative societies of Kebele, Higher and Central UDAs. It further defined the roles of these institutions in urban administration. Accordingly, every town was to be administered by a council composed of elected members and two representatives from the Ministry of Urban Development and Housing. The single most important requirement for election was laid down as acceptance of the then Ethiopian National Democratic Revolutionary Programme.

As part of the Derg's centralisation drive, Urban Dwellers Associations and Urban Administration Consolidation Proclamation No. 206 of 1981 was issued to hand over municipalities and the administration of urban centres to the already established UDAs. Although municipal functions that were laid down in preceding legislation were listed as the powers and duties of central UDAs, those powers and duties common to UDAs and those specifically entrusted to Kebele and Higher UDAs were by and large political, and could be categorized as non-municipal functions by their very nature. Furthermore, while the powers and duties entrusted earlier to a chartered municipality: for example, Addis Ababa, were unaffected, non-chartered municipalities were made to be directed and supervised by the Ministry of Housing and Urban Development. Municipal council elections were periodically held and the then Ministry of Housing and Urban Development was to appoint a chairman, a deputy and a secretary from among those elected. The three officers worked on a full-time basis but the council was supposed to carry out both legislative and executive functions. The major criteria for elections and appointment were essentially political and ideological, that is, ruling party membership and support for the government.

7.1.4 The Present System of Governance in Ethiopia

The present government has declared Ethiopia a Federal state comprising nine regional states and two autonomous administrative areas. Since the early 1990's, a policy of decentralization that divides power and responsibilities between the central and regional governments has been put in place. Accordingly, nine regional States, and two autonomous administrative areas, including the City Government of Addis Ababa (headed by a president, not a mayor) and Dire Dawa Special Administrative Council, were established with adequate power and authority to exercise self-rule. The designation of the regional states is based on ethnic considerations with the aim to solve or prevent (potential) ethnic or political tensions in various parts of the country. There are significant gaps in institutional and administrative capacity among the different regions of

the country, particularly in terms of size of population, land area, socio-economic development, administrative capacity and level of infrastructure and services (Asmelash 2000). These regional disparities have posed practical problems in the decentralization process, in particular within those regions labelled as "emerging" (that is, Afar, Benishangul-Gumuz, Gambella and Somali).

In addition to disparities that arise from the uneven development of the different regions, the constraints to decentralization in Ethiopia are more practical than political. In this respect, shortage of trained and experienced manpower that handles administrative and technical issues of government and development as well as scarce financial resources can be cited as major constraints. One can also add to these inadequate co-ordination of regional development policies as well as lack of systematic monitoring and follow-up of the development process as major handicaps to effective decentralization in Ethiopia.

Each of the different government levels has a similar structure: a legislative body, a court system and a number of sector-specific administrations. The Federal Government structure consists of the House of People's Representatives, the Council of Federation, and the Council of Ministers, which are the supreme legislative and executive organs. The House of Peoples Representative is the highest legislative organ of the country. It has up to 550 elected representatives out of which 20 are reserved for representatives of the minority groups whose population may not exceed 100,000. Each member of the House of Representatives represents constituencies of 100,000 people (MEDAC 1998). Members of the Council of Federation are elected by the respective Regional Councils with each nation, nationality and people having at least one representative. The Council of Federation focuses on intergovernmental issues. The Council of Ministers is the highest executive and administrative body and is accountable to the Council of Representatives. The Council of Ministers carries out functions assigned to the federal government: such as defence, fiscal policy, foreign relations, monetary policy, etc. In addition, each ministry at the federal level is expected to assist its counterparts at regional level by providing technical support, policy guidance, etc. The federal Supreme Court has the highest judicial power.

The 1995 federal constitution apportions powers and authority between the central government and the nine regional state governments and the two autonomous administrative regions, which include the cities of Addis Ababa and Dire Dawa. According to the constitution, each regional state government has a quasi-sovereign status and has been given considerable powers and authority, including a separate regional constitution, an elected regional assembly, the right to use its own national language in schools, its own public administration and own courts. In addition, each regional state has been given the authority to prepare its own socio-economic development plans, mobilize resources for local and regional development and prepare and implement the regional budget.

Each regional state government must formally devolve adequate decision-making authority and control over resources to zonal, woreda and kebele administrations in order to promote democratic decentralization and get government closer to the people. However, the stark reality in Ethiopia's decentralization process is that woredas and kebeles have been given too much responsibility and functions without the necessary financial and resource capacity to undertake development at the local level. This situation has to change in favour of devolving responsibilities and functions to woredas

and kebeles accompanied by sufficient financial and human resource strength to undertake development at the local level.

The status of zonal administrations is not clearly defined in the evolving federal structure in Ethiopia. It needs to be pointed out that both the federal and the regional constitutions recognize woredas and kebeles as legitimate units of local government administration with legally defined authority and functions, including popularly elected councils and executive administration for democratic governance and local economic development. Nevertheless, there is no mention of zonal administrations as recognized levels of local government in most regional constitutions. At present, zonal levels of government are staffed by appointees of the regional state governments and their functions remain one of supervising the work of woreda and kebele administrations. This practice is an anomaly in Ethiopia's government structure because zonal administrations, which are non-elected bureaucratic structures, are being imposed on woredas and kebeles administrations, which are legally recognized and democratically constituted local governments. An exception to this observation has to be made in the SNNPRS where zones have been designated as separate tiers of administration and governance with elected councils and administrative structures. The wide ethnic and nationality diversity in the region has made it necessary to create democratically constituted zonal administrative and governance structures with elected councils and administrative structures that can conduct democratic self-rule and local economic development.

In view of the above it is not surprising that the Government of Ethiopia is currently considering to minimize the role of the zones, and instead to focus squarely on the Woredas. It is the intention that the Woredas will be empowered from July 2002 onwards through capacity building programmes and through the routing of the budget directly from the region to the woreda. Since it concerns 556 Woredas, in particular, the capacity building task will be a huge one.

7.1.5 Current Prospects of Municipal Management in Ethiopia

Municipal/urban management and governance is a generally neglected area in the present federal structure in Ethiopia, which is the more problematic since urban growth is rapid. It needs to be pointed out that the constitutions of both the Federal Government and the Regional States express the right for self-rule and administration at all levels of government. However, there is a serious gap in this arrangement because the role and responsibilities of municipalities as well as their place in the broader realm of administration were not clearly and adequately stated in any legislation. This has resulted in the apparent neglect of municipalities as separate units of governance within the Ethiopian State structure. In particular this implies that municipalities (urban centres) are not recognized as distinct units of governance and their authority and functional relationships with the federal and regional governments, zones and woredas have not been legally defined. This has handicapped municipalities from delivering services and infrastructure to urban residents.

At present, individual regions have started to take their own policy initiatives to enhance municipal management capacity for service delivery and infrastructure provision. Accordingly, there are currently moves in many regions to define the legal status, functions and responsibilities of municipalities of various classes. The goal is to create legally autonomous municipalities and urban centres of authority with the requisite management and resource capacity for effective local democratic governance and service delivery at the local level.

7.1.6 The Way Forward

Until now, the relationships between the federal government, regional states as well as woreda and municipality administrations were not adequately and clearly defined. Regional states have assumed a rather paternalistic role over local governments, including woreda administrations and municipalities. Given a long tradition of centralized administrative experience, this has not helped woredas and municipalities to be independent and responsible for many functions and responsibilities at the local level. In this regard, inadequate capacity in terms of trained personnel, financial resources and the absence of in-country training programmes that meet the needs of local governments have not helped the development of independent and viable local government administrations and municipalities.

As has been mentioned above, the Government of Ethiopia will soon proclaim that capacity building at the Woreda level will be its major priority. Recently, the government carried out an evaluation of the development experience and an assessment of development policies over the past many years (EPRDF 2000). Based on this assessment, the government has adopted a draft urban development strategy that will be implemented to support rapid urban development (FDRE 2001). Upon effective implementation, the strategy is aimed at improving the legal status, governance structure and management system of municipalities and townships in Ethiopia for effective service delivery and infrastructure provision.

There has also been renewed emphasis to move away from an entirely rural based development strategy, that is, ADLI, to a more balanced and integrated development of both the urban and rural/agricultural economy. The EPRDF's new policy orientation calls for an integrated economic development strategy (EPRDF 2000). Underlying this new strategy are the promotion of an agricultural development led industrialization (ADLI), proper and integrated utilization of all forces of development, promotion of balanced regional and local development, the accelerated and stable development of the macro-national economy and the adoption and implementation of an urban development strategy that supports rapid development both in the rural and urban areas of the country. In particular, the urban development strategy outlines the following broad priority policy areas and courses of action as meriting special attention by the government in the coming years (FDRE 2001):

- Plan urbanization and development of urban centres in relation to development of agricultural and industrial activities. This policy will support the development of urban centres of different hierarchies that specialize in different commercial and industrial development activities in all the regions.
- Develop urban infrastructure and services to assist urban growth and contribute towards development of sustainable urban communities.
- Give priority to commercial and productive establishments in the supply of land and infrastructure within municipalities and the surrounding areas.
- Address currently existing implementation problems in relation to the urban land leasehold system, and institute a development-friendly, transparent and efficient system of land allocation both for urban residential purposes and potential investors in businesses and industries.
- Promote organized participation of the public in local political activity, municipal governance and local development endeavours, and encourage active community participation in the preparation and implementation of urban development plans.

- Build adequate institutional capacity for efficient delivery of urban services and infrastructure; enhance the professional capability and institutional capacity of municipalities for preparation and implementation of urban development plans; further, enhance the role and involvement of professionals and technical people in urban governance and management with a view to building adequate urban management capacity for service delivery and development.
- Institute conditions for effective financial systems that will allow municipalities to be self-sufficient, create conditions for access to credit by municipalities and local governments and introduce cost recovery approaches and methods in the provision of most municipal services and infrastructure.

Box 7: BEST PRACTICE IN MUNICIPALITY REFORM:

The Case of the Amhara National Regional State

The Municipalities Proclamation No. 43/2000 that "provides for the establishment, reorganization and definition of powers and duties of municipalities" was approved following a review by the regional congress. Furthermore, in an express recognition of authority for self-rule and administration for municipalities, the state has amended its constitution. While the list of provisions constitutes major enabling ones, the following approaches were essential to the achievements so far as well as future success of the reform.

In this regard, an essential process was sensitization and awareness raising, which was carried through successive workshop discussions. This proved essential to gain the support of political leaders. Such also helped to ensure participation and involvement of various stakeholders. In addition, there was a recognition that such a reform has to be gradual instead of a once-for-all quick fix process. In this regard, as Ethiopia has little experience in local government, the focus of the reform was limited to urban governments where there is relative experience.

Thirdly, as the process matters are equal to the content of reform, much emphasis was given to process orientation and experiment to draw lessons for wider application. Thus, to take advantage of the initial application, twelve representative municipalities of different sizes and capacities has been opted for.

Fourth, careful design of implementation arrangements for a transition period is found important taking into consideration distinctions between long-term vision and short-term problems.

Fifth, in the study process and successive workshop discussions, attempts were made to draw useful lessons from the experiences of other countries, depending upon the context, the overall environment and local circumstances.

Finally and most importantly, a shift in understanding of urban development from the predominantly traditional and paternalistic one to an approach which focuses on creating enabling institutional environment and building the capacities of municipalities has emerged.

7.1.7 Assessment of the Political and Legal Framework

The discussion in the above dealing with the political and legal framework of local governments in Ethiopia has vividly revealed a predominant and strong tradition of centralization as well as the lack of an enabling environment for the development of effective local governments and, therefore, working democracy. The decentralization and democratization processes in the country have only about a decade experience. The

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development of effective local government and working democracy are processes which require sustained effort and a long time to mature.

The federal and regional constitutions have enshrined authority for self-rule to the people at all levels. However, essential description of roles and relationships that may bring material effect on practical implementation on the ground have yet to be worked out. Here, the federal government and in particular regional states have yet to put in place an enabling institutional framework and a legal basis for the proper operation of local governments. They also need to nurture effective local government and a working democracy through various incentives. Concerted efforts along building the capacity of local governments is of paramount importance looking at existing capacity constraints. In this respect, the Development Assistance Group and international donor community at large ought to avail the required technical and financial assistance. In particular, as Ethiopia has little experience in the field, looking into the experiences of other countries appears useful.

Currently, a number of regional states are working towards providing an enabling institutional framework and legal basis that govern the operation of municipalities. These experiences deserve close observation until progress and maturity are realized. The focus of reforms, as has been observed in a number of regions, is management systems and the structure of governance, which has a lot to do with democratization.

Furthermore, recognizing the enhanced role and contribution of urban centres to the socio-economic development process of the country, proper concern needs to be directed to urban areas, in particular their governance and management. Urban centres support the development of their surrounding rural hinterland, while their productivity to a great extent depends upon proper management. Urban local governments, in particular mobilize financial resources from within the locality so as to finance the cost of infrastructure and services development. In addition, as they are closer to the people, local governments play an instrumental role of enhancing participation of the public and promoting the development of a democratic culture. As they also support local economic development efforts, and play a leading role in addressing the problem of poverty, proper attention and concerted efforts need to be directed at their organizational development.

The Federal Government has very recently conceived a programme to further the decentralization process through devolving adequate power, responsibilities and resources to the Woreda level of government. On the urban front, while the federal government is currently working to define a national framework of the governance and management of urban areas, a number of regional states have already been seriously engaged in one or another form of a reform programme, with the Amhara region being the pioneer (cf. Box 7.2).

Moreover, recognizing critical problems of institutional capacity at federal, regional and particularly within Woreda and Municipal governments, the government has identified and formulated a broad national capacity building programme. In this respect, while fourteen sub-programmes have been identified, the process of consultation with the donor community for assistance is in progress.

7.2 ECONOMIC DIMENSION

The Ethiopian economy is dominated by peasant agriculture, which accounts for about 50% of the GDP, 90% of total export earnings, and for about 87% of the total labour force. According to the World Development Report 2000/2001, with a per capita income of US\$100, Ethiopia is categorized as one of the Least Developing Countries and one of the Heavily Indebted Poor Countries (HIPC). The major factors for the poor performance of the economy include drought, civil war and high population growth.

During the period between 1974 and 1991 the average performance of the economy had worsened. The average real GDP growth rate was about 1.8% per annum, while the population growth rate was 2.9% per annum. The country had been a unitary state with centralized political and administrative set up. The revenue and spending were also highly centralized. As a result of the significant growth of the public sector in the economy, the widening of the budget deficit was the major problem facing Ethiopia at the time of the Derg regime. In the same period, the overall government budget deficit, including grant, averaged 7% of GDP (excluding grant, it was about 10% of GDP, mainly caused by the high level of government expenditure). In the post-Derg period the real GDP (1992-1998) has grown by an average of 6.1 percent (Alemayehu 2000).

After 1991, with the support of the World Bank and International Monetary Fund, the Government of Ethiopia has adopted stabilization and structural adjustment measures, such as price liberalization, devaluation, subsidy removal, etc. A broad based Agricultural Development-Led Industrialization (ADLI) strategy in Ethiopia has been designed and is being implemented to maximise economic growth. The strategy concentrates on three priority areas:

- Accelerate growth through focusing on the supply of fertilizers, improved seeds and other inputs.
- Expansion of small-scale industries to interact with agriculture; and
- Expansion of exports to pay for capital goods import.

7.2.1 The Budget Planning Process

Regional budget planning in Ethiopia is in theory a complicated bottom-up process, which is difficult to put in a nutshell since it involves multiple channels of co-ordination. The Ethiopian Constitution provides the directives for sub-national budget planning. Article 50(4) requires the states to grant "adequate power" to the lowest units of government "...to enable the people to participate directly in the administration of such units." Article 89(6) states that "...government shall at all times promote the participation of the people in the formulation of national development policies and programmes; it shall also have the duty to support the initiatives of the people in their development endeavours."

Creating the budget plans has two dimensions: identification of priorities and goals, and managing funds in order to fulfil these goals. The first of these tasks is participatory and bottom-up, but the second, financial management, is mainly carried out by the regional (and federal) governments rather than by sub-regional offices, and therefore is top-down.

The Ethiopian decentralization process accords an important role to the lowest unit of the government structure (i.e. the woreda) in the areas of planning and decision-making.

The woreda planning and decision-making process includes various steps involving the different levels within the woreda structure. The strategy for decentralization links fiscal federalism to further decentralization to the sub-district (woreda) level within the regional states. It is expected to provide a basis for meaningful participation by the people in local development programmes (especially primary education, primary health care, rural water supply, rural roads and agricultural extension). The I-PRSP (2000) states that fiscal federalism "grants the regions full autonomy in budgetary expenditures".

The major constitutional powers and duties of the woreda council include: (a) Approval of the woreda social service, economic development, and administrative plans and programmes; (b) Levying and collection of land use taxes, agricultural income revenues and other local taxes; (c) Utilizing the woreda's sources of revenues, excluding such other revenues allocated and administered by the region; (d) Preparation and approval of the woreda budget; (e) Construction and maintenance of lower grade rural roads; (f) Administering primary schools, and junior health institutions within the woreda; (g) Directing basic agricultural development activities, administering and protecting the natural resources of the woreda.

7.2.2 Financial Management

Although the decentralization process in Ethiopia is in place, many supporting systems and procedures, such as planning and budgeting, financial management, and service delivery mechanisms, are not fully developed. Monitoring the zones from above via auditing is not feasible as currently only the regional government has an auditor general.

The Federal Ministry of Finance (MOF) was until late 2001 responsible for the Federal government budget and is responsible for expenditure control, accounting for capital and recurrent funds spent out of the budget and managing all loans. The Ministry of Economic Development and Co-operation (MEDAC) has primary responsibility for aid management, capital budgeting, medium term planning and preparation of subsidy appropriations to the regions. Budgeting from its initial stage, the forecast of the annual revenues and expenditures, to the final stage of approval of the annual budget by the Council of Peoples' Representatives passes through a sequential and iterative process. Recently, both ministries, MOF and MEDAC, have been integrated into the new Ministry of Finance and Economic Development (MOFED); the details of the new structure have not yet been fully determined.

Regional governments have set up regional finance and planning bureaux, with the objective of managing the day-to-day operations relating to budget preparation and implementation. The regional budget process is more or less similar to the federal budget process. Regional finance offices are responsible for the preparation of the recurrent budget, while Regional Planning and Economic Development Offices prepare the capital budget. At the higher level, the Regional Council is responsible for the appropriation of the region's budget. The regional budget process starts at the woreda level and goes up to zonal and regional levels. A common practice in budget preparation at both the federal and region level is pre-ceiling budgeting. This is done because the funding agencies do not give the spending agencies a ceiling sufficiently in advance. The spending agencies prepare budgets often with unconstrained or "blue sky" ceilings which are then arbitrarily reduced without consultation by the funding agencies because there is no time to iterate on the budget submission.

The budgetary process is rather complicated and, therefore, the intended change of the government to bypass zones and allocate budgets directly to the woreda's could in principle have a simplifying effect.

7.2.3 Intergovernmental Transfers

Inter-governmental transfers are made on the basis of a formula that considers some variables like population, level of development and revenue generating capacity of regions. The level of development of regions is identified in terms of various indicators of social and economic infrastructure, urban population, industrial production, food crop production and summarised in an index called I-distance. Two out of these three variables, such as population and levels of development, are designed to reflect the equity issue in allocating resources. The weights given to the different variables changed in different years. In 1996/97 the weight attached was 33% to each of the parameters: population, level of development and revenue generating capacity. In 1997/98 the weights attached were 60% for population, 25% for level of development and 15% for revenue raising efforts. The formula allocates higher shares to those states with large population size such as Amhara, Oromiya and SNNP, although the shares are not completely equivalent to their share in the total population. The less developed or "emerging" regions receive higher subsidy on per capita basis than the other regions. For example, the per capita share of regions such as Afar, Benishangul, Gambella and Somali are the highest, indicating that the grant system has a substantial re-distributive effect. The regions depict a large horizontal imbalance, which is a reflection of their different tax bases.

7.2.4 Planning and Supporting Economic Growth and Employment Creation

Economic development planning is not a new phenomenon in Ethiopia. Ethiopia had embarked on planning development in earnest in the late 1950s with a series of three five-year development plans in the period 1957-1972. The fourth five-year development plan was formulated but was not implemented because it was overtaken by the events unfolding during the socialist revolution of 1974/75 spearheaded by the military.

The Derg socialist military regime, whose socio-economic development framework was the planned approach, launched a series of annual development campaign programmes (1978-1984) and pursuant to this, adopted the Ten-year Perspective Plan (1984/85-1993/94) as a means of guiding the management of the macro, meso, and micro socio-economic environment. But, like its predecessor, the fourth five-year development plan of the imperial regime, it was not fully implemented because of the overthrow of the Derg regime by the present government.

However, except the attempt to incorporate the concept of regional development in the Third five-year Development plan (1968-1972) and the creation of seven regional offices, i.e. Economic Planning Regions, by the Derg regime in the early 1980s within the context of the Ten-year Perspective Plan (Sileshi 1988), the regional growth and local economic development dimensions were not given due emphasis in the planning process. Moreover, the approach being the macro-growth model, which emphasized large-scale formal economic activities, the planning experience did not create enough jobs either for the rural or the urban population. As a result, a shift of emphasis on sub-national spatial operations, which could promote flexible specialization, decentralization and the proliferation of formal and informal micro and small enterprises to generate

employment, and thus to enhance local economic development was thought a better alternative development strategy (Zewdie 1999, and Van der Loop 2000).

The current government of Ethiopia has declared a new market-orientated economic policy as well as a federal system of government, where the country is divided into 9 regional states and two city-states using the ethno-linguistic criteria. Such federal structure is supposed to enhance decentralization of the political system as well as management of economic activities. Within this framework the federal and the regional governments plan and implement their socio-economic programmes on a five-year basis, the focus of the policy being an "Agriculture Development Led Industrialization" (ADLI) strategy. According to the ADLI strategy, MSEs are recognized as one of the major means of creating employment for a large proportion of the rapidly growing population (Andu-Alem 1997). Given the low performance of the investment projects to generate formal permanent employment compared to the total employment-seeking population of the country and/or regions, promoting the formal as well as the micro and small enterprises becomes an inevitable strategy. MSEs have proved to be a major source of employment and income in many developing countries to the extent that as many as a quarter of all people of working age are increasingly engaged in MSE activities (Mead and Liedholm 1998).

7.2.5 Assessment of Economic Dimension

The constitution gives the Ethiopian federal government a leading role in setting national policies and strategies, and it also sets the broad financial parameters for the regional governments through its determination of the size of the block grant. The regional governments give conditional grants to woredas. Hence, there is no discretion for local governments to change allocations between sectors according to local priorities, and this undermines autonomous local government. The sector guidelines and policies largely bypass local government structures, and so lower local governments have little involvement in planning.

The key document laying out the Ethiopian government's poverty focus and strategy is now the Interim Poverty Reduction Strategy Paper (I-PRSP). The I-PRSP focuses on how to reduce poverty among resource-poor small-scale farmers who represent almost 90 percent of Ethiopia's poor. The strategy for decentralization and empowerment links fiscal federalism to further decentralization to the district (woreda) level within the regional states. It is expected to provide a basis for meaningful participation by the people in local development programmes (especially primary education, primary health care, rural water supply, rural roads and agricultural extension). The I-PRSP states that fiscal federalism "grants the regions full autonomy in budgetary expenditures".

Planning, budgeting and devolution of financial resources to lower levels of government are intricately related and are important dimensions of the decentralization process. The planning and budgeting process, though it has a bottom-up element is not well consolidated at lower levels. The participation of the community in planning and budgeting is limited. Mechanisms that strengthen community participation in planning and budgeting need to be in place for promoting bottom-up approaches. Resource envelopes need to be known before undertaking physical planning since it is difficult to be realistic in blue sky planning. The experience of the Amhara region in the preparation of recurrent budget and identification of priorities is instructive and needs to be examined critically.

The present fiscal decentralization, though encouraging, assigns more tax base to the federal government than the regional government. As a result, regional governments rely to a large extent on the federal government. The assignment of tax bases to the regional governments should be commensurate with their expenditure commitment. In this regard the development of regional capacity to mobilize enough resources should be given due attention.

At present the role of woredas in raising revenues and sub-national borrowing is limited. Woredas need to be empowered in order to help them fulfil their responsibilities. In addition, intergovernmental transfers at present are focused at the regional level. In line with the present drive of the government to devolve more powers and resources to woredas, intergovernmental transfer of resources should focus at woredas.

The precarious positions of municipalities affect the growth of cities and their further development. The experience of some regions such as the Amhara region to empower municipalities could be used as a model that could be given a significant place in other regions. This will help to replace the obsolete legislation and procedures currently used by many municipalities.

7.3 PUBLIC SERVICE PROVISION

Ethiopia, which had experienced a concentrated political, administrative, fiscal and planning system for a long time, initiated in 1992 (cf. Proclamation No.7/1992) far-reaching institutional and political transformations. Important measures have been taken to decentralize the government and restructure it along federal lines. A five-tiered government structure, namely: central, regional, zonal, woreda and kebele, has been created. The central government has transferred significant powers and responsibilities with the exception of defense, foreign affairs, foreign economic relations, currency and monetary policy to the regional governments. Consequently, the responsibility for producing and distributing goods and services has been largely transferred to regional governments. Regional governments are responsible for the provision of infrastructure and services such as roads, education, health, housing, etc. Major capital investment decisions in urban water supply, construction and maintenance of roads, etc. are, however, the responsibilities of the central government leaving the operation and maintenance of these services to local governments.

Ideally, each regional government provides both the level and mix of public services that most closely meets the preferences of individuals in its jurisdiction. In this way, decentralization promotes efficiency by allocating a close match between public services and the multiplicity of individual preferences. It also promotes transparency, accountability and equity by clearly linking the benefits of services with their costs (World Bank 1988). However, the duties and responsibilities given to regional governments in Ethiopia are not commensurate with fiscal autonomy. The centre controls about 87 per cent of the revenue of which a certain amount is to be given to regional governments in the form of lump-sum grants based on certain criteria (Tadesse 1996). On the other hand, the regional governments lack, at present, the administrative capacity to collect revenue and finance, and accounting skills are too weak to prepare investment plans.

7.3.1 Evaluation of Provision of Selected Urban Infrastructure and Services

Effectiveness, efficiency and equity are some of the criteria by which an urban/municipal service delivery is evaluated. The following paragraphs present a brief assessment on

the basis of these criteria of selected systems of provision and management of urban infrastructure and services in Ethiopia.

7.3.2 Water Supply

In essence, it is said that a water supply service is "effective" where the service covers at least 90 per cent of the population and "fair" where the service covers at least 70 per cent (Batley 1992). Water supply in Addis Ababa represents only 67 per cent of the demand, and hence the service coverage is fair. The cost recovery of the authority is 100 per cent considering only maintenance and operation costs. But under normal circumstances, cost recovery does not exceed 60%. Shortage of water, equipment, spare parts and financing are the main obstacles faced by AAWSA.

In the other large, medium and small-sized towns, water supply services fall between satisfactory and extremely low. Shortage of pumps, meters, and vehicles, lack of equipment, skilled labour, and materials, as well as inadequate water resources are the major constraints to the provision of improved services in many large and small towns.

7.3.3 Solid Waste Collection

In Ethiopia, it is said that solid waste collection is "effective/good" where the service covers at least 90 per cent of the population and "fair" where the coverage is at least 70 per cent (Batley 1992). On the basis of this performance indicator, therefore, the Department of Environmental Health in Addis Ababa is providing a fair service because it collects about 65 per cent of the solid waste generated in the city. The main reasons for such under collection are inadequate and uneven distribution of containers and narrow streets in some poor neighbourhoods, which do not allow access for collection trucks.

In the other large and medium-sized towns, solid waste collection service is very poor, benefiting only between 30-45 per cent of the households. The departments responsible for solid waste management in these towns cited lack of appropriate collection vehicles and containers and poor solid waste collection practice by the residents as impediments to provision of improved service.

7.3.4 Public Transport

Buses are the most important mode of public transport in Addis Ababa. In particular, the poor in the city rely on this mode of transport because of very low and affordable fares. The city buses are operated by Ambessa City Bus Enterprise owned by the government. But the enterprise does not have the capacity to provide adequate, dependable and efficient service to the residents of the city. This is indicated, among other things, by a very long passenger waiting time, very long travel time and a very low ratio of buses to the population. For example, while the average passenger waiting time is 30-45 minutes, the average travel time is 45-60 minutes. The ratio of buses to population is 1.4/10,000 as compared to 1/2000 in other developing countries. On the other hand, the ratio of taxi's to population is 7 per 1,000. A number of constraints limit the ability of the enterprise to provide efficient transport service. First, the pace of the city's investment in city bus service is low compared with the rate of growth of the population. Due to the rapid growth of the city and the frequent location of low-income people on the periphery, low-income trip makers have to travel longer distance than they would wish. About 60 per cent of the city's residents have to travel distances exceeding 5 kms from home to work and 11 per cent have to transit distances equal to 15 kms and more. Second, the enterprise has a small number of fleets. It has currently a total of 355 buses assigned on

84 routes with a total length of 934 kms; at least double the number of buses is required for a city like Addis Ababa.

Third, there is poor co-ordination among constituent parts of the public transport system. This in turn has contributed to the poor maintenance of vehicles, insufficient supply of buses and inadequate provision of public transport service frequencies and routes. Furthermore, it is also true that the proportion of the buses available for services is very low, and this has exacerbated the problem. According to Mekete (1997), the proportion of operational bus fleet in 1995 was about 53 per cent. Consequently, there was a large unmet peak hour demand and very long passenger waiting time in the city. The public (bus) transport is operating on subsidy which is 0.21 Birr per ticket.

The public transport service in other large and medium-sized towns is equally inadequate and inefficient. This is generally provided by the private sector with the use of taxis and horse-drawn carts (with seating capacity of two passengers).

7.3.5 Primary Education

The performance of this service is evaluated using effectiveness and efficiency criteria. In the former case, dropout rates at primary education level are used. Primary education service is said to be "good" if the dropout rates do not exceed about 20 per cent and "fair" where the rates do not exceed 50 per cent. In the case of the Addis Ababa, primary education service provision can be considered effective because the dropout rates do not exceed 10 per cent. On the other hand, government supplied primary education appears to be most generally deprived of resources, and as a result the quality of service is very poor. In addition, the relatively low internal efficiency of the primary education is indicated by high enrolments per section (average of 70 students) and inadequate funding.

7.3.6 Health Services

Despite the availability of relatively large number of health institutions in Addis Ababa, there is a shortfall of health service provision, which is indicated by some health service as observed in the country. Compared to the nearby city of Nairobi, Addis Ababa fares very badly: the ratio of doctors to population is 15 times lower, that of hospitals to population is almost four times lower, and that of beds to population is just over three times lower

The inadequacy and inefficiency of the health services in the city is also reflected in high infant mortality rate and high under five mortality rate as well as in high child malnutrition and low immunization coverage.

7.3.7 Assessment of Public Service Delivery

- 1) An examination of the characteristics of the urban service delivery in urban Ethiopia in general and in the sampled cities in particular revealed the dominance of the public sector. In most cases, the producer and supplier are the very same actor.
- 2) Evaluation of the provision of selected urban infrastructure and services showed the inadequacy, inefficiency and ineffectiveness of the actors involved on the provision and supply.
- 3) Infrastructure and services are being provided mainly by government agencies but also by private sector and NGOs. These actors, however, work independently as there is no formal mechanism to co-ordinate and integrate the activities of these

- actors. Therefore, the government may need to develop and implement a mechanism for co-ordination and integration of activities of different actors.
- 4) One measure that would appear to be an essential condition of reform in the structure of urban service delivery in Ethiopia is the clarification of functional responsibilities between levels of government together with reform in revenue assignments.
 - 5) There is a clear need towards a greater involvement of the private sector and towards community participation in the provision of urban services. Thus, an enabling environment should be created.

7.4 LESSONS LEARNED

There is sufficient empirical evidence to testify to the presence of a strong relationship between genuine decentralization i.e., devolution of political power and authority to local governments and the development of working democracy or national development for that matter. The level of deprivation or growing incidence of poverty calls for proper policy instruments, operational measures and improved institutional capacity of local governments.

While addressing poverty in a meaningful manner calls for concerted and joint efforts as well as resources of government at all levels, the business community, civil society organizations and the donor community at large; the crucial leading role and active participation of local government has to be noted.

The recent trend of rapid urban growth, because of natural growth and the inevitable rural to urban migration, demands proper policy concern to the development and management of urban areas as well as enhanced organizational capacity of municipalities.

Greater participation of communities in local economic development (LED) endeavours and development of a democratic or civil culture has a strong foundation on well functioning local governments. The growth of private investment and partnership or engagement with civil society groups calls for local governments to have the requisite skill and competence.

Institutional capacity building of local governments has to be broadly conceived to include: strengthening the institution, introductions of or improvement in the working systems and procedures, and human resources development. Perhaps, a serious challenge as indeed true in other sectors is developing human resources within local governments. In this respect, efforts to establish new specialized as well as to strengthen existing in-country training supply institutions shall be given priority.

As decentralization and local government in Ethiopia are issues which are little researched, in-depth research has to be supported. Among many such particular issues of interest to further research are local government services, their financing, mobilization of local government finances, and their organizational development, to name a few.

Owing to the lack of in-country experience in areas such as decentralization and local government, drawing useful lessons from the experiences of other countries and

focusing on pilot experimental activities so as to scale-up interventions later on need to be emphasized.

Decentralization does indeed provide a great potential for gender transformative development, but this would require a commitment to the constitutionally mandated gender equality and affirmative action, strategic focus and allocation of public expenditure to translate these commitments into reality.

For its part, the government is committed to supporting civil society initiatives to support municipal governance and management in Ethiopia. It promises to streamline and co-ordinate the efforts of the different stakeholders in creating sustainable urban centres. The support of the different levels of government is also recognized and will be encouraged. In this regard, the creation of a conducive and enabling environment for the efficient functioning and streamlining of their activities, as well as co-ordination of the efforts of the various actors in urban governance will be given a special priority. A genuine and frank dialogue between the different levels of government and the various groups of civil society is important to define a common agenda and the goals of urban development as well as parameters for its meaningful achievement.

With respect to the economic dimension of local governments, the following recommendations can be made:

- Increase the discretionary powers given to local governments in allocating resources towards development activities;
- Promote the participation of all levels of local government in the decision-making process;
- Encourage local governments to increase local revenue, and ensure that local revenue contributes meaningfully to local development;
- Improve the effectiveness of local government programmes through strengthening transparency and accountability of local government expenditure.

Some of the crucial lessons learned from the discussion on public service delivery include in particular the following. Firstly, a key reason for the low performance of the infrastructure development process in Ethiopia is the highly fragmented government institutional framework, the dominance of the public sector, and the absence of co-ordination among the (competing) agencies involved in the provision of urban infrastructure and services. Secondly, like most cities in developing countries, failures in the coverage and quality of services in Ethiopian cities and towns is not merely a reflection of absolute resource constraints, but also problems of urban management capacity. Therefore, capacity building at the local government level will be a crucial factor, while at the same time the participation of the private and community sectors should be enhanced by creating an enabling environment and better inter-institutional co-ordination.

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CHAPTER EIGHT: **EMERGING TRENDS ON LOCAL DEMOCRACY AND** **DECENTRALIZATION IN SELECTED AFRICAN COUNTRIES**

CHAPTER EIGHT

EMERGING TRENDS ON LOCAL DEMOCRACY AND DECENTRALIZATION IN SELECTED AFRICAN COUNTRIES

The democratic local governance initiatives currently underway in many countries in East and Southern Africa will ensure that government officials are responsible to elected officials, and that officials are in turn responsible to the public that elected them. In the process, these systems of accountability should increase the pressure for more transparent local governance, in which corruption will be easier to bring to light and thus to curtail. But just as it took many decades for such efforts to make much headway in the industrial countries, so too quick results cannot be expected elsewhere.

Although politics can be seen as the driving force behind decentralization in most countries, decentralization may be one of those happy instances in which good politics and good economics serve the same end. The political objective of increased political responsiveness and participation at the local level can coincide with the economic objective of better decisions about the use of public resources and increased willingness to pay for local services.

There are some emerging trends on local democracy and decentralization from the analysis in the five selected countries. These relate to fiscal decentralization, civic engagement and devolution of authority and power.

8.1 FISCAL DECENTRALIZATION

Experiences from the selected study countries seem to indicate that while governments have embraced the need for decentralization and have put legislative mechanisms in place, the issues around fiscal decentralization are still to be tackled in a more meaningful manner. Inadequate resources and management skills both at the centre and local levels continue to hinder efforts towards decentralization. Important issues to note are accountability and efficient public expenditure management, participatory budgeting, greater transparency in public procurement and contracting procedures. Related to these issues are the need to improve both central and local government finance, accounting and internal audit systems and procedures.

Local governments will need to access as much direct revenue sources as possible including regular, stable, reliable and commensurate appropriations by central governments. This, unfortunately, does not seem to be happening on a scale wide enough to meaningfully reduce poverty. It would seem logical to expect that where responsibilities are devolved, commensurate fiscal resources or sources would be made available.

The country reports presented here share experiences on how to share financial resources and central governments fiscal transfers to local authorities. For example, in the case of Ethiopia, inter-governmental transfers are made on the basis of a formula that considers some variables like population number, level of development and revenue generating capacity of regions. The level of development of regions is identified in terms of various indicators of social and economic infrastructure, urban population, industrial

production, food crop production and summarised in an index called “I-distance”. Among these three variables, two variables, population number and levels of development, are designed to reflect the equity issue in allocating resources.

8.2 CIVIC ENGAGEMENT AND COMMUNITY PARTICIPATION

The role of civil society and its organization has been identified as a key element for sustaining a decentralized governance system. Some complementary measures to enable people to more effectively participate and to fully exercise their right to participate at local level have been mentioned in the country papers. These include:

- Empowering women more generally, with one consequence being increased political involvement;
- Creating networks for information transfer by CBOs, NGOs, civil society forums, distributing council resolutions and budgets;
- Development of a legal framework for giving due recognition to people's role in development;
- Investment of funds and time in developing the capacity of communities to effectively participate in local governance. The capacity building needs to be extended to both levels of government;
- Building community-government partnerships as a way of mobilizing resources for local development.

8.3 ECONOMIC AND POLITICAL MOTIVATIONS FOR DEVOLUTION OF AUTHORITY AND POWER

The political motivation for devolution of authority and functions has been identified as falling in four categories:

1. The dominance of liberal democracy views and new public management theories
2. Response to the failure of present systems of government
 - a) Lack of adequate resources at central government level to provide basic services to communities
 - b) The desire to provide communities with services by mobilizing local resources
3. Uniform donor pressure that supports public sector reforms based on liberal democracy views and new public management theories
4. Local political struggles
 - a) The need to establish and or renew political legitimacy
 - b) The fear of losing control
 - c) The desire by central political leadership to unite the country.

Transforming perceptions among individuals and institutions requires the application of the following principles as elements of a strategy to guide attitudinal change in public and private action:

- Overcoming paternalistic attitudes and clientelism
- Accepting to share decision-making power over resource allocation, design of programmes and evaluation of their results
- Acknowledging the resources, vitality and capabilities of poor communities, and, on the other hand, recognizing their internal conflicts and contradictions, overcoming an

idealized and romantic vision that stresses only their capacity for goodwill, consensus and solidarity.

Obstacles to effective devolution of authority and functions have been identified as:

- Lack of administrative capacity at both levels of government, including inadequate legal instruments and fiscal resource transfers and unclear roles and responsibilities
- High levels of poverty
- High levels of illiteracy
- Corruption at both national and local governments levels
- Lack of adequate insight by donors on the development priorities of countries.

The experiences of the relative success of devolution of authority and functions have been discussed as having occurred in those countries where there is a clear political commitment to the process. Countries mentioned include Uganda (the DDP/LGDP Programme) and Tanzania for having quotas (1/3) for women representation at local level and Ethiopia for having a federal government system.

Central government may adopt measures of influence, which should be developed and utilized in a consultative manner to ensure success, which include the following:

- Facilitate capacity building programmes.
- Issue guidelines on national policies and priorities, and on available resources.
- Re-orient agencies to technical and support supervision, mentoring and monitoring.
- Develop process support systems that do not duplicate or create parallel arrangements.
- Focus on studies and pilots that provide information that can be replicated in all local governments.
- Assist local governments to determine local policy and strategic frameworks within the national policy guidelines.

8.4 CHALLENGES FOR DECENTRALIZATION IN THE REGION

In the immediate future, a number of major challenges for decentralization in the region can be identified:

- The need to ensure that the existing decentralized local government structures, systems and procedures are consolidated;
- The need to ensure that the proposed fiscal decentralization strategies becomes a reality;
- The need to enlarge the economic/revenue base of the local governments and to strengthen their revenue mobilization mechanisms;
- The need to mainstream gender concerns into the planning process, to strengthen participatory planning and to develop skills in preparing integrated districts' development plans and budgets;
- The need to treat capacity building for local governments as a continuous process, given the high turnover of councillors and council staff; and
- A clear definition of the roles of the various players in the decentralization programme.

8.4.1 Does Decentralization Guarantee Poverty Reduction?

It is generally held that the reduction of poverty is more likely to be assured when the people for whom pro-poor interventions are meant are allowed, through empowerment, to effectively participate in these interventions. Decentralization, for example, is generally assumed to facilitate redistribution and poverty alleviation since it brings greater grassroots level control over resources and their utilization. While this assumption may be generally valid, its applicability under the conditions currently prevailing in an average African state must be re-examined more critically, for experience on the continent provides limited proof in support of this. In most cases, unless it is carefully and comprehensively handled through, for example, strong oversight-cum-accountability institutions, decentralization can, and has often, reinforced the power of local elites and has worsened spatial inequalities, a state of affairs that has adverse implications for poverty reduction itself. The poverty reduction efforts of Uganda's decentralized approach provide further interesting illustration.

Notwithstanding the obvious merits of the Ugandan DDP/LGDP approach to decentralization, a number of issues can still be raised with respect to its ability to result in poverty reduction. The Programme's resource allocation formula, while it does take into account some relevant poverty-reducing factors (such as child mortality), is perceived not to be as yet sufficiently sensitive to a good number of poverty-defining variables (such as poverty depth and its profile as measured in, say, gender terms). Even worse, the allocation of grants under LGDP employs only two parameters (land area and population) that are hardly sensitive to the poverty prevalence attributes of the recipient localities.

On a more positive note, further lessons could be derived from the Uganda experience. The monitoring and evaluation reviews so far undertaken on the Uganda initiatives have demonstrated that considerable capacity improvements in the direct involvement of local communities have been enhanced in such fields as project planning, resource allocation, management and accountability, and improved poverty-focused social investments. With respect to the Senegalese experiment, one observes that only 28% of local communities in that country have prepared their local development plan, a phenomenon that suggests that the system is not working as anticipated due to a host of reasons, not excluding local capacity considerations.

8.4.2 Decentralization and Social Service Delivery for Increased Access and Equity

With regard to local government reforms, many African countries recognize that decentralized systems of vulnerability management hold great promise. African governments should, thus, consider how best to develop integrated organizational structures that are empowered, through institutional capacity strengthening, to prepare for, and respond promptly and positively to the causes and effects of poverty that currently ravage the continent. Such decentralized structures may involve, not just on paper, a diverse range of institutions and the target communities from the national down to the grassroots level.

Considering the fact that activities that are related to poverty alleviation and the reduction of vulnerability in Africa are increasingly being performed by organizations other than government, African governments may have to address the processes and management structures that better integrate the activities of relevant NGOs, the private

sector, and other community-based institutions into their frameworks of action for poverty reduction.

Due to varying capacity endowment, African experience shows that decentralization need not be applied uniformly across sub-national governments. Thus, in countries where municipal jurisdictions have significantly different levels of capacity, African governments may wish to ensure that the speed and content of devolving functions are aligned to the respective competencies of these jurisdictions.

Many African governments see the development of a reliable fiscal equalization formula as a way of ensuring that allocations that target poverty reduction are fair. One of the challenges, thus, borders on how to define the poor and how to better target them at the macro level. Exchanging of country experiences could be a worthwhile exercise in this regard.

In many countries, donors have not effectively co-ordinated their interventions at the levels of direct relief and capacity building effort.

8.5 AREAS FOR FURTHER WORK

8.5.1 Documenting Innovations in Local Democracy and Decentralization

Good examples of promoting local democratic process and local governance exist in the region. Identifying, recognizing, documenting and widely disseminating innovations in this field will greatly enhance the decentralization processes in the country. UN-HABITAT's Ford Foundation funded project "Innovations in Local Governance and Decentralization", provides a forum for awarding innovations and using them to inform policy.

8.5.2 Enhancing the Role of Civil Society/Civic Engagement

Notwithstanding the above realities, Africa should find ways in which central and local governments can restructure or reform their institutions so as to facilitate the development of civil society. A number of good experiences with local governance capacity strengthening exist for possible replication. In a number of countries, for example, individuals at the local level have been empowered (through civic awareness and organizational and personal skills development) to productively attend to their local level developmental challenges. The UNDP-supported Local Initiative Facility for Urban Environment (LIFE), and the Urban Management Programme (UMP), for example, have played an important role in the enhancement of local governance through, *inter alia*, the building of sustainable networks in the targeted communities. Strengthening the associations of local authorities to contribute effectively to local democratic processes and decentralization is another area that requires further work.

8.5.3 Development of Tools and Methods for Capacity Building

For most countries, entrenching decentralization in national constitutions and policies is a first step. However, this demands a new style of doing business at the local level and requires enhanced human and technical capacities to deal with new challenges imposed by decentralized governance frameworks. A major challenge facing countries that choose to decentralize is the limited knowledge and skills to practice local governance. Tools and methods are required in various areas including how to engage civil society, raising internal and external accountability, enhancing local revenue base, local

economic development, effective and efficient management of services (including outsourcing and partnerships).

The development of the necessary tools and methods would contribute to the capacity building of local government staff and elected officials to suit their skills and expertise for the new economic and decentralization circumstances.

8.5.4 Linking Policy to Action

More work is required to answer the question, does decentralization guarantee poverty reduction? International and local non-governmental organizations have traditionally had a strong presence at the community level providing support in the delivery of basic needs where the State had failed to maintain services or had been absent. These organizations continue to play a key role in supporting local development initiatives where local authorities are unable to provide support or where they are considered not to have a comparative advantage to offer. But there have also been concerns that actions of NGOs fall outside any agreed policy or planning framework, leading to possible duplication or conflict in service provision. There has also been concern that in their dissatisfaction with state performance, donors have perhaps gone too far in switching their support to NGOs, and in so doing have undermined the credibility and legitimacy of state institutions at all levels.

More generally, civil society organizations in the east and southern Africa sub-region have grown in numbers and in strength over the last decades, and have claimed a more direct role in influencing the local development process. From a role focused primarily on service delivery, they have sought a role in programme design as well as in wider policy dialogue. This has raised new questions concerning their mandate, representativeness and legitimacy vis-à-vis formally elected Councillors and parliamentarians, and concerning the roles of different actors and stakeholders in policy formulation and implementation. A key challenge is to find suitable ways to enable the different actors to participate as equal partners in policy dialogue, programme design, execution and review. This can entail carefully adapting existing arrangements, or creating new ones to allow for the discharge of new tasks and responsibilities.

Conclusion

In many parts of Africa, the spread of multiparty political systems is creating demand for more local voice in decision-making. In some countries, such as Ethiopia, decentralization has come in response to pressures from regional or ethnic groups for more control or participation in the political process. In the extreme, decentralization represents a desperate attempt to keep the country together in the face of these pressures by granting more autonomy to all localities or by forging “asymmetrical federations”. A variation on this theme has been decentralization as an outcome of long civil wars, as in Uganda, where opening political opportunities at the local level has allowed for greater participation by all former warring factions in the governance of the country.

In many countries, decentralization has simply happened in the absence of any meaningful alternative governing structure to provide local government services. In some

cases, decentralization appears to be motivated by the need to improve service delivery to large populations and the recognition of the limitations of central administration.

The local democratic initiatives currently underway in many countries will ensure that government officials are responsible to elected officials, and that officials are in turn responsible to the public that elected them. In the process, these systems of accountability should increase the pressure for more transparent local governance, in which corruption will be easier to bring to light and thus to curtail. Just as it took many decades for such efforts to make much headway in the industrial countries, so too quick results cannot be expected elsewhere.

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