

**Concept Note:**  
**Strengthening Governance and Accountability at the Local Level:**  
*Governance, Accountability, Participation and Performance (GAPP)*

## **1. Problem Statement**

Institutions of accountability, local government, broader civil society, the Executive and Parliament are an integral part in ensuring principles of good governance and democratic processes. However in Uganda, these institutions have been weakened further by recent GoU policies seen in the proliferation of districts and reduced financial base of local authorities through the abolition of Graduated Tax (head tax). The number of districts has grown in recent years from 56 in 2002 to 80 districts in 2008 to 112 in 2010 – a 100% increase in eight years. This proliferation has constrained public sector staffing where there is also lack of infrastructure at the district level. Poor performance of Local Governments (LGs) also stems from inadequate skills; local officials may not know procedures for conducting a meeting or how to conduct budgeting and planning processes.<sup>1</sup> Another hurdle to local government performance is the lack of substantial resource generation mechanisms. Although LGs lack significant means to generate resources, they are mandated to develop and submit budgets to the Ministry of Finance at the national level in order to provide services at the local level. Since LG are un-able to raise funds locally, this reduces local officials' accountability to citizens and makes it more difficult to budget for local discretionary priorities.

According to the USAID/ Uganda Advocacy Assessment, December 2010, civil society organizations (CSOs) engagement in advocacy in Uganda is generally weak, particularly at the sub-national level where capacities are weak and CSOs less organized. The Assessment concluded that CSOs have a weak base, lack conceptual clarity on issues for advocacy, are too donor dependent and end up pursuing 'donor issues' rather than community generated issues. CSOs have largely engaged in the service delivery arena, but only engaged in advocacy and watchdog functions on a limited scale at the national level. CSOs also lack coordination and have a weak institutional base.<sup>2</sup> The Assessment further found that, by their own admission, with the exception of well-resourced and high capacity NGOs at the national level, very few CSOs possess the capacity to effectively engage the state in technical processes. Many pointed to the need to sharpen their skills in various aspects of advocacy, ranging from community empowerment, to effective representation of community concerns, to research and policy analysis, power mapping, communications and media, outreach and mobilization, and engagement with government officials.<sup>3</sup>

This concept outlines a new governance and accountability activity to build on the lessons learned and momentum built by the Strengthening Democratic LINKAGES activity in Uganda (June 2007-September 2011) and the Millennium Challenge Corporation (MCC) funded Uganda Country Threshold Anti-corruption Program (ACT) (2008-2009) to further transparency, accountability and improved service delivery. The Goal of The Strengthening Governance, Accountability, Participation and Performance (GAPP) activity is **More equitable, efficient and effective service delivery**. To achieve this goal the Activity will **enhance accountability,**

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<sup>1</sup> USAID/Uganda CDCS, 2010

<sup>2</sup> USAID/Uganda Advocacy Assessment, December 2010

<sup>3</sup> (Advocacy Assessment Page 16)

**improve local government governance and support non state actors to increase voice and demand for improved services.** The development hypothesis for GAPP is: *If local government systems are strengthened and non-government led efforts are supported to improve accountability and democratic governance; service delivery will be more equitable, effective and efficient.* Specifically, GAPP intends to accomplish the following.

1. Improve the legal, policy, regulatory and institutional environment to meet demands for more democratic governance.
2. Increase the capacity of citizens and communities to participate in local governance
3. Improve the capacity of local government officers to embrace transparency and accountability

## **2. Relationship to the CDCS and Other Activities**

USAID/Uganda's five-year Country Development Cooperation Strategy (CDCS) aims to contribute to accelerating Uganda's transition to a modern and prosperous country. Through Development Objective (DO) 2, USAID will contribute to strengthening democracy and governance systems, and to making them more accountable. GAPP will support activities under the CDCS results framework for *IR 2.2: enhance the enabling environment for improved service delivery.* Uganda's National Development Plan (NDP) further emphasizes the importance of strengthening good governance to improve the quality of socio economic and political governance. GAPP will bolster the spirit of the NDP that good governance and accountability are an important pre-requisite for achieving growth and poverty eradication.

GAPP will enhance the **enabling environment** to improve delivery of health, education and economic growth in target districts and ensure more focused results by focusing on government actions and policies, such as agriculture and education policies, legal and administrative barriers to revenue enhancement, economic policies, regulatory frameworks and transparency, all of which create an environment conducive to the delivery of services in the health, education and economic growth sectors. GAPP's activities will strengthen the enabling environment through advocacy, capacity building, expenditure tracking, revenue enhancement and support to procurement and audit processes within the service sectors. GAPP will leverage other USAID Programs like NUDIEL, NUMAT II, SAFE, LEAD and SDS to ensure collaboration learning and adaptation.

In linking with the health, education and economic growth sectors, the following governance indicators will be addressed;

1. Performance/institutional strengthening- to determine level of improvement of institutional responsiveness, efficiency and effectiveness
2. Legitimacy and voice- to increase participation and consensus building among groups/ organizations in their interaction with the national and local government.
3. Accountability- to increase transparency and accountability in service delivery
4. Fairness- to ensure equity and inclusiveness of communities and marginalized groups in decision making and participation.

### **3. Illustrative Interventions/Results**

#### **Component 1: National level Processes**

In ensuring participatory processes and institutional strengthening at the local, national level institutions are a crucial part of the process of improving governance. **At the local level, this involves the development of partnerships between top-down government initiatives and bottom-up local institutions and policies.** Issues that come out of local processes have to be addressed at the national level and systems, policies and a regulatory framework where required put in place to improve services at the local level. It is also important for the legislature to play a watch dog role over the government and bring the Executive to book where policies and regulations are not being implemented or resources are not reaching the final beneficiaries. Building on ACT and Linkages Activities, GAPP will focus on Parliament's oversight role over government business, strengthening the audit and procurement processes of the OAG<sup>i</sup> and PPDA<sup>ii</sup> and supporting collaborative activities across the major accountability institutions and the local institutions. GAPP aims to achieve result one: Improve the legal, policy, regulatory and institutional environment to meet demands for more democratic governance

#### **Outcomes:**

1. Enhanced policy environment and regulatory systems.
2. Increased engagement between local and national level accountability processes.

#### **Illustrative Activities**

- Provide technical support to Sessional and Sectoral Committees in Parliament to effectively provide oversight to the Executive in specific sectors and provide feedback to the constituents on relevant issues.
- Review policies that impact service delivery, identify bottlenecks and suggest areas for reform.
- Support participatory policy audits between MPs, LGs, CSOs/NSA and communities of government policies/interventions to ensure enforcement and responsiveness.
- Improve internal capacity and collaboration among accountability institutions.

#### **Component II: Local Government Processes**

Local governments have had challenges in defining their own roles and responsibilities for fiscal functions including budget preparation, budget allocation, and expenditure and planning, procurement and revenue generation. A major issue is unclear assignment and management of service delivery responsibilities and increased misuse and mis-allocation of resources. Local governments are particularly unable to raise their own revenues either due to insufficient discretion to do so or due to lack of capacity. It is therefore important for local governments to have the means and ability to respond to citizen demands for accountability and better service delivery by maintaining better systems and improving on their own fiscal functions.

GAPP will forge linkages that have the potential to yield maximum service delivery returns by engaging more closely with identified local governments and communities and supporting them to improve on their fiscal functions and become more accountable to the citizenry. Improvements in these processes will contribute to and link with national and district accountability structures which include the Public Accounts Committees in parliament and at the district, the office of the Auditor General and the Public Procurement and Disposal of Assets Authority.

### **Sub-Component I: Revenue Management and Enhancement**

Local revenue is regarded as the basic source of revenue that guarantees sustainability of service delivery, since it allows maximum local government discretion in the implementation of its local priorities and needs. Uganda's local governments' problems of revenue generation have hampered local government autonomy and ability to finance priorities and deliver better services. These hindrances include limited revenue sources, limited conditional grants from the center, inadequate capacity building in local tax administration, insufficient revenue management, poor planning and budgeting mechanisms, lack of citizen engagement and sensitization on their social obligations to pay taxes and flaws in the tax regimes and revenue collection practices. GAPP will support local governments and other relevant government agencies to improve revenue collections, enhance accountability and ensure more streamlined planning and budgetary processes, improved allocations and flexibility on revenue sources and reduced revenue leakages.

#### **Outcomes**

1. Improved policy environment for revenue collections and management.
2. Increased resources and resource allocations and better budgetary and planning processes.

#### **Illustrative Activities**

- Improve local tax systems to make them more transparent, understandable and easier to manage.
- Develop innovative sources for enhancing local revenue collections.
- Improve financial management functions of districts to decrease leakages in resources

### **Sub-Component II: Strengthen LG Accountability Systems**

Effective and transparent procurement and audit is a key aspect in the GoU's efforts to improve service delivery. Procurement and audit processes encompass every aspect of service delivery from determining the need for goods, works or services to timely procurement and delivery. GAPP will support districts to better understand and implement procurement processes and improve their response to audit queries. GAPP will also work with OAG and PPDA to support local governments to carry out timely procurement audits to improve efficiency, transparency and accountability. Support to LGs in procurement and audits will achieve result two; Improved capacity of LG officers to embrace transparency and accountability.

#### **Outcomes**

1. Strengthened district procurement processes resulting in improved, implementation of procurement procedures.
2. Increased institutional accountability.

#### **Illustrative Activities**

- Institutional capacity strengthening of Parliamentary and District (including sub counties) public Accounts Committees (PACs), other relevant District Committees in procurement procedures and policies, contracting and tendering processes.
- PPDA and the OAG engaged to carry out more audits, more frequently at the local government level.

- Improve CSO/NSA understanding of public procurement and support to CSOs to advocate for improved accountability and transparency.
- Strengthen capacities of district and parliamentary PACs to examine audit queries in a timely manner and make the necessary investigations and recommendations.
- Strengthen the internal audit function of LGs

### **Component III: Voice and Accountability**

GAPP will build on LINKAGES work to strengthen CSO/NSAs capacity in advocacy specifically for the purpose of improving demand for services and enhancing government accountability and response for delivery of quality services. Specific areas of focus for this component are health, education, economic growth and land. LINKAGES demonstrated that working with CSOs/NSAs that have a strong base can make good returns. GAPP activities will support CSOs/NSAs to build institutional capacity in advocacy skills and give grants to those that can make the best use of them to enhance their capacity to engage government in a more sustainable and effective manner. The role and effectiveness of CSOs/NSAs as partners in ensuring improved governance depends on the responsiveness of government, and CSOs' ability to create voice and strengthen the enabling environment. To help more effectively support this, and based on recommendations from the LINKAGES evaluation, larger grants will be given to CSOs. GAPP will draw from some of the recommendations made in the USAID Advocacy Assessment report to support the improvement of CSOs advocacy capacities. Result three of improved capacity of citizens and communities to participate in local governance will be achieved.

#### **Outcomes**

1. Increased ability for citizens to organize, identify, articulate and act on their needs for access to improved social services.
2. Increased citizen engagement in monitoring of local government resource management.
3. Increase civil society capacity to engage local governments and national level policymakers in policy and advocacy.

#### **Illustrative Activities:**

- Enhance Institutional capacity of civil society actors to hold local governments accountable and to mobilize citizens' to demand for improved services.
- Support CSOs/NSAs to participate in local government planning and budgeting processes.
- Provide capacity building of identified CSOs/NSAs to participate in quality assurance and tracking of public funds.
- For improved accountability support community meetings as a platform for communities to engage their local leaders and parliamentarians through dialogue and discussions.
- Provide grants to support advocacy and lobby activities.
- Increase CSO/NSAs advocacy capacity through training and mentoring activities.

#### **4. Analytical/Consultation**

In recent years USAID has supported governance and accountability through Strengthening Democratic LINKAGES activity in Uganda and MCC funded Uganda Country Threshold ACT. An evaluation of the USAID Linkages program concluded that; inroads were made at all the

levels of intervention but more at the local government level and less at Parliament and the national level. Nominal spaces for communities to articulate popular demands were also created by CSO organizations, and great potential was demonstrated that with increased funding CSOs could achieve much more.<sup>4</sup> GAPP background, approach and illustrative activities have been shared with Ministry of Local Government (MoLG) and an array of CSOs. The Democracy and Governance team also met and discussed GAPP with the MoLG senior leadership and held a roundtable discussion with CSOs. PPDA and OAG were consulted extensively during the ACT evaluation and they have expressed strong interest to continue and build on the activities outlined for GAPP. The DG team has also had extensive discussions with the other DOs on how this activity would complement their work.

GAPP will leverage other donor activities in DG like the DGF (Democracy and Governance Facility) which is supported by several EU donors and DFID's Post conflict Development Program which supports local government capacity for equitable service delivery in Northern Uganda. GAPP will work with the other USAID district based partners; NUDIEL and NUMAT in northern Uganda, SAFE, LEAD and SDS in the other parts of the country to ensure unity of effort, increase impact and more comprehensively address needs of the broader district development agenda. GAPP will support advocacy, policy development, capacity building, expenditure tracking and monitoring at district level.

## **5. Cross-cutting Issues**

With almost 80% of Uganda's population below the age of 30, GAPP intends to take a particular focus on youth. Youth are an important part of civil society; and besides the youth in youth organizations, almost all other organizations in civil society have youth as members. Youth and youth organizations as part of civil society will be mobilized to build capacity in advocacy, organizing and social activism as to enable youth-driven activities and to increase their participation in governance and accountability at the local level. Other groups will include women and persons with disabilities. GAPP will also take into account results of the ongoing USAID/Uganda youth assessment. GAPP will aim at increasing women's civic engagement by involving them in advocacy activities; strengthen gender-awareness and capacities among both women and men politicians and civil servants and communities. Linking DO 1 and DO 3 in supporting LGs to ensure that, services address the specific needs and interests of women and men in the community, support more targeted resources allocation in the budgeting and planning processes.

## **6. Geographical Focus**

GAPP will implement in selected districts in Northern Uganda (Acholi, Lango and west Nile regions), Bunyoro and parts of central Uganda. In coordination with economic growth, education and health programs operating in the same areas, GAPP will seek to complement and enhance broader impact with programs such as SAFE, NUMAT, NUDIEL and other relevant programs. In order to avoid duplication of effort on local governance assistance, GAPP will not work in districts supported through the Strengthening Decentralization for Sustainability (SDS) program.

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<sup>4</sup> Evaluation of LINKAGES, November 2010.

## **7. Monitoring and Evaluation/CLA Agenda**

Learning organizations [are] organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together<sup>5</sup> GAPP knowledge development and learning will be essential for constant learning and improvement of the program results. To achieve and foster learning, the GAPP COTR will convene Mission and partners “think tank” across DOs coordinate on governance and service delivery issues and partner with the Gulu field office to ensure on the ground M&E presence and give feedback to the Mission on program performance.

Learning will include documentation of success stories, quarterly think tank meetings on actions in the field. The think tank will vary in composition depending on the issues at the table, however a core standing committee of about four to five individuals representing governance, health and economic growth is proposed. This will inform and enrich the program to change/update plans along the way as lessons are gathered and activities reformulated. It will also be a good stock taking exercise which will discuss the M&E functions and inform evaluations and eventual impact study (ies). Learning activities will include documentation, innovations, review and update of operational plans based on lessons being learnt from implementation.

It is expected that evaluations will be coordinated with other program managers to understand how GAPP coordinates and enhances impacts of other programs operating in the same areas of GAPP. The governance program will learn from SDS and HAP currently implemented by SO8 to compare whether service delivery improves where grants allocations are made to districts or where capacity strengthening is emphasized. The main objective for learning is to document emerging issues and draw lessons for more targeted implementation and focused results.

## **8. Funding Requirement and Implementing Mechanism**

GAPP will be a contract competed for a five-year \$15-20 million dollar activity. Given the similarity and success of Linkages operational and programmatic approach, a contract for GAPP appears to be the best mechanism to ensure proper management and similar coordination of the proposed activities.

## **9. Schedule, Design Team and Process**

The activity will be implemented for a five year period from the 1<sup>st</sup> quarter of FY12. A baseline and detailed monitoring plan are proposed as the initial activities in the first six months of the activity. Learning and review will be an ongoing process in the life of the activity and a midterm evaluation is proposed after the first two and half years of implementation. DG’s Harriet B. Muwanga will lead the development of GAPP in consultation with other DG team members, and with input from PPD, SO7 and SO8 to ensure that GAPP is technically sound and aligned to the CDCS and plans outlined in the concept paper. Award is expected o/a the first quarter of FY 2012.

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<sup>5</sup> Brighton 2006, 3

**ANNEX: Table 4: Common Issues in Local Government<sup>6</sup>**

Common Issues in Local Governments	2009/10 UGX Billion	2008/09 UGX Billion	2007/08 UGX Billio n	No. of Districts, Municipali ties & Town Councils 2009/10	No. of Districts, Municipali ties & Town Councils 2008/09	No. of Districts, Municipa lities & Town Councils 2007/08	Causes identified in Report 2010
Revenues budgeted for and not collected	6.3	24.9	8.1	78	79	12	Inadequate awareness of local service tax, hotel tax, unrealistic revenue estimates versus narrow tax base
Arrears of local revenue		10.3	77.7	18	28	62	Laxity of heads of departments, lack of awareness of financial regulations
Un authorised excess expenditure	6.9	3.0	5.7	6	27	28	Unrealistic budget, laxity of accounting officers
Advances unaccounted for	4.4	5.8	8.3	90	80	97	Laxity of accounting officers
Un vouched payments	4.6	4.0	9.3	66	40	30	Laxity of accounting officers
Irregular procurements of Goods & Services	34.2	14.4	3.8	41	56	35	Lack of technical capacity, delays by contract committees to handle procurements, deliberate action to avoid procurement procedures
Non remittance of taxes	1.6	0.78	0.76	57	40	16	No causes identified
Absence of acknowledgement receipts for PAYE		0	1.5		0	23	
Unspent balances not remitted to MoFPED (Cond grants)	29.8	10.3	4.2	66	51	28	Late release of funds
Diversion of funds		0.32	10.4		16	11	
Inadequate support documentation to expenditure		2.3	19.4		24	60	
Wasteful expenditure		1.8	0.35		21	14	
Over commitment of councils (Domestic Arrears & Creditors)		3.8	5		31	16	
Fraudulent Transactions		0.4	1.1		13	11	
Urban Councils did not depreciate their		1.2	0		4	0	

<sup>6</sup> Analysis of the annual report of the Auditor General for the year ended 30<sup>th</sup> June 2010; 25 April 2011

fixed assets hence  
fixed assets  
overstated



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<sup>i</sup> AOAG- Office of the Auditor General

<sup>ii</sup> PPDA- Public Procurement and Disposal of Assets Authority