Pergamon

www.elsevier.com/locate/worlddev

World Development Vol. 31, No. 2, pp. 325–337, 2003

Printed in Great Britain
0305-750X/03/$ - see front matter

PII: S0305-750X(02)00190-0

Balancing Rural Poverty Reduction and Citizen Participation: The Contradictions of Uganda's Decentralization Program

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Summary. — Uganda's ambitious decentralization program is analyzed in terms of a "Dual-Mode" system of local governance. Under a "technocratic mode," conditional funding from the center is earmarked for particular programs but with little local participation. In contrast, the "patronage mode" is an elaborate system for local "bottom-up" planning, but with limited resources, which are largely consumed in administrative costs and political emoluments. Along with the spoils of a committee system controlling contracts and appointments, these resources provide the means for building political alliances and loyalty. In the absence of a culture of transparency and civic engagement to assure downward accountability, it remains to be seen whether decentralization can promote both efficient service delivery and local empowerment simultaneously.

Key words — Africa, Uganda, decentralization, participation, poverty reduction, rural development

1. INTRODUCTION

Since 1986, Uganda has embraced fundamental economic and institutional reforms. One of the most ambitious has been its decentralization policy, held to be one of the most far-reaching local government reform programs in the developing world. Several authors have examined the history and formal structures of the current decentralized system of local government in Uganda (e.g., Mamdani, 1996; Nsibambi, 1998; Tidemand, 1994). However, little attention has been paid to the ways in which these newly established systems actually function at the local level, and the degree to which the original objectives of popular democracy and efficient service delivery have been achieved.

The conventional conception of decentralization comprises a national project, transmitted outward from the capital through the establishment of a set of formal structures and procedures. Actual local government systems are often described in terms of these structures as exemplifying devolution, deconcentration, or a hybrid of the two. In this paper, we complement analysis of structure with attention to both processes and resources. This leads us to characterize Uganda's decentralization policy in terms of a new model that is qualitatively different from a mixed form of devolution and deconcentration. We show how the combination of formal organizations, resources, and processes of decision making and accountability yields specific distributions of managerial and political power at the local level, conditioned by corresponding public and private incentives. We identify two contrasting forms of local governance in rural areas that we characterize as "technocratic" and "patronage" modes. We further posit that these concurrent modes of governance are founded upon

* The research reported in this paper was undertaken as part of the LADDER (Livelihoods and Diversification Directions Explored by Research) research project undertaken jointly by the School of Development Studies, University of East Anglia, UK and the Economic Policy Research Centre, Kampala, Uganda, and funded by DFID.

Godfrey Kayobyo and Godfrey Turiho-Ahabwe made particularly valuable contributions to fieldwork. We also acknowledge Dr Godfrey Bahiigwa's management of the project in Uganda. Final revision accepted: 12 October 2002.

two potentially conflicting ideologies of development. The "technocratic" mode prioritizes poverty reduction, is driven by national targets, and is closely associated with poverty reduction strategy plans (PRSPs). The "patronage" mode draws on the language of participatory planning but, in the context of lack of resources and capture by local elites, is reduced to a ritualized performance with little meaningful citizen involvement. This analysis leads us to question whether the objectives of poverty reduction and community participation can be reconciled in the absence of more effective accountability to the local citizenry.

The present section of the paper lays out the general setting, providing some background to the current system of local government in Uganda and the research area. The operation of the decentralized system at district and lower levels is described in the next section, which draws largely on our research in rural Uganda. The final section presents our conclusions.

(a) *The rationale behind decentralization—challenging the conventional view*

Decentralization has several distinct aspects. A common categorization distinguishes political (or democratic) decentralization, administrative decentralization (or deconcentration), and fiscal decentralization (Manor, 1999). Since the 1980s decentralization has been promoted as a solution to many of the problems of administration and governance constraining local and national development, as well as a means of improving performance in poverty reduction (Blair, 2000; Crook & Sverrisson, 2001; Manor, 1999). The benefits of decentralization are considered to include improved efficiency of public service provision, more appropriate services, better governance, and the empowerment of local citizens.

These benefits are held to arise in a number of ways. Devolved decision-making mechanisms can facilitate the active participation of communities, articulating local priorities and helping to ensure that programs are appropriate to local needs. Political decentralization is supposed to carry the potential to create two distinct kinds of accountability: downward between electorate and local politicians, and horizontally between democratically elected local politicians and local administrators. Decentralization is thus considered to be a cornerstone of good governance both in promoting local accountability and transparency, and enfranchising local populations.

Attractive though the potential benefits of decentralization are, numerous studies have shown that they are seldom realized (Crook & Manor, 1998; Moore & Putzel, 1999). Adamolekun (1999, p. 58) goes as far as to conclude that, while decentralization has been included in public sector reform in many sub-Saharan African countries, "there are no real success stories as far as improved development performance at the local level is concerned." Nickson (1995) argues that despite the widely cited success of Latin American decentralization, there is a wide gulf between the rhetoric and reality of citizen participation.

Why has the experience of decentralization proved so disappointing? Three explanations dominate in the literature: inadequate capacity, insufficient fiscal decentralization, and a lack of accountability to citizens (Johnson, 2002). Certainly, the difficulty of recruiting and retaining skilled staff at district level and below is a widely recognized constraint. But, our research has led us to focus more closely on the interplay of the other two factors: the degree of financial autonomy and the character of local governance.

The extent to which elected local representatives actually control district finances free from central interference is fundamental to the realization of local autonomy. Yet the degree of control which local politicians have over either locally raised revenues or central transfers is never entirely unconstrained, and varies widely. In rural Africa, the local revenue base is often so weak that central transfers dominate district budgets. While a high proportion of central transfers is not as such incompatible with local autonomy, the conditions frequently attached to these transfers can undermine genuine local decision making. Manor (2000), for example, notes that in South Africa the pursuit of redistribution and efficiency goals by central government seriously reduces local government's independence.

The third constraint identified above, that of accountability, is perhaps the most problematic (Blair, 2000). Political decentralization makes democratic mechanisms the means to ensure and promote downward accountability. Yet, the ballot box is only a part of the wider institutional context: democracy also presupposes access to information, transparent procedures of government and an effective media (Gaventa & Valderrama, 1999). Certainly politicians or administrators can only be held to account by a citizenry that is active and informed. But, as Mamdani (1996) has argued, the African patrimonial state has perpetuated a rule *over* subjects rather than a rule *by* citizens. In such an environment, decentralization may result, in the words of Cross and Kutengule in "repression being brought closer to the people" (2001, p. 6). Introducing decentralization into a political environment characterized by clientage risks strengthening ties of patronage and further entrenching local elites.

(b) *Decentralization in Uganda: origins and structure*

Under the colonial system of indirect rule, District Commissioners (DCs) governed through "native authorities" headed by favored traditional chiefs, a system characterized by Mamdani (1995) as "decentralized despotism." [1] During the early independence period, native authorities were abolished, but DCs remained both powerful and centrally appointed. The powers of local government significantly diminished as a result of the 1967 republican constitution and yet further under Amin's military regime. On its accession to power in 1986, the National Resistance Movement (NRM), saw decentralization as a "necessary condition for democratization" and hence central to the fulfillment of their goal of establishing a "popular democracy" in Uganda (Kisakye, 1997).

The political context of the NRM era has been a unique system of "no-party" democracy. Given Uganda's turbulent political history, the NRM leadership has held that multi-partyism would revive ethnic and religious cleavages. The movement system, under which no member can be expelled (in contrast to a one-party system), is meant to ensure that merit rather than political affiliation is the basis of representation. Uganda's international patrons have looked askance at this system, but brought little pressure on the government to realize pluralism (Hauser, 1999). In these circumstances, decentralization has provided a democratic gloss in the eyes of both international donors and local actors. Over time, however the movement style of politics has begun to take on some of the characteristics of traditional one-party rule (Mamdani, 1995; Odongo, 2000). This includes the use of state resources for the purposes of political mobilization in order to sustain support for the "no-party" system at grass root levels. If, as Blair (2000) argues, the existence of competitive political parties is a necessary requirement for encouraging a culture of local accountability (cf. Crook & Manor, 1998), then the perpetuation of the no-party state in Uganda may severely compromise its development.

The legislative framework of decentralization is provided by the Local Government Statute of 1993, the 1995 Constitution and the Local Government Act 1997 (Uganda, 1993, 1995, 1997a). These acts converted the existing system of Resistance Councils (RCs), with their origins in the civil war period, to a pyramidal structure of Local Councils (LC) at village (LC1), parish (LC2), subcounty (LC3), county (LC4) and district (LC5) levels. [2] Table 1 summarizes key aspects of the decentralized local government system in rural Uganda which has devolved functions, competency and resources to elected local government councils. Administrative and technical personnel are found at the district and subdistrict levels headed respectively by a Chief Administrative Officer (CAO) and a Subcounty Chief (SCC).

(c) *The "macro" policy context*

Decentralization comprises an important component of a much wider program of reform undertaken by the Government of Uganda since 1987, encompassing the economic and judicial as well as the administrative and political spheres. In the late 1980s the Government undertook a far-reaching economic recovery program embracing market liberalization through the removal of price controls, the privatization of state industries and the disbandment of agricultural parastatal boards. Average GDP growth of 6.5% per year since 1990 is cited as proof of the success of these programs. There is evidence that the incidence of poverty has fallen from 56% in 1992–93 to 35% in 1992/3. Appleton (2000), attributes this drop entirely to the growth of GDP, though adds a cautionary note that urban-rural inequality over 1992–2000 has increased.

There are three key elements to Uganda's poverty reduction policy: the Poverty Eradication Action Plan (PEAP), the Poverty Action Fund (PAF), and the Plan for the Modernisation of Agriculture (PMA). Decentralization provides the institutional framework for their implementation. The PEAP represents the Uganda version of the Poverty Reduction Strategy (PRSP) process common to many

Table 1. *Decentralization in Uganda: key features of the institutional structure*

Local council level/area	Political head	Procedure for selection of representatives	Status of LC level and Administrative Head	Technical staff	Percentage of locally generated revenue retained
LC5/District	District Council Chairman	(a) Chairman elected by universal adult suffrage (UAS) (b) One councilor elected from each subcounty by UAS (c) Women make up 1/3 of council (d) Special councilors for youth and disabled	Local Government Chief Administrative Officer (CAO)	Full team	35%
LC4/County	LC4 Chairman	(a) Council made up of all LC3 executives, who then elect LC4 executive	Administrative Unit Assistant CAO	–	5% of 65%
LC3/Subcounty	Subcounty Council Chairman	(a) Chairman elected by UAS (b) Councilors elected by UAS from each parish (c) Women make up 1/3 of council	Local Government Subcounty Chief	Subaccountant, extension and other technical staff	65% of 65%
LC2/Parish	Parish Council Chairman	Selected by LC1 Executive members	Administrative Unit Parish Chief	–	5% of 65%
LC1/Village	LC1 Chairman	Direct election by universal suffrage	Administrative Unit	–	25% of 65%

Source: Adapted from Uganda (1993, 1995, 1997a).

developing countries and a prerequisite for qualification for Highly Indebted Poor Countries (HIPC) debt relief. Initiated in 1997, PEAP has four central pillars: creating an enabling environment for economic growth, ensuring good governance and security, promoting the ability of the poor to raise their incomes, and increasing their quality of life (Uganda, 1997b). The PAF finances key poverty eradication programs using funds from the HIPC debt relief initiative and resources mobilized directly from donors. Finally, the PMA is a multi-sectoral program aimed at reducing rural poverty through the commercialization of agriculture (Uganda, 2000). Key features include a grant mechanism for subcounty-level investments, and a shift toward demand-driven extension by vesting budgets in farmer user-groups.

2. DECENTRALIZATION: BRINGING CONTROL CLOSER TO THE PEOPLE

The fieldwork on which this section is based was undertaken in three districts, Mbale, Kamuli and Mubende, each representing a major rural livelihood system. Three villages were selected in each district, and qualitative and quantitative data collected by a multidisciplinary team of researchers. This research was complemented by interviews at subcounty and district levels with administrators, technical staff and politicians.

(a) *Local government institutions: the view from the community*

LC1 Chairmen are simultaneously leaders of a local community and the lowest level of a formal administrative system. In fact in local perceptions it is their internal role in regulating village life that predominates: adjudicating minor offences and disputes and witnessing land transactions. As the point of contact with the higher levels of the administration, chairmen may be asked to assist in graduated tax collection, receive official visitors or write letters to certify residence or ownership of livestock. Chairmen charge informal fees for most of these services. The adjudication of a minor dispute may cost the guilty party Sh. 5,000 while writing the certificate of ownership necessary to sell livestock costs about Sh. 1,000. [3] In conjunction with their councils, chairmen make decisions about how to spend any locally generated revenues remitted back from the subcounty level, and mobilize the community for collective contributions to development projects.

Although their members are subject to five-yearly elections, LC1 councils tend to have relatively stable memberships. The councilors are drawn almost exclusively from households in the highest income tercile. Poorer individuals cannot afford the ‘‘goodwill gestures,’’ such as beer, soap, or salt, handed out as an inducement to potential voters in elections to all levels of local government. Better-off candidates are also considered more likely to have the necessary connections and skills (e.g., literacy). The formal roles of LC2s are to co-ordinate and monitor LC1 activities and provide a link between village and subcounty in the decision-making process.

Villagers generally feel distant from the subcounty level (LC3), whose officials are identified mainly with graduated tax collection drives. Taxation being the main way in which local administration manifests itself in the lives of community members, in all communities the most adverse aspect of the institutional changes accompanying decentralization was considered to be the increasing burden of taxation and other formal and informal fees. Villagers see little evidence of the locally collected revenues being used for the general good and considered them to be frequently misused. Even their LC1 counterparts did not consider that LC3 councilors took their local priorities seriously. In addition, the performance of production staff posted at subcounty level in most sectors is considered so poor as to be largely irrelevant to their needs.

(b) *Local government finance*

District resources come from locally generated revenues and central funding of three kinds: unconditional (UCG), conditional (CG) and equalization grants (EG). Table 2 shows the trends in transfers to local authorities since 1997. Total transfers more than doubled during 1997–2000. Conditional funding increasingly dominates, now accounting for over 80% of all central transfers. CGs are programmed at the national level, and earmarked to support specific national sectoral programs in the districts. Eighty percent of CGs are channeled through the PAF which in 2000–01 amounted to 30% of the total Government Budget. Three quarters of these funds take the form of conditional grants to districts principally in the

Table 2. *Transfers from central government to local government (UG S bn.)*

Grants	1997–98		1998–99		1999–2000		2000–01	
	UG Shs bn	%	UG Shs bn	%	UG Shs bn	%	UG Shs bn	%
Unconditional Grants	54	*24*	64	*23*	67	*17*	79	*15*
Conditional Grants—Recurrent	168	*75*	202	*71*	275	*71*	321	*63*
Conditional Grants—Development	2	*1*	19	*7*	45	*12*	107	*21*
Equalisation Grants	0	*0*	0	*0*	2	*0*	4	*1*
Total	224	*100*	285	*100*	389	*100*	512	*100*

Source: Adapted from Uganda (2001).

health, education water, roads, and agriculture sectors (Uganda, 2001). Of late the complexity and inflexibility of the CG system has been criticized, as district councils demand more decision-making power over centrally-derived resources. The use of UCGs is not defined by legislation, and they carry minimal reporting requirements to central government: they are in fact largely spent on general management and administration. While UCG has increased in real terms since 1997, as a share of all transfers it has declined, from 24% to 15%. EGs support districts lagging behind the national average standard for a particular service. But, they accounted for less than 1% of all transfers in 2000–01. In addition to these three channels, the Local Government Development Program (LGDP), initiated in 2000–2001, transfers funds to both subcounty and district levels on the bases of agreed performance criteria and a required counterpart cash contribution of 10%.

The 1997 Local Government Act gave extensive powers to the district to raise revenue locally and set out rules governing its distribution. These revenues are controlled by district actors and are the main source of local autonomy and patronage. Their level is constrained, however, by a weak revenue base and the inevitable political costs of imposing local taxes. Reflecting these constraints, levels of local revenue are, in real terms, static or in many districts falling (Uganda, 2001). Analysis of the budgets of the three research districts showed that the proportion of revenue raised from local sources was small: 5% in Mbale, 4% in Kamuli and 10% in Mubende. Centrally allocated funds, accounting, as a national average, for 90% of income, therefore dominate district finances. It is this combination of centrally originating conditional grants and limited local resources which gives decentralization in rural Uganda its specific and contradictory character.

Locally raised revenues include graduated personal tax (GT), produce taxes, market dues, licenses and taxes specific to individual districts. Graduated tax is the most significant of these. It is payable annually by all adult males and salaried women according to a scale based on imputed incomes, which take into account ownership of productive assets. Annual license fees are payable by a wide range of trades and businesses. In addition to market dues, parish taxes are payable on all transactions and businesses at the village level. Permits are required for the movement of livestock. As well as to these taxes and levies, individual districts supplement graduated tax with levies for specific services such as feeder roads and education.

The Graduated Tax is very unpopular. Community leaders complained that they were not consulted in assessment, and the way in which the tax was collected also led to local resentment. During the annual round of tax collection visits to villages by subcounty officials and armed police, force was often used, and defaulters even said to be dragged from their homes at night and imprisoned. For their part, administrators considered that decentralization, in making them subordinate to local councilors, had made it more difficult to impose discipline in revenue collection. Local politicians, they claimed, now protect their electorate from the sanctions of the law. Especially during election years, politicians at all levels encourage default. [4] In Kamuli, the local revenue generated in the election year 2000–01 fell to less than a third of its levels in 1999–2000, as all candidates had promised the reduction or abolition of GT during their campaigns. These local forms of resistance mean that a high proportion of the tax is consumed in its own collection (40% in Mbale, for example).

With the exception of GT and licenses, the collection of most other taxes has been privatized since decentralization. This policy has been justified as a means of increasing the yield and efficiency of tax collection. From the point of view of the collectors, it is a policy that can be extremely lucrative. Estimates of parish-level tax collection analyzed in one community, for example, suggest that a licensed revenue collector might take up to Sh. 300,000 per month, only Sh. 30,000 of which is passed on to the public purse. Frequently even the agreed fee is not actually paid by the collector. Tax farming contracts are allocated by the District Tender Board (DTB), which chooses among bidding prospective collectors, a procedure widely felt to be subject to political interference. In sum, while the privatization of tax collection has intensified the burden of taxation on the rural poor, it is doubtful whether it has broadened the local revenue base. To make matters worse, producers and traders face demands for informal payments by administrative or political office holders in addition to these official taxes. In the eyes of community members, the taxes, licenses and levies imposed on agriculture and trade combined with unofficial rents, constitute a dense thicket of fiscal oppression and a drag on their livelihoods.

Goods going to market may be subject to several taxes, especially if they cross administrative boundaries. In Mbale district, for example, a fee of Sh. 200 is payable to the holder of the parish tax tender on every bunch of bananas transported out of the village. A further fee of Sh. 200 per bunch is payable in each market in which the bananas are sold. In addition, if the bananas pass through other districts, yet another Sh. 200 per bunch will be collected in each, even if the bananas are not traded. In this way, taxes can easily amount to 30% of the farm gate price of Sh. 2,000. Similar levies apply to sales of livestock and milk. Farmers complain that, because of their lack of liquidity and ignorance of the system, these disincentives result in middlemen dominating agricultural marketing beyond the farm gate. Similarly, fishermen have to make a range of payments, both official and unofficial, to public bodies and institutions. In Iyingo on Lake Kyoga, for example, these include income tax to central government, boat license payments made directly to districts, and daily parish tender payments exacted by private collectors. In addition, there are "informal" payments to the *gabunga* (leader of the fishers organization), the fisheries officer, and a fisheries "task force."

(c) *Participation by communities in local planning*

To what degree have the new institutions created by decentralization promoted local participation in decision making? The formal system of planning is supposed to proceed in an integrated bottom-up manner. Each village produces a Community Action Plan (CAP) based on local needs and priorities. Parish councils incorporate these plans into parish plans, which are in turn synthesized into subcounty plans. The District Technical Planning Committee is then supposed to produce an integrated plan based on subcounty plans and the deliberations of a budget conference of key stakeholders, and this plan is ratified by the District Council. In practice, however, the system scarcely articulates at all between levels. First, priorities from LC1 and LC2, if they reach higher levels, are rarely actually incorporated into subcounty plans. Second, given the limited capacity and experience of politicians and civil servants, at the subcounty level plans of any quality or realism rarely materialize. When they do appear, plans are generally based on over-optimistic estimates of revenue, which, as the following analysis shows, is scarcely available for "development" at all.

The 1997 Local Government Act defines a statutory formula for the distribution of locally generated revenue between levels: 35% is retained by the district level, while the remainder is divided between the other four levels, with the subcounty receiving two thirds of it (for details, see Table 1). Communities' share of local revenue is modest: for a typical village of 100 households, the LC1's share of graduated tax, assuming a payment rate of 50%, would amount to about Sh. 89,000 (or only US$52) per year. This is further depleted by the costs of travel to collect it from the subcounty headquarters. More seriously, in most villages, LC1 committee members complained that they were not receiving their full share of locally collected taxes (especially taxes other than GT), in spite of efforts to follow up through the local council hierarchy, and that this situation was worsening from year to year. The chair of Kiribairya village, for example, had gone to the Subcounty Chairman and Cashier with the receipts and serial numbers from all of the GT and the boat licenses issued in his community, but had still not been able to obtain the village's entitlement. More often, LC1 and LC2 councilors were not aware of the actual amount to which they were entitled. Administrators, for their part, felt that local councilors did not account properly for the funds that they did receive.

The use of resources that do accrue at village level is discussed at village meetings. Formally, all adult members of the community are members of the LC1, but attendance at these meetings is not high, in part because of the limited resources at stake and in part due to a perception that such decisions were the prerogative of elected representatives. Where funds were available, they were most often spent on primary schools or as counterpart contributions to water projects. Typically, however, far from being a catalyst for local development initiatives, funds were insufficient even to undertake petty works such as the maintenance of a village well.

At the subcounty (LC3) level, most locally generated revenue is in fact consumed by the salaries and allowances of the council itself (in spite of the fact that, according to the Local Government Act, these charges are supposed not to exceed 15% of revenue). [5] For example, Butiru SubCounty, Mbale District, in 1999–2000 spent Sh. 13.6 million, raised through local fees and taxes. Almost Sh. 5 million (36%) was spent on sitting fees and allowances for councils, committees and boards and the LC3 chairman's salary, with a further Sh. 4 million (28%) being spent on administrative support (much of it on GT collection).

At district (LC5) level, this pattern is even more marked. Councilors' salaries, allowances and emoluments frequently consumed most or all of locally generated revenue, or even exceeded it. The use of scarce funds for administrative overheads and political emoluments means that very little is left to finance productive activities. In Mbale, some 362 million shillings of locally generated revenue was available to the district level in 1999–2000 while 371 million was spent on "Commissions, Committees and Boards." In Kamuli, political emoluments encroached even more seriously on revenues. Sh. 112 million of local revenue was available but Councils Commissions and Boards consumed a remarkable Sh. 369 million. Such shortfalls can only be met by plundering the unconditional grant.

If participation by communities in decision making about locally generated resources is limited by their scarcity, their influence over centrally allocated funds is seriously constrained by the conditions to which such a high proportion are subject. Recurrent funds are already earmarked for specific salaries, whilst the capital grants (which are smaller) are pre-allocated by sector. Thus the only leeway for local decision making with regard to conditional grants is in the siting of capital projects.

The "unconditional" (block) grant is mostly consumed by administrative and operational costs. Councilors may at times also access UCG transfers for their own allowances. In theory, any funds that remain are allocated between departments according to the approved district budget. In practice, however, funds are rarely available, and where they are, are generally allocated on an *ad hoc* basis and without consultation. There is thus very limited scope for local decision making in the use of the unconditional grant, and senior administrators and councilors close off even the limited possibilities that exist.

It is clear from the above that whatever institutions, procedures and rhetoric exist for the promotion and realization of a wider "policy space" at local level, the resources that the participatory process can actually control are minimal. Partly to address this problem and promote the scope for local decision making, in 2001 districts became eligible for LGDP grants channeled directly to district, subcounty and parish levels.

(d) *Decentralization and service provision*

What has been the impact of decentralization on the quality of public services? Through the PAF, there has been a large expansion in money coming to the district through national programs for particular social services. The capacity of the primary school system was doubled during 1996–97 following the introduction of Universal Primary Education policy, while the provision of health and water infrastructure has also been extended (Ablo & Reinikka, 1998).

The situation in the productive sectors, especially agriculture, is less positive. There are a number of interlocking reasons for this, including: the low level of resources allocated to productive sectors, confusion over responsibilities for management and operational funding, the limited appropriateness of the advice offered to farmers, and the transitional status of agricultural policy pending the full implementation of the PMA.

The proportion of district budgets allocated to production and marketing (which includes agricultural services) is small: 3.2% in Mubende; 2.5% in Kamuli; and less than 1% in Mbale. This level of support, most of which comes from conditional grants for salaries of agriculture staff, seems inconsistent with the objectives stated in the PEAP which stress economic growth and the incomes of the poor. At the subcounty level, the proportion of funds spent on production is even smaller (e.g., 0.3% in Buyende SubCounty, Kamuli).

Decentralization has resulted in a complex matrix management situation in which field personnel are responsible to a local manager who has no technical knowledge of their role, yet dependent for programming and operational funds on a technical manager in the district headquarters. As a result agricultural staff are poorly supervised. The lack of operational funds and supervision means that agricultural extension officers have a minimal impact at village level. They rarely, if ever, visited sample villages. In Buwopuwa village, Mbale it was reported that "the last time an agricultural officer was seen in this village was in the 1980s." Farmers who had actively sought out extension workers for problems such as coffee wilt, cassava mosaic virus and *strega* complained that appropriate advice was not offered. The decentralized system of management has thus not been successful in articulating and responding to economic needs. The final factor underlying poor services is the provisional and transitional status of agricultural policy at the time of our research, pending the implementation of the reforms envisaged in the PMA. This has had a very damaging effect on staff motivation.

In summary, the evidence suggests that, decentralization has not been able to arrest the deterioration in agricultural services, and that even the improvements in social services are attributable to increases in central conditional funding rather than the very limited scope which decentralized institutions have provided for local decision making.

(e) *Conflict, collusion and the means of patronage*

Decentralization has created a new set of rules, procedures and incentives for the allocation of development resources which create characteristic lines of competition, conflict and alliance. One axis of conflict is between the various levels of local administration. There is resentment at the village and parish at the failure of higher levels to include them in decision-making processes in more than a token way, or to release the funding which they are due. Likewise, the subcounty level, although now the lowest level of government, is chronically underresourced and tends to blame the district for this (e.g., for its failure to remit the GT of public employees). Higher levels justify their reluctance to devolve resources by the lack of capacity and accountability mechanisms at lower levels. Indeed, while subcounty books are audited, sanctions are rarely brought in cases of irregular spending.

The second major dimension of conflict is that between politicians and civil servants. Civil servants are better educated than the political leadership of the district, yet their salaries and allowances are considerably lower. For example, the salary of a graduate assistant CAO is in the region of Sh. 210,000 per month, while a non-graduate chairperson earns Sh. 1,300,000. Decentralization has also increased the power of local politicians *vis à vis* district staff. Two crucial arenas of decision making which carry enormous scope for patronage are the District Tender Board, responsible for awarding contracts and tax collection rights, and the District Service Commission (DSC), which appoints all district staff. The District Council (consisting of elected politicians) on the advice of its District Executive, appoints the members of both of these bodies, who are unelected citizens.

Both community members and administrators alleged that the patronage of the District Executive Committee over membership of the DTB, with its privileges including generous sitting fees, enabled them to influence the decisions of the board unduly. Tenders (e.g., for tax and construction contracts) are supposed to be allocated on the basis of a points system that takes account of a range of criteria including price, experience, and record of tax payments. In practice though, a letter of recommendation from a politician is believed to be a crucial prerequisite, and it is widely believed that successful tenderers are friends, relatives or protégés of the political class, or proxy companies operating on their behalf.

The DSC appoints, disciplines and has the power to remove, all district staff. Civil servants feel that this makes them vulnerable to undue pressure or even victimization should they go against the wishes of local politicians. The DSC of one district, under pressure from the District Executive, had dismissed a Deputy CAO after he questioned the use of the unconditional grant for politicians' allowances.

Other administrators had similar concerns, and, though reluctant to voice them publicly, did express the view that the problem could only be countered by making a still higher proportion of central transfers conditional.

Conflict is one response to this situation, collusion is another. In what is sometimes termed the "sons of the soil" phenomenon, local applicants are favored for administrative appointments over candidates from other parts of the country. Politicians exert pressure on the DSC to employ indigenes, who are likely to be more malleable, or easily enmeshed in local structures of patronage. This practice not only further weakens technical capacity, but also undermines the national character of public administration.

3. CONCLUSIONS

On the surface, the mechanisms of decentralization are established and functioning in Uganda, with a five-tier structure of local councils, deconcentrated staff, a bottom-up planning process, and powers to raise and spend local revenue. We have seen however that these structures and processes do not constitute a genuinely participatory system of local governance.

The first problem is one of resources: the local revenue base is weak, and central transfers, as we have seen, are predominantly conditional. In rural districts, the tax burden falls largely on poor farmers, discouraging the expansion and commercialization that are the ostensible objectives of two of the government's central policies, the PEAP and the PMA. Private tax collection systems inflate the burden of taxation yet deliver a low yield to the district coffers. The failure to remit tax yields back to local level, and the predisposition of politicians to sanction the nonpayment of GT during political campaigns, conspire to reduce local revenue still further. The legitimacy of local taxation is eroded by the nonproductive, and often nonstatutory, use of revenue: communities see few concrete benefits coming from the taxes that are extracted from them.

The transaction costs incurred by the multilayered pyramid of planning are high in terms of both time and their consumption of revenue for allowances. Yet the decisions which are the product of this system often fail either to reflect the priorities of lower levels or to enhance the flow of information downward to communities in ways which would enable them to hold their representatives accountable. More seriously, given the conditional nature of most transfers from the center, the system is devoid of real resources to control. The participatory planning process is thus more a matter of form than substance—a ritualized performance simulating local decision making. While frequently identified as a constraint, the lack of local capacity for planning on the part of local politicians and administrators is less a problem than the lack of resources that could make local decision making meaningful.

In order to accommodate the contradiction between centralized control and local participation, a system has developed with two parallel but distinct modes of operation, which we call the "technocratic" and the "patronage." This system should not be seen as simply a hybrid between deconcentration and devolution: in the first place personnel are employed directly by the districts rather than being merely deconcentrated. Second, responsibility for the provision of most services no longer rests with line ministries but with the districts themselves (Uganda, 1997a). Yet, despite these structural reforms toward a formal system of devolution, central control has been maintained, not through deconcentration, but by placing conditions on the use of centrally derived resources. We term the "technocratic" and the "patronage" components of the dual system "modes," because they consist of not only an organizational framework, but also the political and financial resources, norms of competition and conflict, legitimating discourses, and accountability mechanisms that surround them. Their essential characteristics are laid out in Table 3.

The "technocratic mode" is resourced by conditional grants from the center, which currently finance the delivery of most services at district level. The key institutions at the center are not only the sectoral ministries, but also the increasingly dominant Ministry of Finance, Planning and Economic Development through which all donor funding, the most significant source of capital spending, passes (Harrison, 2001). The conditionality of funds closes off grassroots control, giving the local population and its political class limited voice. Needs are read from the top, and programs imposed downward.

The "patronage" mode, in contrast, is very much enmeshed in the local political process. It is fuelled directly by locally generated revenue along with unconditional funding channeled

Table 3. *The political economy of decentralization: the Dual-Mode system*

Characteristic	Mode	
	Technocratic	Patronage
Financial resources	Conditional Grants (c.80% district budget)	Unconditional Grants plus locally generated revenue
Political resources		Control of District Tender Board, District Service Commission
Uses	Poverty reduction priority (mainly social sector)	Largely politicians' emoluments
Local participation in planning	Participatory poverty assessments, etc.	Five-tier local council system
Key stakeholders	Donors, central government	Party, politicians
Orienting discourse	Delivery of services according to PEAP targets	Participation, (enfranchisement)
Upward accountability	Audit	Limited
Horizontal accountability	Limited	Manipulative
Downward accountability	Token	Electoral accountability of councilors

into a structure of petty patronage. Hence, while carrying the potential to empower local people, in reality this mode rarely involves real local decision making, simply because the limited available resources are largely consumed in the performance of participatory planning itself. The spoils that arise from the control of contracts and appointments provide less direct opportunities for patronage and even rent-seeking.

Each mode has its own discourse. That of the "technocratic" mode revolves around sectoral targets and poverty priorities; that of the "patronage" mode evokes popular democracy and bottom-up planning. Yet, as we have documented in some detail, these discourses correspond imperfectly to actual processes: that of the "technocratic" mode masks a perpetuation of central control while that of the "patronage" mode coexists with a latent function of extending links of clientage and ensuring political loyalty.

For each mode, there are three potential mechanisms of accountability: upward (to central government), horizontal (to elected representatives) and downward (to the citizenry). These are represented diagrammatically in Figure 1.

In the "technocratic" mode, the dominant mechanism of accountability is upward, framed by centrally determined targets and audit controls. There is limited accountability of administrators to local politicians, or of either group to the local population. Local participation is limited to counterfeit mechanisms of enfranchisement such as the "Participatory Poverty Assessments" so alluring to Uganda's donors, which provide the desired facade of consultation.

In the "patronage" mode, by contrast, accountability to the center is limited, with the inspectorate of the Ministry of Local Government having little power to sanction inappropriate behavior. Politicians do have a degree of

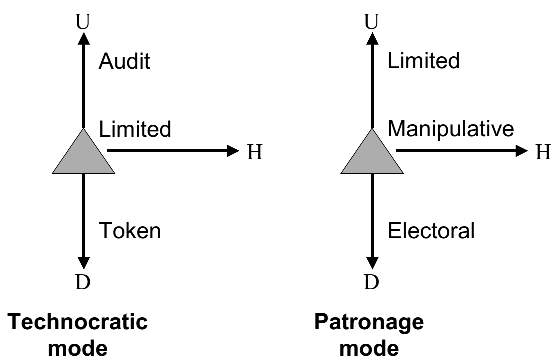

Figure 1. *Upward, horizontal, and downward accountability in the Dual-Mode system.*

control over administrators, but this tends to be manipulated in order to further their individual, rather than the public, interest. While in theory, downward accountability exists through the ballot box, this is ineffective in a system where there is very limited public knowledge about either resources or decisions, and votes are regarded as a form of reciprocity in return for "goodwill" gestures. Hence, behind the manifest function of promoting local democracy is the latent function of perpetuating a network of patronage for political mobilization.

The Dual-Mode system allows central control to exist alongside a simulation of popular democracy. This is particularly opportune in present day Uganda, where decentralization plays a crucial role in justifying the unique "no-party" system both to a highly politicized population and the international donors who have elsewhere made so much of multiparty democracy as the hallmark of good governance. For the NRM, decentralization in the context of the no-party state serves the further purpose of entrenching the party machinery into the organs of the state, facilitating the use of public resources for political patronage.

Many policy makers have seen decentralized local government as a key vehicle for achieving the aims of the PEAP. Our analysis has however brought out the contradiction between the current means of achieving PEAP targets and the objectives of participation and local decision making that supposedly underlie the drive for decentralization. Rather than arising, as many policy makers perceive it, from the constraint of limited fiscal decentralization, this is a true contradiction between two potentially conflicting development ideologies—bottom-up decision making and nationally (and internationally) imposed poverty reduction blueprints. As Johnson (2002) argues, central government has a vital role "in ensuring the development and implementation of substantive pro-poor policies" (p. 529). The challenge is to define how this can coexist with local participation and autonomy.

Our Dual-Mode model implies that meaningful decentralization could be advanced in important ways. The main needs are to make resources available for local decision making, to build capacity for planning, and to ensure firmer accountability for resources. There already exists scope for increasing transparency by making simple changes to procedures and, as important, ensuring that existing regulations are enforced. Such measures include: ensuring that information is disseminated publicly about local revenue and budgets, bringing sanctions against defaulting private tax collectors, enforcing the capping of political emoluments, enforcing receipting, simplifying the calculation of village and parish entitlements, and streamlining their remittance. Such unspectacular measures could do much to shift the terms of the political economy of information at the local level.

The recently initiated Local Government Development Program is designed to address a number of the problems identified here. As part of a reformulation of local government financing, it will make resources available for initiatives at local levels, together with the capacity to plan and manage them, sanctioned by performance incentives and penalties. Although not without its problems (difficulty in raising the community contribution in areas of weak revenue base, proposals overlapping with those covered by existing conditional grants, inadequate support and monitoring of subcounties by districts and inflated tendering), this program does hold out the prospect of increasing local autonomy.

Nevertheless, genuine downward accountability will require more than a new set of procedures and institutions. As we have seen, those with vested interests are capable of turning the institutions and opportunities created through decentralization to their own advantage. True local democracy and accountability can only be founded on a shift in values and awareness, and the emergence of active citizenship. It is doubtful whether such a deepening of democracy can be imposed from the top downward.

NOTES

1. The political history of Uganda during the colonial and early post colonial period is well documented: Karugire (1980), Mamdani (1976) and Mutibwa (1992).

2. Although a formal administrative unit, the LC4 is largely a legacy of previous systems with few functions.

3. Exchange rate at time of fieldwork: US$ 1 = Sh. 1,700.

4. In the 2001 presidential election campaign, the incumbent directed the Ministry of Local Government to reduce the minimum level of GT from 11,000 to 3,000 Sh.

5. Increased to 20% since 2001 (Local Government Revenue Amendment Regulation).

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