

# **ASSESSING CAPACITIES FOR LOCAL ECONOMIC DEVELOPMENT IN UGANDA**

Susan Kavuma | Assumpta Tibamwenda

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**Cover:** Farmers in Arua district selling mangoes in one of the mango markets. Most of the produce is sold to businessmen based in Kampala.

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Whereas the institution and persons mentioned made significant contribution to the study, the views expressed in this report are those of the authors.

## LIST OF ACRONYMS

ACODE	Advocates Coalition for Development and Environment
BDS	Business Development Services
CAO	Chief Administrative Officer
CDO	Community Development Officer
CFO	Chief Finance Officer
CSO	Civil Society Organisations
DCDO	District Community Development Officer
DDP	District Development Project
DEC	District Executive Committee
DINU	Development Initiative for Northern Uganda
DPSF	Decentralization Policy Strategic Framework
DRC	Democratic Republic of Congo
DRC	Danish Refugee Council
FGDs	Focus Group Discussions
GIZ	German International Cooperation
GoU	Government of Uganda
KIIs	Key Informant Interviews
LED	Local Economic Development
LRA	Lord's Resistance Army
NDP	National Development Plan
NUSAF	Northern Uganda Social Action Fund.
OPM	Office of Prime Minister
OWC	Operation Wealth Creation
PEAP	Poverty Eradication Action Plan
PRELNOR	Programme for Restoration of Livelihoods in Northern Uganda

PWDs	Persons with Disabilities
RDC	Resident District Commissioner
SEZ	Special Economic Zone
UNHCR	United nations High Commissioner for Refuges
UWEP	Uganda Women Empowerment Programme
YLP	Youth Livelihood Programme
NDC	Nationally Determined Contributions
NDP	National Development Plan
NPA	National Planning Authority
OPM	Office of the Prime Minister
OWC	Operation Wealth Creation
PFA	Prosperity for All
RPLRP	Regional Pastoral Livelihoods Resilience Project
SGBV	Sexual Gender Based Violence
SLM	Sustainable Land Management
UBOS	Uganda Bureau of Statistics
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
UNMA	Uganda National Meteorological Authority
USAID	United States Agency for International Development
YLP	Youth Livelihood Programme

## EXECUTIVE SUMMARY

This report presents the findings and discussions of Local Economic Development (LED) practices in nine districts of Northern Uganda that included: Adjumani, Amuru, Arua, Kitgum, Lira, Omoro, Oyam, and Yumbe. The analysis provides insights into implementation of LED policies, and the level of preparedness of the districts to implement the policy as a tool for economic transformation and development. LED was conceptualised as a process or development model where Local Governments, the private sector, and the community, are jointly and collectively engaged in identification, mobilization and management of resources at the local level. LED is therefore intended to create conducive environments for investment, increased household incomes, and higher revenues for Local Governments. This, it is hoped, will eventually turn into improved livelihood for the people.

The study sought to address four objectives: (i) analysing the perspectives of actors at the district and Central Government level on the concept of local economic development; (ii) identifying LED initiatives implemented by districts; (iii) assessing the economic potential of districts, and (iv) evaluating the inclusiveness of LED initiatives.

First, the report gives an extensive background to the pursuit of LED in Uganda, including the preliminary steps taken in conceptualising LED and developing the National LED Policy. It further unravels the perspectives of the actors at the district levels including local government leaders, the private sector, civil society organisations (CSOs), citizen groups and others on LED. It also makes an assessment of the implication of the LED policy on local economic development in the districts covered. From the viewpoints of the stakeholders, the report documents the district goals, targets, and strategies related to economic growth and empowerment existing in the LED interventions, challenges, and solutions commandeered.

Second, is the identification of local economic potentials and business opportunities in any district for competitive advantages in economic productivity and resource generation. Factors identified included market access, economic density, urbanization, skills, and local transport connectivity; natural heritage, resource endowments such as, land area, population, natural resources, access to water, and access to electricity.

Third, inclusive development is articulated as part of the processes and activities concerned with ensuring that all often marginalized and usually excluded groups such as women, persons with disabilities, youth and refugees are involved in the development processes. This inclusiveness ensures that these groups of people possess economic potential in their unique attributes such as artisan skills. The differential roles of refugees and the host communities in LED communities are also analysed in this study.

## Methodology

The study employed a vigorous methodology that entailed mainly qualitative methods of data collection and analysis, complemented by the districts' statistical survey on the Knowledge, Attitudes, and Practices (KAP) of the actors at the district levels in the implementation of LED initiatives. Qualitative data was collected using Key Informant Interviews (KIIs), Focus Group Discussions (FGDs) and consultative meetings. The KIIs targeted district leaders and government officials from relevant government ministries, departments and agencies. A few interviews were conducted at the centre, with officials from the Ministry of Finance, Planning and Economic Development, Ministry of Local Government, Operation Wealth Creation, and Ministry of Trade, Industry and Cooperatives. Also, an extensive review of literature was done to corroborate the findings.

## Findings

### *Implementation of LED at the district levels*

The concept, approach, and policy of LED are not well understood by all stakeholders. This is partly because the structures that were designed to implement the LED Policy, right from the centre to the districts, are not functional. The LED Policy provides for a LED Fund, expected to facilitate the roll out of the policy. However, to-date, the LED Fund has not been realised.

Although Local Governments have the authority to levy taxes from local business as mandated by the Local Governments Act Cap 243 and guaranteed through the functionality of district councils which sit regularly to discuss and approve revenue (tax) rates, this is not the case. A number of district leaders complained about Central Government interference. The Uganda Revenue Authority (URA) collects revenue from the more lucrative tax sources leaving the districts with unviable or hard to collect sources. The districts' local Revenue Enhancement Plans (REPs) intended to provide frameworks to raise local revenue are not adhered to.

While District Councils possess the political power to oversee the provision of public services in the districts, the technical staff lack sufficient authority to collect all potential revenue streams. This resonates with the fact that decentralisation in Uganda achieved more of political than the fiscal decentralisation. This mismatch is partly due to Central Government retention of the most lucrative local tax revenue collections thus making Local Governments to rely more on Central Government transfers than local revenue collections.

Although households are involved in agriculture production, they grapple with limited business expertise and adherence to appropriate business practices. There are noticeable gaps within Local Governments in terms of empowering communities to improve agricultural production and productivity as well as enterprise performance. Communities can be empowered through building their capacities in business skills and mentoring.

The major sources of local revenue for the districts and municipalities for FY 2016/17

were market charges accounting for 40%, followed by business licenses at 25%, and parking fees at 18%. Improving the business environment is therefore critical in harnessing any business opportunities and investments that could lead to increased incomes for Local Governments.

There were limited LED initiatives in the Northern Region although there are many government development programmes that could stimulate LED in the districts. Among the few LED initiatives found were the Kitgum district - Olam partnerships which had increased sim-sim production through a tractor scheme and post-harvest handling; Palaro Rice Hurling Plant; and another unit in Patiko which were handed over to a private company to run on behalf of the district administration. In Oyam District, for example, the district provided financial support and inputs to the different groups of women and youth under programs like youth livelihood, Uganda Women Empowerment program (UWEP), and Operation Wealth Creation (OWC). Government programmes that supported LED in infrastructure development activities like construction of markets contracted out to communities. There was also training in agriculture, business and health related issues. The existence of Village Saving and Lending Associations in all the districts provided opportunities for scaling up so that the communities access credit.

The existing constraints to LED were mainly related to farming, particularly, the low quality inputs, limited agricultural advisory services, customary land tenure system, low domestic demand, and fluctuation of prices for agricultural products. Social problems such as poor gender relations, mind-set change for the youth and high crime rate constrained the undertaking of economic activities. The issue of inappropriate land tenure system was voiced prominently as one of the constraints to increased agricultural production. Most of the land in northern Uganda is either owned communally or under the customary land tenure system meaning that the ordinary citizens do not have secure land rights.

### *Local economic potential and business opportunities*

The districts in northern region have remarkable economic potential. The region has a significant prospective for agriculture and tourism. There potential factors that can significantly promote agricultural production if properly harnessed include fertile soils, reliable rainfall, flat plains and presence of many rivers which can provide water for irrigation. Most importantly, the northern region shares borders with South Sudan and the Democratic Republic of Congo which offer immense market opportunities.

The population engaged in agricultural production, particularly, fruit production (oranges and mangoes), grains (rice, maize, sim-sim), root crops (sweet potatoes, cassava), oil crops (sunflower, sesame), legumes (beans and soya beans), bee keeping and animal products is increasing.

The existing attractive natural resources and rich cultural heritage in Northern Uganda could support eco-tourism and cultural tourism if well harnessed. The attractive natural resources such as Got Moro, Guru Guru hills<sup>1</sup> and Fort Patiko (Baker's Fort) in Gulu, water springs like Amuru hot spring, rocks like the Ngetta rocks in Lira present a huge opportunity for the districts to earn from tourism. Their rich cultural heritage with cultural

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<sup>1</sup> This is where the Lamogi rebellion took place in 1912.

dances such as the Larakaraka dance from Acholi, Kiri from Lango and Mure from Madi, the Joseph Kony Lords Resistance war relics and history could be turned around into a great national resource for scholarship and tourism.

The districts in Northern Uganda, however, lack strategic approaches to livelihood and tourism development which could become the strong bedrock for LED. The Central Government designed interventions like OWC, UWEP and YLP have a high potential to become LED enablers, but they are treated in the same way as Central Government transfers hence bearing minimal linkages towards actual LED projects and interventions. The approaches used in implementing these Central Government driven programmes are uniform across districts and do not pay attention to peculiarities in the different local contexts. Similarly, the tourism potential that has not been adequately tapped into, save for a growing presence of hotels, especially, in the major towns of Gulu, Arua and Lira, remains a sleeping giant for LED.

### *Inclusiveness of LED initiatives*

While the primary success of LED is dependent on the involvement of non-state actors, there is no clear description of the specific roles of the private sector and the civil society as critical drivers for LED. The Local Governments enjoy a good relationship with the private sector but, the Private Sector is passive about the partnerships with the Local Government. This undermines the presence and spread of Business Development Services (BDS) as a critical pillar for LED. On the other hand, CSOs were reported to be hiding their budgets from the Local Governments. The mutual suspicion that exists between the CSOs and DLGs undermines the expected partnerships for designing and implementing LED programmes.

The few tailored interventions for the participation of marginalised groups like the Youth Livelihood Programme (YLP) and the Uganda Women Entrepreneurship Programme (UWEP) are inadequate. The participation of youth, PWDs and women in these initiatives is minimal. There is no specific attention paid to the inclusion of the various marginalised groups in the formulation of programmes. Rather, the programmes tend to consider the marginalised group as target beneficiaries. Whereas it is a requirement to mainstream marginalised groups like women, youth and PWDs in government programs, it is critical that these groups actively participate in the formulation of LED initiatives for their effective implementation at the local levels.

The presence of refugees in the selected districts is both positive and negative in terms of economic, social and environmental impact. The refugees and their host communities engage in livelihood projects and business enterprises that could enhance income generation opportunities if supported. These range from production of food stuffs, carpentry, milling, brick making, baking, retail and wholesale trading. However, the existence of a large number of refugees in the region has implications on the physical and social environment. At the settlement level, it raises environmental health issues like poor sanitation. In the host communities, degradation of the environment is suffered in the scramble for cultivable land, construction materials and water. This has created fears of drought, famine, desertification and it breeds tension among the people in the community.

## *Conclusion*

On the whole LED is still relevant as an approach to rural transformation and is expected to fast track Uganda's transition to a middle income status by the year 2020. However, the LED Policy and the inherent institutional framework need to be implemented systematically and with more commitment. Any LED efforts that harness the synergies arising from the partnerships of the Local Governments, Private Sector and Civil Society Organisations will develop the local economy. LED stakeholders should therefore be sensitized about the policy and the structures. In addition, there is need for fundraising drives to mount an aggressive mind-set change campaign and harmonizing the ongoing LED enabling programmes to leverage business and investment projects. At national level, the State needs to take the lead in creating an enabling business environment in the integration of LED initiatives into the National Development Plan (NDP). Above all, LED should be maintained as a multi-sectoral and multi-stakeholder programme involving Local Governments, the private sector and communities.

## *Recommendations*

In view of these findings, recommendations are being made to the District Local Government who are expected to be the major drivers of LED and the Central Government supposed to create an enabling economic and business environment for LED to be implemented successfully

We recommend that the DLG should be the change agent in promoting LED. This can be achieved through (1) sensitising the community about the LED approach, policy and viable business ventures (2) developing tripartite partnership with the private sector and communities through forums such as the business and private sector forum (3) promoting agricultural production and tourism as business ventures and (4) organising farmers into groups (cooperatives or unions) or reactive existing ones where farmers can share ideas, mobilise resources and market their products. However, all these would require start-up funding to drive the initial processes.

At the Central Government level, it is recommended that the MoLG regains its place as the key institutional driver for LED. MoLG should use findings of this report and other like-minded reports as a launch pad for strategically rebranding decentralisation and repositioning the Local Government sector. The Ministry of Local Government (MoLG) should fast track the creation of a LED Department with well stipulated roles and responsibilities to champion the LED agenda. The MoLG, in collaboration with the Ministry of Lands, Housing and Urban Development should devise strategies that enhance the accessibility to land in northern region by investors. Government through relevant Ministries, Agencies and Departments should provide the necessary infrastructure and services required to create the best business and regulatory environment to boost LED in the districts. Caution should be taken to include the marginalised or excluded groups such as women, youth and PWDs in the formulation of the programmes. That should involve taking care of their roles in and benefits from the LED agenda.

As global leaders grapple with how to deliver the 2030 agenda on the Sustainable Development Goals (SDGs), there are still a number of unanswered questions, on the most appropriate approaches to take to “leave no one behind”. A number of debates have emerged on the development discourse, examining the alternative development models, especially, for the world’s less developed countries, and Africa in particular. Some schools of thought advocate for leaving everything to capital forces, where the private sector and conglomerates take charge. Others push for a Public Sector Model where the delivery of public services leverages resources for denting poverty. A third school of thought is pushing for an interventionist model that catalyzes Local Economic Development (LED) through unlocking the production potential of territories – in Uganda’s case, the Local Authorities. This assertion further calls for placing greater emphasis on **mindset change and self help by the individuals, households and communities.**

There are varied definitions for Local Economic Development. Blakely (1994) suggests that the principle goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural, and institutional resources. The World Bank defines Local Economic Development as a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all. LED devises development strategies that are territorially based, locally owned and managed. This means LED is not sectoral but territorial based. In addition, LED promotes bottom-top approaches to development, which necessitates involving the local communities in the planning, implementation and evaluation of the development projects or programmes. The aim is to improve the quality of life for all.

The Uganda National Local Economic Development Policy (2014) defines LED as a process through which Local Governments, the private sector and the communities form partnerships to mobilize, manage and invest resources effectively into economic ventures to stimulate development and growth of the locality. It also states that,

*LED is a process by which national and local stakeholders collaborate to assess the local economy, possible opportunities as well as challenges and obstacles, formulating and implementing practical action plans to realize opportunities and resolve impediments. In effect, LED is an intrinsic core component of private sector development (PSD), advancing the country’s global competitiveness, developing needed infrastructure, achieving supply chains, and meeting overall economic development objectives.*

It can be noted that all the definitions connote that LED is a process that requires varied actors, in accordance with their roles and competitive advantages. LED builds the economic capacity of a local area to sustainably improve the quality of life of the

community.

While the Government of Uganda has enacted the requisite legislation and sectoral policies to facilitate growth and development of the country, there has not been much progress in terms of spurring local economic development at local government levels. These policies and strategic plans have largely remained on paper, prompting policy makers, development practitioners, development partners and civil society to desire to establish how best such interventions have performed and how they could promote local economic development.

It is against such background that the Advocates Coalition for Development and Environment (ACODE) with support from the German International Cooperation (GIZ), has undertaken this study to assess the capacities of Local Governments to implement local economic development initiatives in Uganda. The overall goal of the study is to provide insights into implementation of the LED policy in Uganda and the potential of Local Governments to implement LED initiatives as a strategy for economic transformation and development. The study was conducted in nine districts in northern Uganda which include: Adjumani, Arua, Gulu, Kitgum, Lira, Yumbe, Amuru, Omoro and Oyam. The study is specifically designed to achieve the following objectives:

- i. Document the perspectives of actors at the district and Central Government level on the concept of LED, the policy and its implications for the district economic development.
- ii. Identify LED initiatives implemented by the districts.
- iii. Assess the capacities and potential of districts to implement LED initiatives.
- iv. Evaluate the inclusiveness of LED initiatives in the districts.

The report is organized under six sections: Section one is the introduction which also provides the conceptualization of LED; section two is the background which provides a broad discussion of the macroeconomic framework, the national LED Policy and an analysis of its implementation to-date; section three discusses the methodology of the study; section four discusses the general research findings; section five focuses on the discussion/analysis of findings; section six contains the conclusion and policy recommendations arising from the findings.

## 2.1 Historical Perspectives on LED

An analysis of the background and history of LED in Uganda indicates that the approach has evolved over time, from as early as the 1960s and 70s. This was in response to a global realization, by Local Authorities (Municipal Governments), that businesses and capital were moving between locations, due to varying competitive advantages. LED was adopted as a remedial approach to regenerate countries from economic decline and de-industrialization experienced between the 1960s and 80s. The period marked a shift in the roles of Local Authorities, from mere local administrations to local entrepreneurs (Harvey 1989).

LED began as a modest concept introduced by the United Nations Capital Development Fund (UNCDF) in their work on Decentralisation (Report, Third District Development Programme, 2003). It became fully conceptualized in 2005 (the Nuwagaba Position Paper), drawing examples from the South African model, at the time (Kanya Report, 2003). These efforts were consolidated into the “Strategy for Promoting Investments and Local Economic Development in Local Governments” – later for to be renamed the LED strategy, in 2007. In order to inform the First National Development Plan (NDP 1) LED was made an intrinsic part of the Chapter on Sub-national Development and has consequently been fully embraced by Government of Uganda as a plausible approach to development. LED is fully underpinned in the Second National Development Plan (NDP II) although it manifests more as wealth creation.

LED in Uganda is a derivative of the Decentralisation Policy. The introduction of the decentralization policy in Uganda, in 1992, is perhaps one of the major social, economic and political landmarks in the country's quest for democratization and transformation (Lambright. G.M.S, (2011)<sup>1</sup>. Decentralization entails the transfer of powers, responsibilities and resources to Local Governments, to address territorial development problems, service delivery and political accountability<sup>2</sup>. For the last 26 years that Uganda has been implementing decentralization, a number of achievements and outputs have been realized. There are unprecedented increases in the volumes of Central Government financial transfers to Local Governments as well as increases in physical social investments in health, education, roads, and water sectors leading to increased quantity of service delivery.

While the country has witnessed progress in national development as a result of decentralization, there are also significant deficits that require urgent attention or redress

<sup>1</sup> Lambright, G.M.S. (2011). Decentralization in Uganda: Explaining Successes and Failures in Local Governance, London, Lynne Rienner Publishers.

<sup>2</sup> Bainomugisha et al. (2017). Local Government Councils Scorecard Assessment 2016/2017: Civic Engagement: Activating the Potentials of Local Governance in Uganda. ACODE Policy Research Series No. 83.

if the country is going to deepen and consolidate the dividends of decentralization in a sustainable manner. Such deficits include country wide youth unemployment, continued dependence of Local Governments on the Central Government for financing, low local revenue generation, and increasing poverty levels, especially, in northern and eastern Uganda regions. These regions recently emerged from a violent protracted conflict of the Lord's Resistance Army (LRA) and recentralization of some aspects of decentralization. The country is still grappling with uneven economic growth across the regions, with regions such as eastern and northern region lagging behind central and western regions. According to the Uganda National Household Survey report (2016/17), poverty rates were highest in eastern region (42.7%), followed by northern region (30.6%), central region (22.7%) and western region (19.1%).

In 2006, the Government of Uganda made a critical assessment of the progress in the implementation of decentralization policy, which resulted into consolidating all policy issues of decentralization into a Decentralization Policy Strategic Framework (DPSF). The DPSF was intended to enhance coordination and harmonize investment at local government levels. This introduced the Local Economic Development (LED) as the sixth objective of decentralization with the aim of stimulating local competitiveness, increased business promotion and poverty eradication (Local Economic Development Policy, 2014)<sup>3</sup>. The formulation of the LED Policy was also intended to promote the establishment of local investment centres, enhanced private sector investments in Local Governments and increased locally generated revenues. The LED Policy is consistent with Uganda's broad development goal of eradicating poverty and enabling the citizens to enjoy higher standards of living. This is also captured in the national vision of "a Transformed Ugandan Society from a Peasant to a Modern and Prosperous country within 30 years", the benchmark being the year 2040. To that end, the Government of Uganda (GoU) is pursuing a broad development agenda whose components include macro-economic reform, enhancing economic production and output, public service reform, and decentralization of service delivery. These initiatives are contained in the Second National Development Plan (NDP II) whose theme is "Strengthening Uganda's Competitiveness for Sustainable Wealth Creation, Employment and Inclusive Growth." Under this flagship, the Ministries are mandated to develop and implement sector policies in line with their respective constitutional mandates.

## 2.2 Overview of the Uganda National LED Policy

Uganda implements one of the most advanced policies on decentralization in the region. The policy was adopted as a means of cascading democratization and the delivery of public good. However, its implementation faces a number of challenges. Under its First Joint Review of Decentralisation (JARD 2004), an overriding conclusion arrived at, was that the decentralisation policy had achieved significant strides in stimulating local level decision-making and attendant democratic processes. Nonetheless, it was argued, that the policy had fallen short of acting as a conduit for development. Henceforth, the Ministry of Local Government was charged with a responsibility to open the democratic space and turn decentralisation into a channel for development, beyond governance and public administration (JARD 2004 Report). Subsequently, in 2006, the Ministry of

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<sup>3</sup> Republic of Uganda, Ministry of Local Government. (2014). Local Economic Development Policy, p.1.

Local Government developed the first ever, Decentralisation Policy Strategic Framework (DPSF) defining a 6th Objective on “Promoting Local Economic Development to Improve People’s Incomes.” A LED Strategy was crafted in 2007 and seven years later, a National LED Policy was made in 2014.

The Vision of the Uganda National LED Policy is:

***A vibrant and competitive private sector-led local economy for poverty reduction, wealth creation and prosperity.***

Its mission is:

***To create local and national governance mechanisms which promote a conducive, economic and political environment for private sector investment, employment creation in local areas for improved household incomes and service delivery.***

The Overall Goal of the LED Policy is:

***A transformed local government system linked to stakeholders at local and national levels that facilitate effective business-oriented locality development with a focus on poverty reduction and sustainable wealth creation.***

Source: Local Economic Development Policy, 2014.

The National LED Policy is guided by 7 principles as specified in Box 1.

#### **Box 1: The Principles for the LED Policy**

1. Consistency with the National Development Plan and Decentralization Policy and Strategic Framework.
2. Commitment of Relevant Stakeholders.
3. Public-Private Partnership (PPP).
4. Competitiveness Enhancement.
5. Transparency and Accountability.
6. Gender Equality, Equity and Inclusiveness.
7. Promoting Sustainability

Source: Local Economic Development Policy.

The purpose of the Policy is to establish an operational framework for effective coordination and implementation of LED Initiatives at national and Local Governments levels. It established a framework for promoting partnerships in growing household incomes, generating more revenues for Local Governments and improved service delivery to local communities. The LED Policy was also formulated in tandem with other existing policies and legal instruments and strategies which among others include: The Local Governments Act (Cap 243); The Local Government Financial And

Accounting Regulations (LGFAR); The Financial Institutions Act And Micro Deposit-Taking Institutions Act (2003); The National Trade Policy; The National Gender Policy, The National Land Policy, the National Tourism Policy; The National ICT Policy; The National Agricultural Investment Strategy; and, The Rural Development Strategy. The policy was also informed by an analysis of the national and local economic contexts, the fiscal performance of the country, the human development situation, employment and labour productivity as well as infrastructural development and other constraints facing Local Government and the private sector actors.

The Uganda National LED policy outlines a very comprehensive institutional framework. It provides for the establishment of the National LED Steering Committee and National LED Propagation Team, as platforms for implanting LED into Uganda's planning landscape. The policy further provides for subsidiary delivery structures such as the Local Government LED Technical Working Group (Forum); the National LED Secretariat; the Institutional/Sectoral LED Technical Committees and Sub-County LED Technical Working Group.

## 2.3 Implementing LED in Uganda

Although the LED Policy came into force in 2014, a significant number of LED initiatives pre-date the policy. To-date, government efforts towards LED have been based on varied but interlinked initiatives which were initially anchored in the Poverty Eradication Action Plan (PEAP) and the subsequent National Development Plans (NDP I & NDP II). Specifically, these were poverty eradication efforts through, among others, promotion of competitiveness and incomes and pivoting the private sector as the main driver for Uganda's economy. Some outstanding initiatives implemented towards concretizing the relevant PEAP pillars included a study on the Roles of the Private Sector, CSOS and LGs in service delivery, elaboration of LED in the Local Government Sector Investment Plan (LGSIP) and its successor, the Local Government Sector Strategic Plan (LGSSP). In addition, other national LED enabling frameworks included the elaboration of the Public-Private Partnerships (PPP) which led to the development of the PPP Policy (2015).

Overall, there is a reasonable level of LED engagement within Government. LED is buttressed in a strong legal framework that crops from the Constitution of the Republic of Uganda, specifically in sections IV, X, XI, XI, and XV of the National objectives and Directive principles of the state policy. Section IV, sub section (ii) spelling out the roles of the state and the citizens' participation in the management of affairs in the country. It states, "The state and the citizens of Uganda shall endeavour to build national strength in political, economic and social spheres to avoid undue dependence on other countries and institutions." The National LED Policy and the Strategy are high expressions of the GoU commitment for LED.

Specifically, the role of the people in development is articulated in section X of the Uganda constitution that the state shall take all necessary steps to involve the people in the formulation and implementation of the development plans and programmes which affect them. On the other hand, the role of the state in the development planning process is stated in section XI in which it is stated that, "the state shall stimulate agricultural, industrial, technological and scientific development, by adopting appropriate policies

and the enactment of enabling legislation.” From the second schedule of the Local Government Act Cap 243, Central Government delineates some of the regulatory functions to the Lower Local Governments (Sub County, Town Council and Municipal Divisions). The functions involve issuance of the requisite licenses (trading, land registration, building and occupational permits), assessment of property rates and management of payments. Local Governments are also permitted to levy any other fees that may be within the permits of the law.

Across the country, there are a number of LED related initiatives, albeit few and sporadic in nature. LED implementation follows a four pillar approach that addresses (i) Mind-set Change and Creating LED Champions (ii) Locality Development (iii) Business Development Services (BDS) (iv) Local Economic Governance. LED has been piloted under a number of initiatives such as: the Third District Development Project (DDP III) Community Driven Development (CDD), the District Livelihood Support Programme (DLSP), the Programme for Restoration of Livelihoods in Northern Uganda (PRELNOR), the Millennium Villages Project (MVP), and the Inclusive Sustainable New Communities (ISNC). So far, the emerging LED model takes into consideration of six major steps, as illustrated in figure 1.

**Fig 1: Uganda’s Emerging 6-Step LED Model**



Source: MoLG: Leveraging Development – A Storyline of the Inclusive Sustainable New Communities Project, 2017.

Incorporating LED in the National Development Plan (NDP), therefore, ensures attention and funding of various LED initiatives. In particular, the NDP highlights financial inclusion as enhanced through mobilization of the rural population to join village savings and other voluntary groups to generate money for boosting their small businesses. In addition, there is a very high penetration (up to 70%) of mobile money banking services. These have addressed the poor connectivity by accessing geographically hard-to-reach areas that the formal banking institutions could not.

## 2.4 Challenges of Implementing LED in Uganda

Today, local authorities face a great number of challenges. Globalization increases both

opportunities and competition for local investment. It offers opportunities for local businesses to develop new markets but also presents challenges from international competitors entering local markets. Multi-site, multi-national manufacturing, banking and service entities compete globally, to find cost efficient sites in which to do business. Technological advancement and industries require highly specialized skills and a supporting infrastructure. Increasingly, all industrial and service sectors need highly specialized and specific skills and business environments. Local conditions, therefore, determine the relative advantage of a given area and its ability to attract and retain investments.

More than ever, there is need for Local Governments to complement Central Government effort for development. This scenario is not strange in Uganda. Over the last 10 years, the country has experienced a significant reduction in Central Government Transfers to Local Governments. Among the issues to tackle, is the need to broaden resource mobilizing from non-traditional investments in order to deal with the escalating levels of unemployment which at times stagger to 60% amongst the youth (UNHS Report, 2017). Recognising that the national economy is a conglomerate of the sub-national (district) and lower economies, a solid and decisive adoption of LED would create more competitive Local Authorities that strongly contribute to Uganda's bid to become a Lower Middle-Income Country, by the year 2020. As the country's population rises to 45 Million (World Bank Report, 2016, puts it at 44 million), there is a visible back-flow effect of the urban population from the only city, Kampala to the 44 Municipal Councils. Small towns are constantly sprouting in the rural areas, in search for better economic opportunities. Notwithstanding the slow rate of urbanization, currently below 6%, there is a growing trend of peri-urban settlements and modern behaviours that are favourable for the market economy and can be enhanced further through relevant skills development programmes.

At the regional level, Uganda shares common borders with Rwanda, Kenya, Tanzania, the Democratic republic of Congo and South Sudan. Uganda is also a member of the East African Community and the Common Market for Eastern and Southern Africa (COMESA). Local Authorities and communities within and between these countries and regions, often compete to attract external and local investment. While all these and other protocols provide for non-tariff barriers and provide opportunities for countries and communities to collaborate with each other, the strategic positioning of each community to leverage on this provision is always limited. LED provides such entry point for Local Governments to fully analyse and take advantage of the competitive advantages.

To fully understand why Uganda needs to embrace the LED approach, one needs to examine the context. The country's increasing number of administrations (from 36 in 1993 to 121 in 2018) and their expanded scope and mandate far outstrips the available resources. A rising number of urban centres (currently holding over 16% of the population) dictate a unique investment menu for the emerging centres. Over-reliance on Central Government transfers by both the rural districts and the urban municipalities and close to 400 Town Councils<sup>4</sup> creates a service delivery gap. There are numerous emerging towns categorized as Town Boards and Rural Growth Centres. This is in addition to the

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<sup>4</sup> At the time of this study, Uganda had 121 Districts, 44 Municipal Councils and close to 400 Town Councils, including those slated to commence by the financial year 2019/2020.

constituent units of the Local Governments namely, the Sub-counties and Municipal Divisions. One of the key undertakings of Government is to upgrade some Municipal Councils and other strategic areas into 11 Regional and Special Purpose Cities<sup>5</sup>.

At the national level, Uganda's macro-economic, fiscal and monetary reforms have directly impacted the economy at the local level. National regulatory and legal frameworks such as tax reforms, and a rising uptake of telecommunications due to liberalization and de-regulation, decent accommodation and complementary amenities, directly influence the local business climate. In far flung districts where a number of such facilities may not exist, the private sector tends to be rather shrunk and guarded. This reduces the competitiveness of such districts and their overall potential for local economic development. This is a negation of the Decentralisation Policy, which sought to devolve powers to the Local Governments, including the powers to mobilise resources locally and through private and non-state actors.

Uganda's economic development paradigm displays a very clear pattern, with the East and North being the poorest regions (NHS Report 2017). Particularly for Northern Uganda, which experienced 21 years of conflict and insurgency, LED offers a remedy for regeneration and development. The rationale for LED is, therefore, premised on a combination of factors that have constrained effective and efficient service delivery of the Local Governments, over time. These also include a huge investment portfolio against available resources, shrinking funding both internal and external, turbulent tax regimes, and unfunded mandates – with no direct Central Government transfers – and poor asset management and the resulting increase in Operation and Management burdens on LGs. All these factors call for a strategy to address the phenomenon of dwindling resources at the Local Governments.

Against this backdrop, and given the country's development impetus under the First National Development Plan, to create incomes and wealth, Uganda needed a policy framework that creates a midway position between the Government, Private Sector and other non-state actors. The Uganda National LED Policy was adopted in 2014 as a remedy, to among other things improve coordination and resource mobilization mechanisms across the three clusters of stakeholders. In addition, the policy would propel Local Governments to generate own source revenues. This would come as a contribution to co-financing arrangements, asset management/operation and maintenance costs; supporting political representation; and payment of allowances and emoluments. The possession of local resources in Local Governments has a strong correlation with self-rule and promotes greater accountability amongst the Local Government leaders.

## Conclusion

LED in Uganda has gained momentum and is applauded as a necessary action that deepens and gives more importance to decentralization. LED lies at the centre of Uganda's development discourse, especially, as the country faces a growing and youthful population. compounded by an unprecedented refugee influx and shifting

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<sup>5</sup> Arua, Gulu, Fort Portal, Moroto, Mbarara, Entebbe, Nakasongola, Lira, Mbale, Jinja, Masaka with a possibility of Wakiso District converting into an auxiliary city.

faces of poverty, none should be left behind. While Uganda has attempted to elaborate a comprehensive policy and institutional framework for LED, these intentions remain largely unimplemented. The implementation of the LED model suffers a number of institutional and resource challenges. Notwithstanding its adoption in the national planning framework, LED is still misconstrued and often bunched up with routine service delivery. The financing architecture for Government is largely through conditional grants that may not always be amicable to LED flexibility. More critically, key LED drivers such as roads, energy and electricity still have a poor penetration rate especially in the Northern parts of Uganda, the Karamoja region and to some extent, the South Western region.

### 3.1 Sample Selection Considerations

The study collected data from nine districts in the northern region of Uganda. These districts represent an interesting case for the study on LED initiatives because a number of development programmes such as Northern Uganda Social Action Fund (NUSAF) I -III, Programme for Restoration of Livelihoods in Northern Uganda (PRELNOR), and Development Initiative for Northern Uganda (DINU) have been implemented in the region which were designed to stimulate the local economy. The northern region has benefited from several development programmes because of the need to revamp the local economy after experiencing a protracted civil war that led to the underdevelopment of the region.

For over two decades, the region was a battle field for the Lord's Resistance Army (LRA) commanded by Joseph Kony. The war led to loss of lives and displacement of many people. The region was not only susceptible to internal conflict but was also exposed to external conflict in the neighbouring countries. South Sudan and the Democratic Republic of Congo in the recent past have experienced civil conflict leading to an influx of refugees to some districts in the northern region such as Adjumani, Arua and Yumbe district. The underdevelopment of the northern region and the geopolitics in the region have attracted the attention of development actors that are interested in the revival of the region in its era of post-conflict and as a host community to refugees. It is in consideration of these factors that the northern region was selected for this study.

### 3.2 Data Collection Process

The study used mainly qualitative methods of data collection and analysis which were complemented by analysis of district reports and a survey on Knowledge, Attitudes and Practices of the actors at the district level in the implementation of the LED initiatives. The qualitative data was collected using Key Informant Interviews (KIIs), Focus Group Discussions (FGDs) and consultative meetings. The KIIs targeted district leaders and government officials from relevant government ministries, departments and agencies. The district leaders interviewed included the Resident District Commissioner (RDC), District Chairperson, Chief Administrative Officer (CAO), District Community Development Officer (DCDO), District Planner, District Production Officer (DPO), Town Clerk and Camp Coordinators in refugee resettlement camps. In the case of FGDs, the study team held separate meetings with men and women drawn from one rural sub-county and one urban sub-county. For the districts that had refugee settlements, the team conducted FGDs in the refugee camps to gain more knowledge of the refugees' livelihoods. The KII and FGD meetings were complemented with consultative meetings<sup>6</sup>

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<sup>6</sup>These were large meetings that draw participants from a cross-section of stakeholders from non-state actors such as

that drew participants from segments of key stakeholders such as farmer's forum, business forum, private sector and community-based organisations. The interviews were conducted between 5th March and 23rd March 2018.

A few interviews were conducted at the centre, with officials from the Ministry of Finance, Planning and Economic Development, Ministry of Local Government, Operation Wealth Creation secretariat, Ministry of Trade, Industry and Cooperatives. All this information was transcribed, coded into major themes and analysed using Atlas.ti to provide a more holistic perspective of LED in Northern Uganda.

### **3.3 Data Management and Analysis**

The qualitative data collected from KIs, FGDs and consultative meetings was transcribed, coded in themes aligned to the objectives of the study and analysed in Atlas.ti. The quantitative data collected from the Knowledge, Attitudes and Practices (KAP) and district statistics survey was entered using the EPI-data software and analysed in SPSS.

### **3.4 Quality Control Measures**

The study deployed experienced ACODE district researchers who have long time of exposure and experience in data collection techniques and interview notes transcription. Prior to data collection, the researchers were trained in appropriate methods of conducting KIs, FGDs and consultative meetings. The districts were clustered in three sub regions: West Nile, Acholi, and Lango. The researchers were distributed in the different sub-regions supervised by ACODE staff that gave support to the researchers to enable them to appropriately administer the various interview guides but also be able to address any challenges that might undermined the data collection process. The transcribed notes were checked by the supervisors to ensure clarity and accuracy.

### **3.5 Study Limitations**

The study was conducted within a limited time period of four months, January to May 2018 which required speeding up all processes including data collection, analysis and report writing. In reference to the quantitative data, there were gaps in the data collected from Local Government planners in key parameters of interest such as statistics for various economic activities, urbanization rate and staff gaps which made the evaluation of capacities and local economic potential less quantitative.

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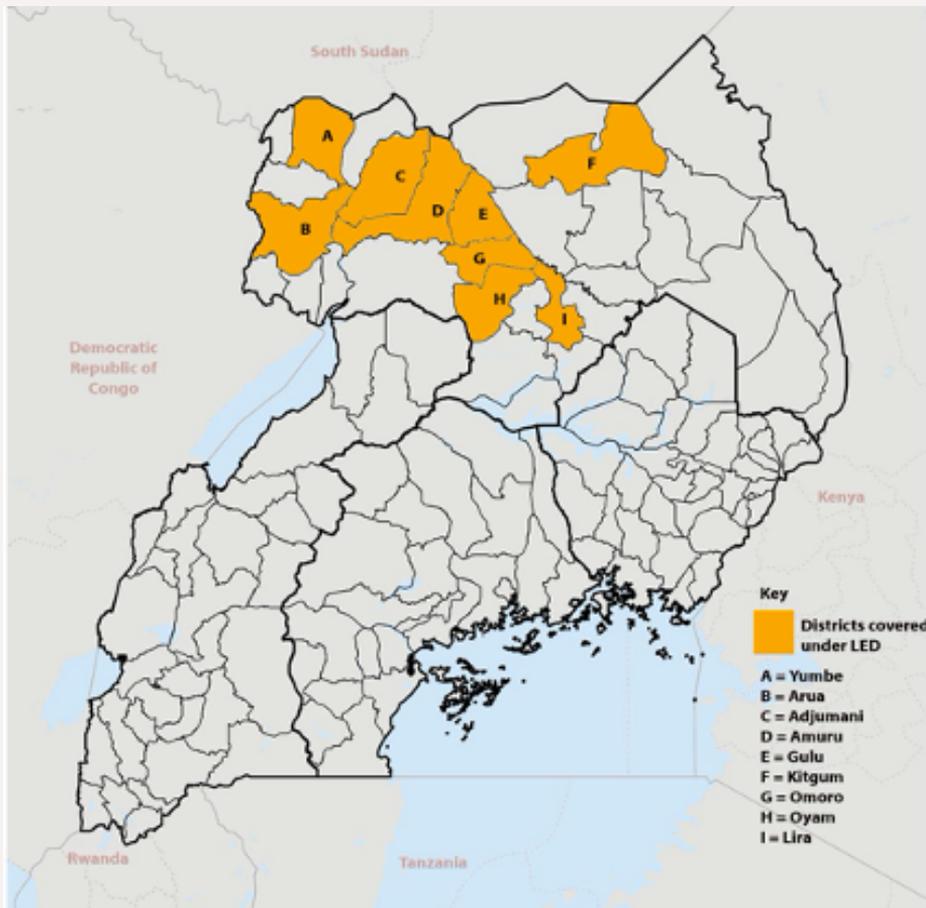
members of the farmer's forum, business forum and private sector.

In this section we present the findings of the study organised based on major themes derived from the objectives of the study such as: profiles of study districts; local government authority, capacity and resources; local development programmes; inclusiveness of local development programmes; roles and responsibilities of non-state actors; Knowledge, Attitude and Practices on LED; local economic potential of districts; livelihoods and access to services by refugee communities; and impact of refugee communities on host communities. In all the themes, we highlight the perspectives of the various stakeholders in the implementation of LED at sub-national and national levels.

## 4.1 Synopsis of District Profiles

The nine districts covered in the study fall within the geopolitical northern region of Uganda, which is comprised of 32 districts (refer to Figure 2). The Uganda National Household Survey (2016/17) estimates that Uganda's population in Northern region accounts for 20.8% which is about 7,814,160 people. The gender proportions in the same report puts the population of women and men in the region at 4,054,107 (56.4%) and 3,130,053 (43.6%) respectively. It is also estimated that 22.9% of the population lives in urban centres while 87.1% lives in the rural areas. The urban population is higher than the national average of 16% and that could be explained by Internally Displaced Persons Camps (IDPCs) settlements that have transformed into towns after a high influx of formerly displaced persons leaving the major towns. Four of the eight districts, namely Adjumani, Amuru, Kitgum, and Yumbe, share borders with South Sudan (SS) to the North while Arua District shares a boarder with the Democratic Republic of Congo (DRC) to the East as shown in the Figure 2.

Figure 2: Map Showing Study Districts



According to the 2014 National Population Census, three of the districts (Gulu, Lira and Arua) in the study had urban centres that were among the 20 biggest urban centres in the country. Gulu Municipality ranked as the fourth most populous urban centre in the country with an estimated population of 152,276 people. Gulu remains a commercial and administrative centre in northern region and hosts several development organisations, regional offices for government agencies and non-governmental organisations, financial institutions and agro-processing industries. Gulu is a transit town and a centre of trade that attracts people from many other countries in the region.

Lira Municipality ranks as the tenth largest urban centre in Uganda, with an estimated population of 99, 059 people and is the main commercial centre for Lango sub-region. It has attracted several private sector players including traders, processors and commercial farmers. Lira has emerged as a centre for agricultural production, trade and agro processing in the northern region. Like Gulu, Lira is a transit town and a centre for

trade attracting many people from the region particularly South Sudan and Democratic Republic of Congo.

Arua District is home to the sixteenth largest urban centre in the country and is the main commercial and administrative centre for the West Nile sub-region. The population of the Municipality is projected at 62,657 persons. A fairly good road network connects the neighbouring districts and urban centres with a ferry service linking Adjumani to Arua through Moyo. The table below presents the key characteristics of the districts under the study.

**Table 1: Key Characteristics of the Study Districts**

District	Size (Km2)	Population	Urbanization
Adjumani	3,128	225,251	17.9
Amuru	3,625.9	186,696	5
Arua	4,274.1	782,077	7.9
Gulu	3,452.1	275,613	54.5
Kitgum	3,960	204,048	37
Lira	1,368.9	408,043	24.8
Omoro	1,558.7	160,732	11.8
Oyam	2,207	383,644	4.8
Yumbe	2,411	484,822	7.2

Source: Uganda National Population and Housing Census 2014 Main Report.

The Urbanization rate was computed using the population living in rural and urban areas.

The statistics in Table 1, show that Arua District has the largest geographical area and population but with a low rate of urbanization. Kitgum District is the second largest of the study districts but has a modest population size and a high urbanization rate. On the other hand, Lira District that has the smallest geographical area has the 2nd highest population size next to Yumbe and 2nd highest urbanization rate after Gulu.

## 4.2 Local Government Authority, Capacity and Resources

By design, Local Economic Development is a bottom-up approach to economic development. It requires Local Governments to spearhead the formulation and implementation of LED initiatives at the district level. To make LED a reality, Local Governments must possess the requisite political power (authority) and economic resources (such as personnel and funds) to partner with the private sector and communities in order to boost the local economy.

### 4.2.1 Local Government Authority

Local Governments are at the centre of the promotion of LED and they can only be effective if they have the requisite authority to effect change, institutional capacity to create an enabling business environment for LED and the resources to implement LED

initiatives. Findings from the study reveal that Local Governments have the authority to levy taxes from local business. This authority is guaranteed through the functionality of District Councils which sit regularly to discuss and approve tax rates. Despite this, a number of district leaders complained about Central Government interference through the Uganda Revenue Authority (URA) which collects revenue from the more lucrative taxes, leaving the districts with taxes that are not viable and hard to collect. Districts also have Revenue Enhancement Plans (REP) which provide for frameworks to raise local revenue. At the national level, the Local Government Act Cap 243 and the Public Finance Management Act of 2015 (PFMA) provide for the broader framework through which Local Governments can levy taxes and tariffs at local government level.

Through the office of the Chief Finance Officer (CFO), Local Governments are mandated to collect revenue in the form of taxes. In Omoro District, for example, findings revealed that the CFO is supported with over 25 staff including the Sub-County accountants whose role is to collect revenue at the sub-county level. The Sub-County accountants work closely with the Parish Chiefs to collect revenue at the parish level.

In December 2017, Omoro District undertook an assessment of their revenue capacity to get a fair understanding of the revenue sources and strategies. Amuru District also made a database for all businesses in the district. Examples of taxes levied at the local government level included Hotel Tax, Local Service Tax, Transport Rates, trading licenses, waste management.

Gulu District presented a progressive story where the district had exercised power and authority to lease out land for investment to different categories of stakeholders. For instance, Gulu District leased out land to the Regional Immigration (Passport) Office, Nsamizi Training Institute, and Uganda Management Institute (UMI). All the leases were documented through Memoranda of Understanding between the parties. This kind of arrangement has helped to increase local government revenue collections and provided services to citizens not only in the district but in the sub-region.

#### **4.2.2 Knowledge, Attitudes, and Practices on LED**

The study team conducted a KAPS survey among district leaders covered in the study to establish their understanding of the LED concept and its application. A total of 202 participants responded to the KAP survey and the results are presented in Table 2. The statements focused on perspectives and level of understanding of the concept of LED by stakeholders, existence of LED initiatives, and the role of actors (Central Government, Districts, and Community) in implementation of LED. The responses showed that less than half (45%) of the respondents agreed that they had a clear understanding of the LED concept which suggested that the majority of the actors were not well grounded in the LED concept and may need to undergo training on the LED approach. It is interesting to also note that more than two-thirds (77%) of the respondents believed there were LED initiatives being implemented in their districts. This finding resonates with the findings from the interviews suggesting that most of the cited examples of LED initiatives (e.g. OWC, NUSAF, PRELNOR and DINU) in the region were actually government development programmes.

In Table 2, there is overwhelming evidence of the stakeholders' belief that LED initiatives

should be spearheaded by Local Government and not Central Government. For instance, 86% of the respondents agreed that Local Governments should be the drivers of LED initiatives, while 21% agreed that the Central Government should take the lead on LED initiatives. The majority (65%) of the respondents agreed that LED should be implemented as a community-based development approach involving the communities in the design of the LED initiatives. There was also a perspective that the line ministry had not done much to educate people about LED. Furthermore, most respondents were of the view that the LED policy was not accessible to those who needed it.

**Table 2: Knowledge and Attitudes about LED**

No	Statements on LED	Percentage (%)					
		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	I don't know
1	The Local Economic Development (LED) concept is well understood by various stakeholders	10	35	13	30	9	3
2	Local Economic Development initiatives are existent in the district	24	53	14	5	2	2
3	LED should be driven by the Local Government	42	44	8	3	3	0
4	LED should be driven by the Central Government	7	14	17	44	16	2
5	LED should be driven by the Central Government	25	40	12	15	5	3
6	Local Government supports the private sector in this district	17	57	12	8	3	3
7	LED is about general public works that support the local economy	19	50	13	12	3	3
8	The Ministry of Local Government has done enough to educate people about LED	8	15	17	40	15	5
9	LED is about practices to improve the economic and tax base of a locality in order to eradicate poverty through deliberate income generation	21	53	15	7	2	2
10	The LED policy is accessible to all that need it	8	18	16	33	19	6

Source: LED KAPs survey, 2018.

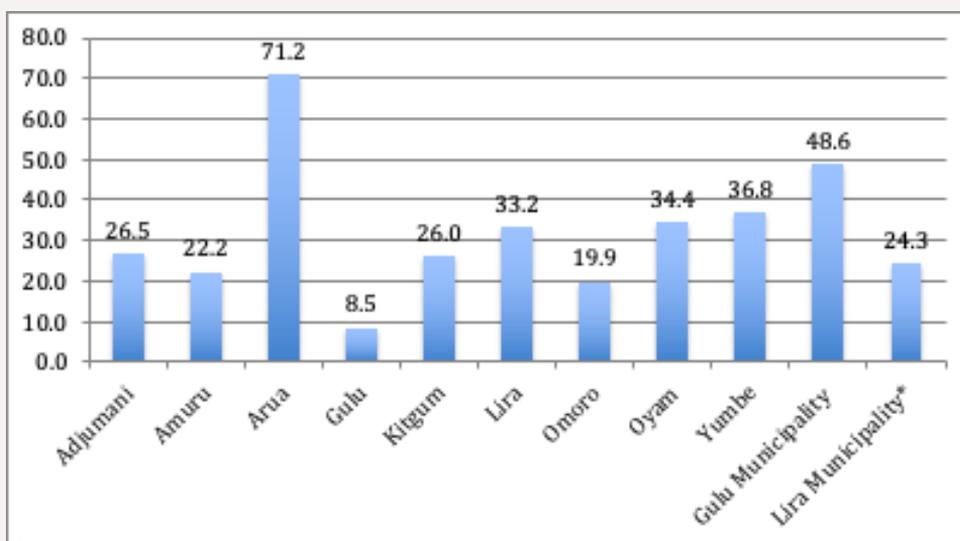
### 4.2.3 Local Government Capacity and Resources

The amount of resources available to the districts is an important factor in the delivery of services, promoting investments as well as creating a good environment for the implementation of LED. Information from the district budget framework papers and annual performance contracts showed that Arua District had the largest budget for FY 2017/18 of UGX 71.2 Bn. including transfers from the Central Government, local revenue and donor contribution.

The largest budget for Arua was due to its large land area and population among other factors. Gulu Municipality came in with the second largest budget of UGX 48.6 Bn. followed by Yumbe at UGX 36.8 Bn., Oyam at UGX 34.4 Bn. as shown in Figure 3. Gulu District (excluding Gulu Municipality) had the smallest budget of UGX 8.5 Bn., partly because it had a small geographical area and a relatively lower population size compared to the Municipality.

Information on the approved budget for Arua Municipality was not available and is, therefore, excluded from this analysis.

**Figure 3: Approved Budgets for Districts and Municipalities FY 2017/18**

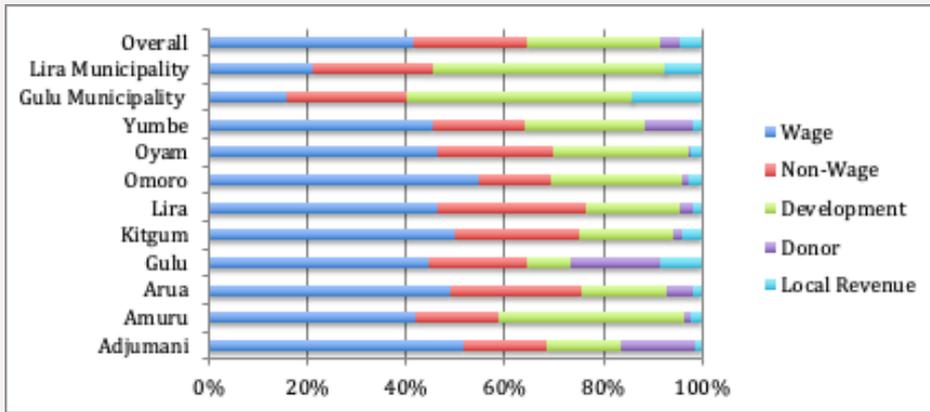


Source: Approved District Budgets for FY 2017/18.

### Sources of Funding

The sources of funding for the districts and municipalities were dominated by transfers from the Central Government including wage, non-wage recurrent and development, which account for over 90% of the district budgets for FY 2017/18. This is clearly shown in Figure 4. A large proportion of Central Government transfers were allocated to the wage component (42%) and the remainders were allocated to non-wage (24%) and development (25%). Direct Donor contributions and locally generated revenue contributed just 5% and 4% respectively.

Figure 4: Sources of Revenue for FY 2017/18

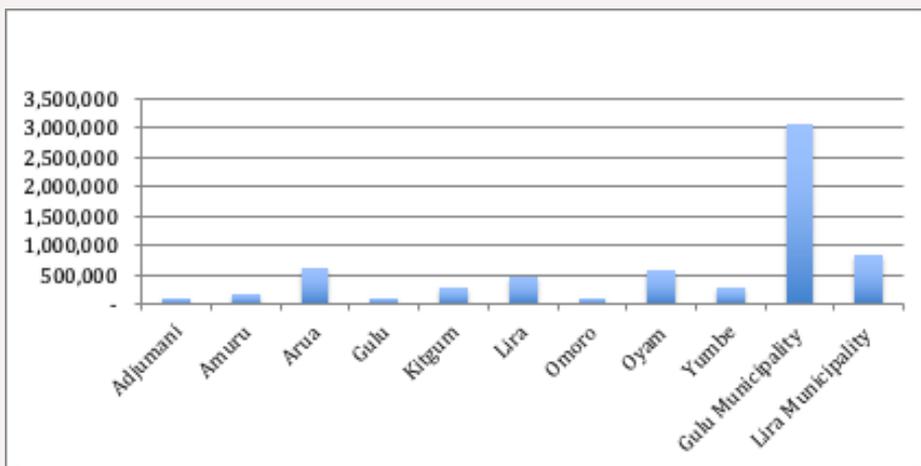


Source: Approved District Budgets for FY 2017/18.

### Local Revenue

Gulu Municipality collected the highest local revenues (UGX 3.06 Bn.) for the FY 2017/18 compared to the other Local Governments covered. This was followed by Lira Municipality at UGX 827 million and Lira District at UGX 475 million as shown in Figure 5. This pattern shows how municipalities expected higher revenues than the districts thus affirming the view that most sources of local revenue were within the precincts of the former to the detriment of the latter.

Figure 5: Local Revenue from Local Governments FY 2017/18

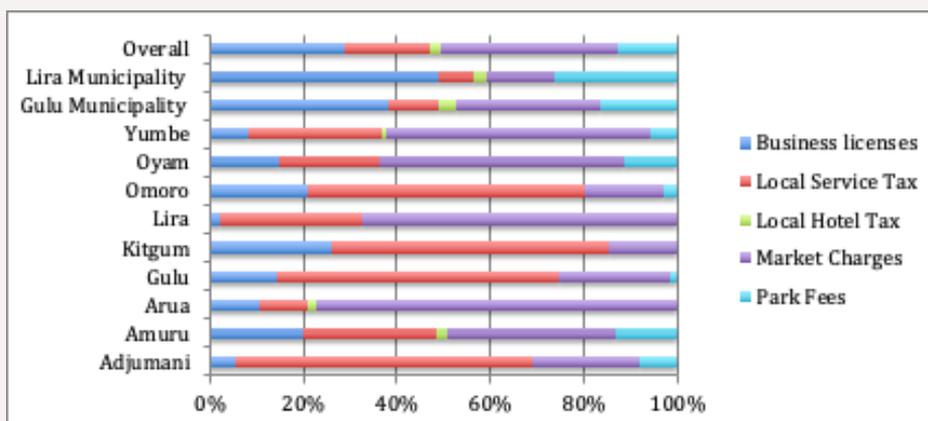


Source: Approved District Budgets for FY 2017/18.

## Sources of Local Revenue

Overall, the sources of local revenue for the districts and municipalities in budgets for FY 2017/18 were dominated by market charges accounting for 40%, followed by business licenses (25%), Local Service Tax (LST) (18%) and parking fees as shown in Figure 6. Business licenses accounted for more local revenue for the two municipalities of Lira (48%) and Gulu (38%), which are also centres of trade in the region. The financing of LED in the districts depended on the local revenue generated from the different sources as depicted in Figure 6. The funds obtained from these revenue streams depended on the level of economic activity, therefore, the district leadership had to purposely promote an enabling business environment for such activities to thrive.

**Figure 6: Sources of Local Revenue for FY 2017/18**

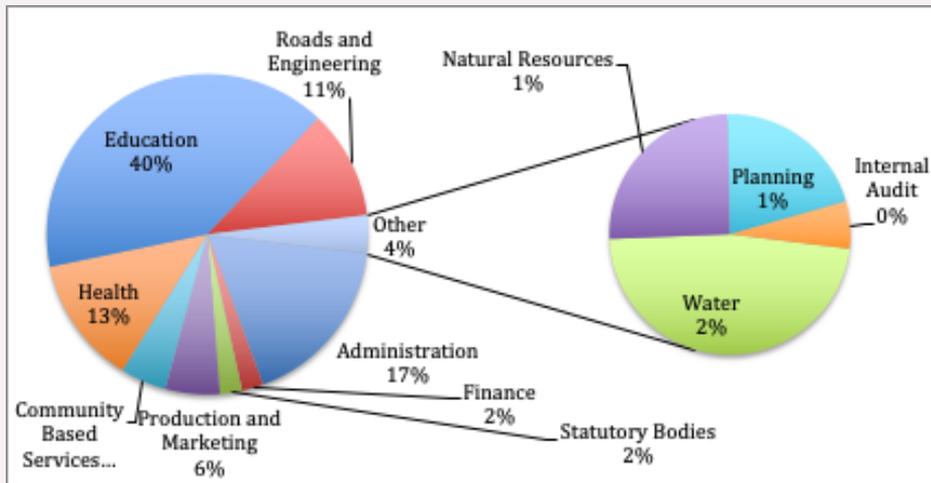


Source: Approved District Budgets for FY 2017/18.

## Resource Allocation by Districts

In Figure 7, we present the average allocation of budgetary resources to departments by the nine districts in the study for the FY 2017/18. The allocations to departments at Local Government level were dominated by education (40%), administration (17%), health (13%) and roads and engineering (11%), as shown in Figure 6. The share of the budget allocated to the drivers of LED, for instance, production and marketing (6%), and community-based services (5%) stands small, as shown below.

**Figure 7: Sector Allocation of Budgets for FY 2017/18**



Source: Approved District and Municipal Budgets for FY 2017/18.

The budget information for FY 2017/18 for the districts and municipalities showed a high dependence on transfers from Central Government. Moreover, the transfers were largely conditional leaving little room for discretion by the Local Governments. The transfers were dominated by funds for wages, which accounted for over 40% of the funds available. In terms of function, Local Government budgets were dominated by education, administration, roads, and engineering.

In FY 2016/17 the Central Government commenced the transfer of the District Development Equalization Grant (DDEG) which among other things that included commercial grants to the districts' departments of Production and Marketing. However, the DDEG was still new having been rolled out in the FY 2016/17 with major funding component of commercial grants that mostly target training.

### 4.3 Roles and Responsibilities for Non-State Actors

For Local Economic Development (LED) to take full effect in the districts, the tripartite synergies of the Local Governments, Private Sector, and Civil Society ought to come into play. This is important for harnessing the competitive advantages of each of the players as well as the resources.

Whereas the Local Governments may provide the territorial space and enabling framework for LED, they may not possess the full advantages of the private sector that is the cutting-edge business driver because of its profit-making thrust. Equally, the Civil Society Organisation play a critical role in reaching out to the citizens and are very important agents for mind-set change, a critical prerequisite for LED.

The study revealed a number of Civil Society and Private Sector engagements with LED but these differed in degree and scope. The relationships mainly took the form of alternative service providers (Civil Society) and contractors (private sector with Local Government). There was a noticeable difference between the Private Sector and Civil Society relations with the Local Governments.

Whereas the Civil Society attempted to have a regularized relationship, the Private Sector was rather *ad hoc* and driven by marked profit factors. The findings strongly suggested the need for Local Governments to strengthen the coordination mechanisms with the private sector and civil society, who were the key pillars for Local Economic Governance and therefore, key drivers for LED

#### **4.3.1 Relationship between Private Sector and Local Governments**

In some of the districts, the Private sector was quite visible and had embarked on a number of investment projects. Manifested through a number of retailing, contracting and holding bigger businesses. The private sector also had presence of local chapters of the National Chamber of Commerce and Industry (NCCI). Almost all Local Government respondents, except for Arua District, noted that there was a good working relationship between the districts and the private sector. Arua rated their relationship with the private sector as “fair” and went on to observe that there was no serious engagement between themselves and Private Sector. The district respondents recognized the need to support linkages and networking in order to strengthen and enable stakeholders’ understanding of the LED policy.

The private sector is responsible for a number of initiatives and partnerships. There were long standing private sector-district partnerships such as the Kitgum District-Olam partnership which had increased sim-sim production in the area through a tractor scheme and post-harvest handling. Another example was the linkage between Gulu District and the West Acholi Cooperative Union for constructing a bulk market with support from PRELNOR project. The Union provided land for the project. The district also had a memorandum of understanding with the Acholi Private Sector Initiative to conduct awareness creation and training. In Gulu Municipal Council, World Embrace (an NGO) helped the Municipal Council Authorities to create a green belt within the Municipality in order to preserve the catchment areas. In Lira district, the Lira District Farmers’ Association had been contracted to reach out to the farmers across the district to train them in production systems.

In some cases, the districts enjoyed “deep” relationships with the private sector to the extent of trusting them to run certain projects on their behalf. For example, Gulu District administration constructed Palaro Rice Hurling Plant and another unit in Patiko and handed them over to a private company to run on behalf of the district. Under the District Development Equalization (DDEG) grant scheme, the district was also in the process of procuring maize processing equipment for Awach Youth Group. The initiative aimed at giving business to the private sector and ensuring its growth.

### 4.3.2 Relationships between Civil Society Organisations and Local Governments

Civil Society Organisations are so vital in mobilizing communities for development. They possess a wide range of skills but they are particularly important in fostering cohesion, self-help and mind-set change. The study revealed a wide range of CSOs operating in the districts covered under the research. The Civil Society Organisations were seen to be more interested in the development discourse of the districts and in fostering the sub-regional agendas in Lango<sup>7</sup> and Acholi sub-regions. Notwithstanding the constant interface with the communities, the CSOs did not seem to have any illustrated contribution to LED as they were restricted to governance and post-conflict management. It could as well be said that the CSOs had no interaction with LED as a concept and practice and had not made optimal use of it as a critical entry point.

From the perspectives of the Government representatives, relationships with the Private Sector and Civil society were rated as good and cordial. The private sector was assisting districts to develop value chains for specific commodities.

*We have no kind of wrestling muscles between local government and the private sector. We are moving at par and we are working as a team and we are consultative in whatever we are doing. We consult the private sector and they too, consult us and we are even the ones who go to commission their programmes. We have a very strong bond between us and them.*

**[RDC, Omoro District.]**

While the relationship between the districts, the Private Sector, and the CSOs was reported to be good, the responses from the consultative meetings held with the business communities indicated that the private sector was weak. Internal coordination weaknesses characterised the private sector that hitherto, had a big presence in the towns but an undistinguishable skyline in the rural areas. The District Community Development Officer of Amuru illustrated the expectations by the private sector which included good incentives like good roads and electricity, which the districts may not always be able to provide. On the other hand, the Local Governments expected the private sector to be registered in the districts with a clear mandate and to operate within the mandate against which they were registered. Some sections of the private sector were also not keen on relating with the districts, especially, where there was no profit-making project.

With respect to LED, it was noted that the Private Sector showed less interest in Local Development, compared to the Civil Society. For example, Lira District (Focus Group Discussion) noted that the Private Sector and CSOs were only involved during the budget conferences and Council meetings. The districts openly wondered what mechanisms they could put in place to motivate the Private Sector to appreciate the LED policy.

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<sup>7</sup>The Lira NGO Forum with some of its member Organizations like Ama Cradle for Development, and GLOFORD Uganda, have been involved in the development of the Lango Agenda.

*The Private Sector seems to view any partnerships with the district as a disadvantage. On the other hand, CSOs were said not open up their budget to the Local Governments. There is a mutual suspicion that exists between the two entities. Respondents attributed the weak relationship between the Local Governments and the Private Sector to the failure by Government to implement the LED Policy and the inherent institutional framework. “You know LED structure is theory. Apart from establishing structure, the LED policy did not take off. [Key Informant, Arua.]*

### **4.3.3 Relationship between the Citizens and Local Government**

Across the entire study, there was an emerging communication challenge among the citizens and the Local Government. Information flow between the Local Governments and the citizens was constrained by over-reliance on the radio as the key means of communication and failure by the Local Governments to follow up on key programmes. However, communities shunned attending public meetings which would have been key sources of new information. Notwithstanding the heavy presence of actors in the districts studied, there seemed to be little economic trickle-down effect of programmes and results.

Local Councillors were said to have drifted from their original roles of representation to politicking. Local Governments were accused of being corrupt, hence acerbating the relationship and undermining citizen trust. One respondent in Gulu district castigated the district as follows:

*From the radio you hear them sing very well about the local community benefitting from the government projects but by the time it reaches down here, it's like a burning candle that starts well from up and eventually dies from down.*

*The local government leaders are very corrupt. When they get to power all they care about is money not serving the citizens. That kind of mind set has created a very big gap between the citizens and their leaders. [Key informant, Lira District.]*

*At times they come and say something, but the result takes long to get back to us. The relationship between the Local Government and the community is very poor. Like for instance if they bring cow for the restocking here in Acet; you find them even taking most of the livestock to their relatives. [Omoro District respondent.]*

In the absence of a keen interface between the citizens and the authorities, and in the wake of reduced citizen trust, discussions surrounding local development and destiny are compromised. Changing this status quo to a more interactive and credible rating, could be a key consideration for energizing the communities for LED.

#### 4.3.4 Coordination Frameworks and Mechanisms

For LED to take effect, it is important that Local Government, Private Sector, and Civil Society Organisations collaborate and take advantage of their synergies. The main coordination arenas are the budget conferences and quarterly meetings. All the nine districts studied noted that the Private Sector and Civil Society take part in the budget and planning consultative processes. Whereas some of the districts did not have any coordinating framework, five<sup>8</sup> out of the nine districts indicated having Memoranda of Understanding that regulated the relationships between the Districts and the Civil Society Organizations.

The identification of benefitting farmer groups was done through meetings between the farmers and the business community, under the auspices of the Chambers of Commerce. Such matters were also relayed to the District Technical Planning Committee (TPC), the District Executive Committee (DEC), and the District Council.

The Private Sector participated in a cross range of trainings for the youth and women, leveraging on its good communication networks and sharing information. For example, sharing their mass media airtime together with the Local Government to help disseminate critical information to the local community on developmental issues. Significant trust exists between the Private Sector and the Local Government.

A number of best practices and variations were noted among the districts. The outstanding ones included: (i) Kitgum holds coordination meetings with the Private Sector and Civil Society every last Wednesday of the month where all heads of departments at the district meet all the CSOs operating in the district. The meetings discussed the implementation status from the perspectives of the district and the CSOs, the challenges encountered and solutions. In Kitgum District, the Department of Production worked with OLAM (a renowned cereal buyer) and the Kitgum Farmers Association (KIDFA) to promote production of quality sim-sim and cotton through a complete value chain. (ii) Omoro District reported that they had set up, the Stakeholders' Forums that allowed the Private Sector and Civil Society Organisations to meet and discuss strategic and operational issues. The district, however, noted that the Private Sector and Civil Society agencies only turned up for such meetings, ***“when they wanted to implement certain things.” [Omoro District Planner.]***

In Gulu District, there were coordinating meetings with different sub-committees that handled specific roles. For example, there was a Food Security and Agricultural Livelihood sub-committee that brought together the different key actors in the sub-sector. Other committees were for roads and works, among others. Oyam District had constituted an Investment Committee tasked with identifying areas of investment and marketing. The committee conducted radio talk shows and public private dialogues during farmer field days.

#### Conclusion

Non-state actors played a critical role in Local Economic Development. The study found that the Private Sector and Civil Society Organisations, in the sampled districts, enjoyed good working relationships with Government. Nonetheless, both the Private Sector and

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8 Adjumani, Arua, Gulu, Omoro, Oyam

the Civil Society had not positioned themselves strategically to promote LED. Except for Arua, Kitgum, and to some extent Gulu districts, the other districts had not undertaken comprehensive stakeholder mapping to understand the competitive advantages of each one of them. In the same vein, there had not been any clear delineation of the specific roles of the Private Sector and Civil Society as critical drivers for LED.

## 4.4 Local Development Programmes

The northern region of Uganda experienced a prolonged civil war for over two decades that led to loss of lives for people in districts such as Gulu, Kitgum, Pader and Lira. Also, the war resulted into the inhabitants living in Internally Displaced Peoples Camps (IDPCs) that made it easier for Government and other relief agencies to provide security of lives and property. This meant that the inhabitants of the region vacated their lands and had to rely mostly on relief aid for their livelihoods. Given this limited access to productive resources, they were constrained to engage in economic activities.

There were a number of development programmes spearheaded by the Central Government, specifically designed for the northern region to rehabilitate people and rejuvenate the local economy after the decades of war. The Government of Uganda, in partnership with the donor community, designed a number of development program to reconstruct the local economy in northern Uganda. Among these programmes were the Northern Uganda Social Action Fund (NUSAF) III, The Project for Restoration of Livelihoods in Northern Uganda (PRELNOR), the Development Initiative for Northern Uganda (DINU), and Operation Wealth Creation.

The study findings revealed a limited number of LED initiatives but most of the government development programmes could spur LED in the districts. Among the LED initiatives, the Kitgum District - Olam partnership, had increased sim-sim production in the area through a tractor scheme and facilitated improved post-harvest handling and storage. This is a typical example of a long-standing partnership between the Private Sector and the Local Government.

In some cases, the districts enjoyed “deep” relationships with the Private Sector to the extent of trusting them to run certain projects on their behalf. For example, Gulu District constructed Palaro Rice Hurling Plant and another unit in Patiko and handed them over to a private company to run it on behalf of the district administration. Under the District Development Equalization Grants (DDEG), the district was also in the process of procuring maize processing equipment for Awach Youth Group. The initiatives were aimed at giving business to the Private Sector and ensuring its growth.

**The Northern Uganda Social Action Fund (NUSAF) III**, a World Bank funded project implemented by GoU was a build-up on NUSAF 1 and II. The overall goal of NUSAF was to enhance the recovery of the economy in Northern Uganda. NUSAF III was implemented in 55 districts in the greater north – including all the nine study districts. The overall aim of NUSAF III was to improve the livelihoods of households in the northern region through providing household income support and improving transparency and accountability in public service delivery.

**The Project for Restoration of Livelihoods in Northern Uganda (PRELNOR)**, a

development project whose overall goal was to increase income, ensure food security and reduce the levels of vulnerability of the poor and rural households. The project is implemented in nine districts in Northern Uganda: Adjumani, Agago, Amuru, Gulu, Kitgum, Lamwo, Nwoya, Omoro and Pader in a total of 25 sub-counties. In the entire study districts where PRELNOR is implemented, it was sighted as a potential enabler for LED even when it was being implemented in one sub-county like was the case in Omoro District. PRELNOR design was based on an integrated development approach to support the re-establishment of the region as a major agricultural production area. PRELNOR was designed as a post conflict response aimed at improving household livelihoods and resilience to shocks in Northern Uganda.

**Development Initiative for Northern Uganda (DINU)** is an EU funded programme<sup>9</sup> implemented by GoU with a focus on consolidating economic stability by reducing poverty levels among citizens in Northern Uganda. The DINU programme is aligned to NDP II focusing on improving financial access to SMEs in the agricultural sector, improving the quality of roads through the road rehabilitation fund, and support to the customary land tenure system as a vehicle through which local service delivery could be improved.

**Operation Wealth Creation (OWC)** aims at transforming Uganda's society by enhancing household participation in commercial agricultural production through community mobilization, equitable and timely distribution of agricultural inputs. OWC works to empower farmers throughout the agricultural value chain. In terms of scope, country wide OWC mainly focuses on the 68% small holder farmers all of whom are based in Local Governments. In other words, OWC contributes to government's goal of eradicating poverty with a major focus on the agricultural sector. At the Local Government level, OWC works through sub-county committees and parish chiefs to collect the citizens' demands and send them to the districts.

**Road Infrastructural Development Projects** that are on-going in northern Uganda act as LED enablers by opening access to markets. All the districts in the study mentioned construction of roads as one of the ongoing economic development activities. In the newly created districts like Omoro, road construction was done under so many programs. While UNRA was focusing on building the district roads, funding from NUSAF III and PRELNOR was supporting the construction of feeder roads. In Arua District, Arua – Oraba road, Enyau road, Lemerijua road and the Cathedral road were all intended for boosting connectivity to markets and improve local development.

In Gulu and Amuru Districts, the new Gulu – Atiak – Pabbo – South Sudan and the Pabbo – Atiak – Elegu roads were pointed out as projects that had opened the economic potential for the two districts. The benefits from the road connectivity between Amuru and other districts are favourable. Government's work on Awer- West Nile road and the road that connects Amuru to Nwoya are some of the examples of LED enablers.

In Oyam District, ongoing road works by Central Government include the Atapara – Otwal road, Aboke – Corner Iceme – Bobi road, and Loro – Ngai Otwal – Amoro roads. The presence of markets such as Loro market, Barrio market, Macodwogo market, and

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<sup>9</sup> EU has also mobilised other partners in this programme including: UNCDF, FAO and UNICEF.

Lela market present an opportunity for local economic development. Unlike the district authorities and the municipalities like Lira, Arua and Gulu that had a common enabler through the Uganda Support Municipal Infrastructure Development Program (USMID) that is funded by the World Bank, Adjumani district did not have many examples of ongoing road works, except the airstrip in Openzinzi – Adropi.

Overall, the findings from the study revealed very limited local economic development initiatives at Local Government level. Most of what was being referred to as the LED initiatives are in essence Central Government development programs that had very limited local participations. While the potentials for LED was evident in most of the Local Governments, there had not been matching resources (human and financial) to harness these potentials. The funding framework through the current decentralisation framework makes Local Governments more dependent on Central Government resources as local revenue collections do not account for more than 3% of the LG total budgets.

While the road infrastructure development is applauded as a strong LED enabler, it should be noted that the major road construction by UNRA focus on national roads as opposed to district and sub-county roads, many of which are impassable, especially, during the rainy season. This undermines the ability of most rural farmers who should be contributing to LED to access the markets.

Whereas the LED policy has been made public and spells out what the different stakeholders should do to actualise LED, there were varying interpretations of LED among the national and Local Government officials consulted in the study. The findings revealed that the practitioners at the local level interpreted national level interventions like OWC, UWEP, and NUSAF as LED interventions. This calls for promoting the LED policy among the stakeholders at Local Government level. Unless LED is fully understood, it becomes difficult to tap into its full potential.

## **4.5 Local Economic Potential and its Constraints**

### **4.5.1 Economic Potential of Districts**

The development of a territory largely depends on its endowment that includes its natural resources, human capital, and economic activity. The available resources, whether untapped or not fully harnessed, should be identified by the economic agents (individuals or firms) and exploited to promote development. Therefore, it is imperative for the district leadership to identify and harness their comparative advantages by using a wide range of tools and approaches such as the Participatory Appraisal for Competitive Advantages (PACA) or Local Economic and Business Assessment (LEBAs). The identified comparative advantages must be promoted to stimulate the local economy. In the context of LED, the respondents were asked to identify the economic potential of their district and they highlighted agriculture, tourism, market access which are discussed below.

#### **Agriculture**

Overall, the findings from the study revealed that the economic potential of the districts in northern region is in the agriculture and tourism sectors. The respondents cited a number of factors that promoted agriculture production in the region including fertile

soils, reliable rainfall, flat plains and presence of many rivers that could be used to provide water for irrigation. The respondents reported that about 90% of the population was engaged in agricultural production, particularly in fruit production (oranges and mangoes), grains (rice, maize, sim-sim), root crops (sweet potatoes, cassava), oil crops (sunflower, sesame), legumes (beans and soya beans), bee keeping and various animal products.

From the responses, it is evident that the northern region is a food basket within the region and beyond. This was confirmed by the Chief Administrative Officer (CAO) who reported that “Lira supplies food stuff across the northern and eastern region”. These findings reveal a concentration of production of particular crops in different districts, for instance, the FIG FGD participants in Oyam reported that the district was the leading producer of soya beans in Uganda. The respondents in Amuru reported that the district was leading in the production of rice. In the consultative meetings in Adjumani, we were informed that Adjumani was leading in the production of cassava in the West Nile region, while the major crop grown in Kitgum was cotton. It was reported that Arua had a high concentration of bee keeping and had a honey factory.

## Tourism

In reference to the tourism sector, the respondents reported presence of numerous attractive natural resources and a rich culture that can promote ecological and cultural tourism. The districts have attractive natural resources such as mountain ranges like Got Moro, Fort Patiko (Baker’s Fort) in Gulu, water springs (e.g. Amuru hot spring), scenic rock outcroppings such as the Ngetta rocks in Lira. In addition, the northern region has a rich cultural heritage that includes cultural dances such as the Larakaraka dance from Acholi. They also have a nutritious diet of millet, sorghum and Malakwang (a vegetable). All these physical features and inherent cultural resources can be used as flagships for promoting tourism in the region. In addition, the respondents suggested that their history of insurgency could also be used to promote tourism. The chairperson of Omoro District stated that:

*I have seen many countries like Rwanda, South Africa that experience war and apartheid turn these challenges to opportunities. Omoro district can be turned out to be a very powerful tourist destination because of the origin of Joseph Kony. I have personally contributed to the economy of Rwanda by paying to visit a site as entrance fees. So, to me, I would also think that where Kony originates, the rock he used, the water he first used, those can be used as tourist sites and can be gazetted. And I have requested the District Commercial Officer that they should start exploring this opportunity as one way of promoting LED in the district. [Omoro District Chairperson]*

## Market Access

It was reported that farmers in the sampled districts had a wide market both locally and regionally. Locally, the farmers were able to sell their produce to neighbouring districts, especially, in Gulu Municipality. The Municipality was considered as their biggest agricultural marketing hub offering the highest prices for their products. Regionally, farmers were able to access the market in South Sudan and the Democratic Republic of

Congo (DRC). It was reported that these markets as Durba town in DRC were lucrative, offering high prices for products. In addition, it was reported that Lira supplied food stuff across the northern region, South Sudan, and DRC. The wide market thrived on the good connectivity of the districts, especially in terms of the road network.

The Chairman of Omoro district further stated that: *“Omoro District is well connected to most of the districts in northern region such as Gulu, Kitgum, Oyam and Lira as well as South Sudan.”* There is, therefore, evidence that there is cross border trade in the region, in particular, Arua district that borders DRC. Although there were concerns over the insecurity in South Sudan in the recent past, which has reduced cross border trade in the region.

We established that the districts have agro-processing industries such as rice hullers, maize millers, and processors of soya beans owned by Mukwano Group of Companies, Mt. Meru Millers, and Nile Grow. These industries provide market for the agricultural produce which enhances local production. The resulting competition and demand for quality products will necessitate highly improved agronomic practices. On the other hand, farmers benefit more from selling to large companies because the companies provide support to farmers in forms of agricultural advisory services and the provision of farm inputs.

In the recent past, some districts such as Adjumani, Arua and Yumbe had received an influx of refugees from countries with conflicts such as South Sudan and DRC. These refugees presented an opportunity for the host communities to sell more produce to a wider market. The refugees received cash transfers and therefore had purchasing power to buy food on the market and by so doing boosted the local economy. It was reported that the refugees did not only use cash to buy food but were also involved in barter trade, exchanging their own possessions for food items.

### **Business Development Services**

The study revealed a number of emerging Business Development Services (BDS) such as banks, the District Chamber of Commerce and Industry, and farmers’ associations. These acted as platforms for private sector operations. The major commercial banks had a presence in the bigger towns of Arua, Gulu, and Kitgum. In addition, there were a number of other BDS modalities. Amuru District, for example, was in the process of constructing a modern market facility in Elegu<sup>10</sup>. The construction committee comprised of representatives from the Uganda National Chambers of Commerce and the Farmers’ Association. The District was also working closely with DFCU Bank to purchase land for building staff quarters. The arrangement was accomplished through the Bank’s Corporate Social Responsibility (CSR).

On the other hand, the Farmers Associations provide resource persons for training individual farmers. A number of districts, especially, Oyam, have signed Memoranda of Understanding with Mukwano Industries, the leading buyer of soya bean and sunflower in the region. Microfinance institutions exist in the districts but they do not focus on the economic livelihood of the poor. They work with organized groups.

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<sup>10</sup> The market is constructed jointly with the Ministry of Trade, Industry and Cooperatives.

## 4.5.2 Constraints to Undertaking Economic Activities

A number of constraints were reported that were mainly related to farming. These included low quality inputs, limited agricultural advisory services, traditional land tenure system, low domestic demand, and fluctuation of prices for agricultural products. The respondents also cited social problems, such as, poor gender relations, poor mind-set for the youth and high crime rate as constraints to undertaking economic activities.

### Poor Quality Seeds

Among the constraints related to farming was lack of genuine seeds and veterinary services. The farmers were concerned that they were not able to store enough seeds for the next planting season because most of the produce was consumed. On the other hand, the seeds supplied by the Operation Wealth Creation program often failed to germinate due to their poor quality and at times they were distributed out of the planting season. The respondents reported that farmers lacked other support such as veterinary services for animals and poultry.

### Land Tenure System

The issue of insecure land tenure system was voiced as one of the prominent constraints to increased agricultural production. Most of the land in northern Uganda was owned communally or was under the customary land tenure and therefore most ordinary citizens did not have proper land rights. The nature of land tenure system had led to land wrangling. It was common to find multiple ownership of a piece of land that had escalated land conflicts in districts such as Omoro and Gulu.

One respondent said that, *“You find that the land you are cultivating someone else is using the land”* **FGD Women Gulu**. Such improper land rights and wrangles have forced people to forfeit farming and resorted to setting up small industries that require smaller land acreage. A number of land-based conflicts were cited in Pajulu and Ewanga sub-counties in Arua district. In addition, the women had limited access and control over land because of the patriarchal culture that promoted the rights of men over women.

Women’s inadequate ownership of land limited their access to loans, given that land was the major asset they had to offer as collateral to access bank loans. One of the respondents confessed that:

*Most men in Omoro do not view women as people with equal rights over land ownership, most especially, widows. When their husbands die, all their land is taken away from them because they say they have no right over land. They say women are just visitors in homes. [A female respondent in a consultative meeting.]*

### Low Purchasing Power

Low purchasing power was cited as one of the bottlenecks to the expansion of agriculture production, especially, in remote areas in the districts of Adjumani. This finding resonates with the fact that there was a high prevalence of poverty in the northern region which implied that most households had low incomes and could not afford to buy commodities from the local market.

## Fluctuation of Prices of Agricultural Produce

The fluctuation of prices of agricultural produce was reported as a challenge that frustrated farmers and caused income instability. Farmers took advantage of the rainy season and ended up producing in abundance which led to the oversupply of agricultural products in the market, pushing the prices downward. The low prices and consequently low incomes discouraged farmers from producing in the subsequent season that lowered production and therefore raising the price. The higher prices created an incentive for more production of the commodity in the subsequent season to reap the lucrative incomes. On the other hand, the farmers complained of low prices set by the middlemen who bought the produce sometimes from the gardens and sold directly to companies.

## Poor Road Infrastructure

Infrastructure, such as, the inaccessible roads, especially, during rainy seasons, lead to delays in the delivery of products to the markets. The poor road infrastructure has undermined the competitive advantage of the districts to effectively participate in the local and regional market. As a result, farmers failed to transport their produce to the market and sold at lower prices on the farm. Also, there were complaints on low electricity penetration and irregular power supply as a huge constraint to industrial production and agro-processing in the region.

## Limited Access to Agricultural Extension Services

The respondents reported limited access to agricultural extension services as one of the constraints to increased agricultural production. Access to agricultural extension services ranked as a major form of support to farmers that had intended to build their capacity to increase agricultural productivity. It was reported that most farmers used traditional methods of farming and some had resisted modern methods, such as, use of tractor because they thought it spoils the soils. Also, farmers suffered from post-harvest handling losses because of lack of appropriate equipment and skills to store the produce.

## Poor Gender relations

Poor gender relations between men and women, especially, in relation to access and control of resources was reported as a constraint to actively engaging in economic activities. The men were concerned that when some of the women accessed money, they became disrespectful and caused tensions in their homes. On the other hand, the women reported unfair treatment from the men, who often wanted to use the money the women had borrowed from banks and other financial institutions yet they do not want to pay it back. Some women said that their husbands had become insecure with wives that accessed such money.

In one of the consultative meetings, it was reported that,

*The Volunteer Action Network (VACNET) has been supporting us with loans and now I am able to take care of my family very well because I am both the man and the woman in my home. My husband only wants to know where I get loans from and my husband feels insecure because I am now taking care of my family.*

## Youth Attitude

There were concerns that the negative attitudes of the youth towards participating in the agriculture sector, calling it “dirty” jobs, regardless of their education, was a serious constraint to promoting agricultural production in the region. It was reported that many youth preferred to participate in sports betting and gambling instead of engaging in productive activities such as farming.

## Rain-fed Agricultural Production

Another constraint cited was over reliance on rain fed agricultural production which was unreliable and had led to low production in drought periods. There were concerns that irrigation could have addressed the problems but there was limited irrigation of crops because of lack of knowledge and funds to set up irrigation systems.

## Limited Access to Credit

Access to credit was reported as one of the challenges that farmers faced in their quest to expand agricultural production. It was reported that women who did not have collateral to access bank loans or were agitated by the cumbersome and bureaucratic bank procedures, often resorted to accessing credit from microfinance institutions. The microfinance institutions often required any woman to present her husband as a guarantor in order to access the loan, which created room for the spouse to have a share of the loan. One respondent from a consultative meeting informed us that some husbands could demand for at least 40% of the money before signing the loan contract.

## Crime

There were concerns over a relatively high level of crime prevalence related to land wrangles, robbery and theft, gender-based violence, child neglect and murder. It was reported that in the recent past, security in Lira had deteriorated as manifested in the killing of businessmen and women and the stealing of properties like cars and motorcycles.

The chairperson of Lira stated that, *“two young people were killed near my home as the thieves wanted money from the small mobile money business operated by a girl of 24 years.”* Related to that, the CAO for Lira District reported that residents had lost trust in the police and instead reported crime incidents to either the office of the RDC or the military Flying Squad. The insecurity in the region was noted as counterproductive as it inhibited participation of the citizens in productive work.

## Conclusion

It is evident that the districts in the study area have comparative advantage in the agriculture and tourism sector. While the districts have registered much progress in the agricultural sector, the tourism sector remains moderately developed. In reference to the agriculture sector, there is a high production of various crops and animal products which have boosted the local economy. Several factors are responsible for driving the agricultural production in the region which include: fertile soils, a wide market and presence of large buyer companies and agro-processing industries in the area. Farmers and other stakeholders in the region are exposed to a wide market within the country (especially the northern and eastern region) and across neighbouring countries which

should be exploited to further stimulate the local economy.

Further, the region has numerous processing companies that provide a ready market for agricultural products but also support farmers to improve their production. To further stimulate economic activities in the region, any intervention should focus on addressing key constraints that include: insecure land rights, poor infrastructure and limited access to productive inputs such as good quality seeds, extension services, access to credit and water for production.

## 4.6 Inclusiveness of Local Development Programmes

One of the hallmarks of a successful development programme is its level of inclusiveness which refers to the consideration of marginalised groups such as women, youth, and persons with disabilities. Inclusive growth is premised on the need for a more holistic approach of identifying and implementing local development programmes. We note that the failure to implement the LED policy has undermined the rolling out of LED initiatives and, therefore, the development programmes in the locality for this study are mainly government, private sector, and donor driven.

### 4.6.1 Inclusion of Women

Women play a critical role in the development process and so, economic policies and programmes should deliberately target the women. The findings from the study reveal that national projects like Operation Wealth Creation (OWC) and the Uganda Women Empowerment Programme (UWEP) largely target the participation of women. Also, these Local Governments have constructed markets that have benefited women having business and are involved in trade. The targeting of women is deliberate given that the implementation guidelines require women to be involved.

In Oyam District, it was reported by a Community Development Officer (CDO) that,

*The district has done more providing financial support and inputs to different groups such as women and youth under programs like youth livelihood, Uganda Women Empowerment program (UWEP), Operation Wealth Creation (OWC). There has also been infrastructure development like construction of markets ... which have been contracted out to communities. There has also been some training on agriculture, businesses and health related issues.*

The CDO of Kitgum Municipality noted that targeting women for the OWC and UWEP follows the guidelines provided by the Central Government. He reported that, *“The Municipality has put in place clear guidelines for designing and implementing programmes that are inclusive of the marginalised groups of people.”* It is noted that the programmes targeted women as beneficiaries but did not explicitly empower them to actively participate in LED initiatives.

The mainstay for West Nile, Acholi, and Lango Sub-regions was agriculture and women were reported to be the main actors in the sector. However, women did not have explicit ownership rights over land, which constrained their level of production and participation in economic enterprises that required large pieces of land. In Lira (Amach Sub-county),

for example, women in an FGD said that, *“not many farmers have enough land for large scale farming. It is a great challenge to those who want to do farming on a large scale.”*

In reference to access to credit, the study revealed that women faced several challenges such as, lack of access to financial institutions due to long distances, lack of collateral to access loans, financial illiteracy, high interest rates, limited commercial banks coverage and lack of adequate knowledge on the services offered by commercial banks. For instance, there were no commercial banks in Oyam district.

During an FGD meeting with Women in Oyam district, it was revealed that:

*There are very few financial institutions operating within the district which makes it so hard to identify the categories of people not served, but majorly almost 95% of the total population are not served.*

Overall, the findings revealed that Gulu, Arua, Adjumani, and Moyo districts had a relatively higher level of financial access or inclusion for women than men. This negates the third LED pillar on business development services. These districts were reported to have more commercial banks, Village Savings and Loans Associations (VSLAs) and Savings and Credit Cooperative Organisations (SACCOs) compared to other districts covered by the study.

In Gulu district, the women were concerned that they were unable to access credit because they lacked collateral, as reported in FGD that,

*Men live on their family land. Women do not own land where they are married. Secondly land in Acholi is owned communally as customary land which makes it difficult for a woman to have direct access because if your husband wants to give you ownership the rest of the family members must consent, which is usually declined.*

While it is still a challenge for women to access finances from commercial banks, the women reported that they easily accessed financial services from VSLAs. This was mainly because of the uncomplicated procedures involved and that the loans were affordable. A case in point is that,

*Here, in most cases, we get loans from our small groups of VSLA. The requirements are friendly and the loans don't have high interest rates.*

***[Women FGD, Bungatira Sub-county, Gulu District.]***

Further, it was made evident that financial inclusion was hindered by financial illiteracy among women. Some women respondents had neither bank accounts nor secured any loans, due to their lack of knowledge on the benefits and the procedure of accessing loans.

The women in an FGD meeting in Bungatira, Gulu District, accepted that,  
*Here we are illiterate about the benefit of financial institutions. There is nobody who has come to teach or sensitize us about banks, account opening, how to get loans and so on. So we lack that knowledge.*

So, financial inclusion is pertinent, especially, to the investment in increasing access to finance, through providing information to women and other marginalised groups on credit availability, procedures on opening and running bank accounts.

#### 4.6.2 Inclusion of Youth

The northern region has a large youth population characterised by post-conflict trauma and are less trained than their counterparts in the other regions. As a result, the youth in northern Uganda are highly disadvantaged to participate in entrepreneurial and gainful employment activities. In the study, we identified the Youth Livelihood Programme (YLP) that aimed at empowering the youth by providing them with training and venture capital accessed by youth groups. We noted that except the YLP, no other development programmes explicitly target the youth. This appeared to be the pattern with all development programmes that were inclusive by design.

The District Commercial Officer (DCO) of Amuru noted that,

*We cannot do something completely different from what the existing government programs are doing. The youth have the Youth Livelihood Programs and the district takes them through the process of how to access this money from the program. There is a procedure they follow. These moneys are soft loans that are highly subsidized by government.*

#### 4.6.3 Inclusion of Persons with Disabilities

To consciously deal with the double disadvantage of the persons with disability who also belong to poor households, policies and programmes must deliberately include mechanisms for empowering such categories of the population. In the same vein, the GoU is committed to promoting equitable development that is inclusive of marginalised groups of people such as persons with disabilities (PWDs). All national programmes are expected to adhere to guidelines of inclusiveness and affirmative action. As implementing agencies, Local Governments reach out to PWDs to ensure that they benefit from existing government development programmes.

As such, the CDO of Amuru district reported that,

*The district has also allowed free registration for groups of the marginalized like the disabled persons and the elderly. They now have governance documents like constitutions and other documents. Those registered ones have also been given certificates of operation for one year and will renew their certificates free of charge in the following financial year.*

In Oyam district, findings show that among other marginalised groups the PWDs are mobilised into groups to benefit from on-going interventions.

The CDO of Oyam revealed that,

*The women, poor, persons with disabilities benefit from the intervention such as OWC, and UWEF. They are always mobilized in groups so that they can benefit. NUSAF also has its category of vulnerable people it supports such as widows, orphans, child headed families.*

## 4.7 Refugee Livelihoods and Impact on LED

Over the years, Uganda has established refugee settlements as opposed to camps because of its progressive policy. The settlement approach allows refugees to interact and share services with the host community. They engage in trade and benefit from each other's culture. The camp approach on the other hand, makes refugees to live an exclusive life from the host communities. Some of the refugees do not live in the settlements but informally absorb themselves into communities, especially in towns.

The “self-settlement” refugee cluster is often unregistered and difficult to include in the locality plans. Uganda's refugee policy, embodied in the Refugees Act 2006 and 2010 Refugees Regulations, has many impressive aspects: (a) opening Uganda's door to all asylum seekers irrespective of their nationality or ethnic affiliation, (b) granting refugees relative freedom of movement and their right to seek employment, (c) providing prima facie asylum for refugees of certain nationalities, and giving a piece of land to each family for their own exclusive (agriculture) use.

As a result, several refugee settlements have been established. In the districts of Northern Uganda where South Sudan refugees are hosted, and where the research was held, there are refugee settlements such as Mireiyi and Pagirinya in Adjumani, Bididi in Yumbe, and Imvepi in Arua.

The refugee policy provides that refugees should be able to enjoy rights similar to those of citizens. This, therefore, implies that they should be integrated in the existing programs and given access to services similar to those available to the citizens.

Interviews with the Ministry of Finance revealed that Central Government released extra funds to Local Governments with refugee settlements to cater for the refugee population.

*We cater for these refugees in the budget. In particular, districts that have refugees receive more funds in the budget to enable them access social services such as health care and education. We also work with communities to agree on the resettlement plan. On the other hand, we work with donors to design projects that support refugees. – [Ag. Director, Economic Affairs, MFPED.]*

The general observation was that refugees were integrated in the local economy and had access to job opportunities and paid for their labour in the districts of Adjumani, Arua and Yumbe. For instance, in Yumbe district, an FGD with women refugees revealed that the refugees participated in activities similar to those that were done by the host community:

*We are involved in casual labour such as brick-laying, working in people's gardens, building houses for others, and trade in small household merchandise, operating hair dressing saloons, selling wood fuel and local brew.*

### 4.7.1 Refugee Livelihoods

The increasing refugee population in northern Uganda was both an opportunity and

constraint to the LED efforts in the region. In the settlements covered, there were several sources of income for the refugees such as informal business transactions, casual labour, formal employment, produce from farming, remittances from relatives abroad, and sell of food rations from UNHCR.

In addition, the Office of Prime Minister (OPM) that is in charge of refugee affairs allocates pieces of land to refugees to produce basic foodstuffs to supplement the rations from UNHCR. Some of the produce is sold to generate income for other needs. The refugees however observe that land given is inadequate:

*Land given by OPM is small, sometimes not productive because it is rocky, we grow sim-sim, sorghum, peas and vegetables like onions, egg plants. [FGD, refugee women Bidibidi Refugee Settlement, Yumbe District.]*

The situation was however different in Pagirinya Refugee Settlement in Adjumani. In one of the FGDs, participants observed:

*We form groups and go to the nationals and request them to join us. We have a group of about 25 people and we have managed to get five acres of land from the nationals who are part of the group. In this group, the UNHCR gives us planting materials. We also have Village Saving and Lending Associations (VSLA) which assist us in seeking assistance from development agencies to increase our capacity. [FGD, refugee men Pagirinya, Adjumani District.]*

Refugees generate more income mainly from small business. The experience from all the settlements visited revealed that refugees engaged in buying and selling of essential commodities from both the host community markets and inside the settlements.

*We have small businesses like we call them locally “Tubolias.” We go and purchase things from wholesalers and come and resale them here. Others stock and sell food items during harvest time at a cheap price and later when the food is scarce, especially, in May and June, they sell at a good profit. The Danish Refugee Council (DRC) provides money to support livelihood projects. For example, money was given to women groups to start business and goats were given to disability groups. There are also groups formed to engage in weekly savings. Groups have also been able to start cottage industries which make items such as necklaces, wallets etc. [FGD refugee men Mireiyi Refugee Settlement, Adjumani District.]*

Uganda’s refugee policy allows well qualified refugees to seek employment. Few have been employed by humanitarian agencies as teachers and social workers. Refugees, however, complain that employment opportunities are limited.

*As refugees we do not have chances of employment but we are educated otherwise that could be our source of income. Many here have qualifications but there are no jobs for them. [FGD, refugee women Pagirinya Refugee Settlement, Adjumani District.]*

The other source of income is through providing casual labour and receiving remittances

from relatives abroad.

*They get money through casual labour, they receive money from relatives and friends from abroad, sell cakes and chapatti and some are employed by Implementing Partners. [Key Informant Bidibidi Refugee Settlement, Yumbe District]*

It was reported that refugees sell their food to get cash.

*It is easy to get food since the refugees sell some of their rations to us. Many things, such as, posho, beans, maize grains, peas and cooking oil are sometimes easily accessible and affordable at the time when they are being distributed to refugees. [FGD, refugee rural host community Men, Yumbe District]*

#### 4.7.2 Refugees' Access to Services

Refugees were found to have access to various services including but not limited to: vocational training, health and education. Among the women refugees interviewed, the issues of health and education are critical.

*There are government schools where we take our children but we have realised that our children fail a lot. We do not know whether it is because we do not have our own teachers like the nationals. In terms of health we go to the government hospital at the District. Whoever has money can go to the private clinics because there is poor treatment in the government hospital. However, in private clinics, the nationals inflate prices of drugs when they know one is a refugee. Yet, the money given to us refugees with special needs is very little. Originally, it was UGX. 17.000 but recently was increased to UGX. 30.000 per month. [FGD, Mireiyi refugee women, Adjumani district]*

In an FGD in the Mireiyi refugee settlement in Adjumani, the women reported that the provision of services has also been supplemented by development partners working under the umbrella of UNHCR. Notably, we found 'Jesuit Refugee Services (JRS) and Churches in the area of education; Medicine Sans Frontiers (MSF), Medical Teams International in the health; International Organisation for Migration (IOM) focused on nutrition of children, while the District Health Department coordinated these efforts. Similarly, the UNHCR had partnered with the District Water Department in Adjumani to sink boreholes. The Danish Refugee Council (DRC) was also focusing on recruiting and employing hygiene promoters.

## 4.8 Impact of Refugees on Host Communities

The presence of refugees in the selected districts presents both positive and negative impact economically, socially and environmentally. The districts that were hosting refugees needed to take into consideration the contribution and/or the effects of the refugee population on any of the LED strategies. Nonetheless, there were no clear mechanisms for harnessing the positive the economic potential that the refugees

presented.

#### 4.8.1 Economic Impact

Economically, refugees had increased market opportunities for the products from the host communities. The nationals also shared in the items given to refugees through barter trade. There was market for agricultural products such as cassava, beans and maize. It was also easy to get food from refugees in small quantities.

*Sometimes we buy and sell some of the non-food items sold by refugees to earn income. [FGD, refugee rural host community men, Yumbe district.]*

Similarly, the women pointed out that, business is up, there are no longer idle houses in town. Many women are involved in trading various items because of availability of the market.

*There is market for more items such as grass, construction poles, seedlings and casual labour. The price of bricks has gone up and fetches good money since more houses are being constructed in the settlement and town. [FGD, Refugee rural host community women, Yumbe district]*

In one of the FGDs with the host community, the nationals observed that,

*There is business growth because many of us are working in our small shops and in the market stalls; and the refugees buy a lot of things from us such as sugar, soap, salt and other food items like cabbage, okra. [FGD, refugee host community women, Adjumani district.]*

On the negative economic side, it was observed in one of the host communities in Adjumani that,

*Refugees have more money to buy from the national entrepreneurs than nationals can afford. [FGD, host community ATC, Adjumani district.]*

*There are also claims of inflation because of refugee presence. There are perceptions that refugees receive a lot of money from UNHCR and their relatives in USA and Europe. And that this causes inflation within the host communities. [FGD, refugee host community, women, Adjumani district.]*

#### 4.8.2 Social Impact

The relationship between the refugees and the host communities is a mixed bag. The nationals, who are more exposed and educated, tend to appreciate the plight of refugees and the need to live with them in harmony. The other nationals who may have had nasty experiences with refugees despised them as uncivilised and undisciplined communities.

Similarly, sharing and competition over common resources, such as water, grass for house construction and medical services sometimes created tension among both communities. Responses from FDGs attest to these facts.

*There is nothing like competition between us because refugees came as a result of a problem, we welcomed them and they are living with us happily. [FGD, host community men, Dadamu sub-county, Arua district.]*

In an FGD in Bidibidi refugee settlement in Yumbe, the men reported that:

*In the past there was some friction between the two communities at the water sources. But the water sources have been increased to stop the shortages. [Key informant Imvepi Refugee Settlement, Arua district.]*

*The relationship between refugees and the host community is good and the indicators are the offering of land to refugees and minimal cases of fighting. [Key Informant, Yumbe district.]*

The relationship is good, they attend meetings together, they offer land to refugees, attend occasions together however, there are few cases of conflicts over land and destruction of crops by stray animals from the host community.

There were also negative perceptions which, if not managed, could lead to conflict between refugees and the host communities. These sentiments cut across districts where refugees were hosted.

*Whenever their children come to our community, they destroy our fruits and when we talk about it; their parents come in groups to our homes to attack us. [FGD, refugee host community women, Adjumani District.]*

The host communities were not happy over the state of some roads in the sub counties. The roads in the camps were good because they had just been constructed but feeder roads in the communities were in bad state. The health services and schools in the settlements were better than those in the host community.

*The refugees do not know the road signs in Uganda. They keep right instead of keeping left. Most times refugees are oblivious to the traffic rules in Uganda and they stress other road users. [FGD, Omugo host community men, Arua district.]*

*As local people, we are disadvantaged because when we go to the health care centres the refugees are treated before us. [FGD, Azap host community, Arua district.]*

#### **4.8.3 Environmental Impact**

Environmental impact issues are diverse in scope both in terms of mitigation services and the control of those factors in the environment that may have harmful effects on people's physical, mental and social well-being. In situations of mass displacements, environmental health services become critical. These include but not limited to: adequate shelter for displaced persons; sufficient quantities of accessible drinking water; facilities for excreta and liquid waste disposal; protection of food supplies against contamination. It also involves protection of individuals in affected populations against vector-borne

diseases through vector control activities.

In terms of findings, the host communities to refugees were more concerned with the physical disruption of the environment that was likely to cause climate change. In Adjumani district, women in the host community could not hide their disappointment.

*We are not happy on environment because these refugees have been settled on land that had many trees. But all the trees are gone. They have been cut for cooking, building their houses. Adjumani is hotter than before in terms of weather. The Government is not supervising the NGOs which claim to have been planting more trees yet the trees are not visible. [FGD, refugee host community women, Adjumani district]*

Similar views are shared by the host communities in Arua.

*Trees have been destroyed, especially, for charcoal yet these trees initially were not allowed to be cut like the cultural tree species (Shea nut tree and teak tree) for solving problems in the community. [FGDs, Azapi parish host community, women and men, Arua district.]*

## Conclusion

The impact of refugees on the host communities was both positive and negative. On the positive side, refugees' presence increased production and market opportunities for food and other agricultural products. There were refugees who owned big shops that had improved the variety of trade merchandise in the host communities, a fact that was appreciated by the nationals. The establishment of various service institutions by development partners in education and health had enabled the host communities to benefit.

On the negative side, competition for scarce resources, such as water, grass, sometimes created friction between the two communities. The demand for construction materials and subsequent destruction of environment was also bringing concerns among the host communities.

These observations by host communities had prompted them to suggest that Local Governments in partnership with development actors needed to embark on a massive tree planting programme to restore the tree coverage in the host communities to a level of what it was before the arrival of the refugees. This, however, required constant sensitization of refugees about the importance of afforestation to environmental protection

## 5.1 Appropriateness of LED Initiatives

The appropriateness of LED can best be measured when the associated initiatives pass the test of its four pillars, namely: (a) community acknowledgment for mind-set change (b) provision of infrastructure and services from the locality (c) strengthening competitiveness and enterprise development and (d) strengthening of local economic governance.

Whereas the study identified a number of LED enabling programmes that are driven by the Central Government, there were very few typically LED initiatives that fulfil the four pillars of LED mentioned above, such as the Kitgum-Olam district partnership. We consider the development programmes implemented in the northern region as enablers for LED that could be further harnessed to stimulate the local economy.

Overall, it can be argued that government has invested a lot of resources in the supply side and not the demand side. Infrastructural development of roads, markets, and warehouses is a well-developed idea but it should be matched with the increased yields from farmers and other businesses for the resources to be put to optimal use. As the findings show, there is a lot of untapped potential in the three sub regions. The reason is that before investors start any business, they have to be assured that the transactional costs are competitive. Also, that the risk is not high and that the social and economic environment is favourable.

LED compliant initiatives have the potential to present spill-over effects since the sub region is interconnected. What happens in Arua (West Nile) sub-region has the potential to positively or negatively impact on what happens in the regional hubs of Gulu (Acholi) sub-region and Lira (Lango) sub-region.

To this end, the vision of the Arua Special Economic Zone (SEZ) needs to be supported and fast tracked to open more economic potential areas in the sub-region and the surrounding regions. Arua SEZ presents many local economic opportunities that could become good learning sites for other Local Governments. With all this economic potential in West Nile, the sub-region would be accessed by the Standard Gauge Railway thereby opening up the market in Mombasa, Kenya.

## 5.2 National Development Planning Effects

In 2007, Uganda transitioned from short to long term planning for a 30-year period anchored in 10-year plans and 5-year National Development Plans (NDPs). At the macro level, these plans are complemented by sector strategic plans. For the Ministry

of Local Governments, the Local Government Sector Strategic Plan (LGSSP) provides the framework for LED.

Whereas the LGSSP attempts to highlight LED as one of the MoLG strategic directions, the plan falls short of elaborating the very robust mechanisms for fostering LED actions. With this kind of lack, MDA plans are persistently failing to capture the disposition and thrust of the National Development Plan.

The resulting effect, is a seeming disconnection between a well-argued National Development Plan II that sets out a number of targets, among them: (i) increasing per capita income from US\$ 788 to US\$ 1039 by the year 2020; (ii) reducing the poverty rate from 19.7% in 2012/13 to 14.2%; (iii) reducing the number of young people not in education, training or employment by at least 20% annually.

While the economy has continued to grow at an average of 4.5% in five years to 2015/16, this rate of growth is still below the projected performance of 6.3% in NDP II to enable the country attain its development goal of transitioning into a modern economy. It is noted that the country continues to experience low investments in key growth opportunities, such as, the agriculture, tourism export promotion, and the manufacturing sector. The low performance and investment in the economy is attributed to both domestic and external economic shocks. Domestically, Uganda's agricultural sector is dominated by smallholder farmers (67%) who rely on rain-fed agriculture and still use rudimentary tools.

On the macro level, the agriculture sector received a dismal share of the budget of 3% (for the last five years) which was far below the 10% allocation as outlined in the Maputo Declaration proposed by African Union States in 2003. As such, the level of funding remained insufficient to cater for the wide range of activities geared towards improving agricultural production and productivity. This has led to underperformance of the agricultural sector and undermined the expansion of the export sector which is dominated by agricultural products. On the other hand, the country also experienced reduction in private sector credit which was supposed to act as an impetus for growth for a private sector led economy like Uganda. The contraction of private sector credit was partly attributed to high interest rates and high costs of doing business which acted as disincentives for investors who were supposed to partner with Local Governments to promote LED initiatives.

To revamp the economy, government decided to focus the national budget on financing the construction of roads as a stimulus to economic growth. However, some of the road projects were poorly executed characterised by delays and thus deferring the productivity gains that would have been reaped from enhanced infrastructure development. It should be noted that the transport infrastructure plays a key role of linking production centres (farms) to markets that could be within the district, between districts and across borders.

Another factor that has a bearing on Uganda's economic performance is the civil conflict in South Sudan which had reduced cross border trade and had increased the number of refugees in Uganda to an estimated total of 1.2 million people. Uganda operates an "Open arm" policy for refugees that entitles them to access all services and economic

opportunities to sustain their livelihoods. The large proportion of refugees have put more pressure on existing natural resources and services that required further investments to ease the pressure.

### **5.2.1 Local Government Development Plans**

The Local Government Act Cap 243, mandates all Higher Local Governments (Districts, Municipal Councils,) to prepare 5-year development plans which must also align to the National Development Plan. While this intention was applauded for creating the needed linkage between the National Development Plan and locality plans, there were still persistent inconsistencies. For example, whereas the NDP emphasised harnessing local competitiveness, the districts focused on the provision of conventional public services.

Since the NDPs have a well-developed framework for stimulating local competitiveness and therefore, propagation of LED, any disconnection between the NDP and the lower level plans (including the Sector Plans), could create planning lacunas, where national intentions were not translated into local realities. In here lies the biggest challenge for propagating LED, whose uptake at sub national level remains elusive.

Upon assumption of its planning responsibilities in 2010, the National Planning Authority changed the planning architecture of Local Governments by fusing higher and lower Local Government plans. Whereas this was quickly embraced as a faster and more holistic mechanism to Local Government planning, it discounted earlier considerations for Lower Local Governments and, to a significant extent, the Parishes as planning entities.

While acknowledging the Districts and Municipal Councils as the vanguards for planning, this shift in planning ignored the intricacies likely to be found in different localities. Some of these can only be captured in a more interactive planning framework which the Districts and Municipal Councils may not offer. The resulting effect is a dwindling role of the Lower Local Governments but which comes with another negative ripple effect of omitting the critical and unique developmental needs of the different localities. Yet, this forms the basic ethos for LED, to identify those omissions and capacity and resource requirements for unlocking the production potentials of given areas (territories).

Again, the content and inclination of the Local Government plans continues to follow the conventional approach, based on sectoral situational analyses and not Local Economic and Business Assessments (LEBAs). Inherently, the plans cater for public service provisions and do not purpose to cause economic growth or development. While this could be blamed on a slow transition from Poverty Eradication Sector Strategy Papers (PRSPs) that included the PEAP) to a comprehensive planning framework, it has also been aggravated by significant delays in implementing the LED Policy, as a catalyst.

One important dichotomy noted in this study, is the polarity between the Municipal and District Development Plans. For LED to prosper, the urban centres which offer a concentration of services (including business development services) and markets, must harmonise plans with their rural counterparts, the districts. Urban centres spur LED through concentrations of skills and as centres of information generation and exchange. To divorce their plans from the plans of the rural districts then creates a disharmony that

undermines any LED efforts. In future endeavours on implementing the LED Policy, this may be a point of recalling.

### **5.2.2 Fiscal Effects of LED**

The current financial architecture of the GoU consists of conditional grants, non-conditional grants and equalization grants. The new District Development Equalization Grant (DDEG) seeks to foster equity and deal with emerging regional and district inequities. While there is provision in the DDEG to cater for commercial and LED services, the grant was, by the time of this study, new and has only rolled for one year (as at May 2018). It was recognizable that LED was a bottom up process where local authorities harnessed their competitive advantages to mobilize resources. Given the fiscal arrangements at the time, some Central Government support was needed to roll out any LED framework.

A deeper examination of some of the laws in Uganda reveals that once consciously applied, the laws and policy frameworks can be critical LED enablers. These include the Investment Code Act 1991; the Tourist Agency (Licensing) Act, 1992; the Uganda Coffee Development Act 1994; the Uganda Export Promotion Board, 1996; the Local Governments Act, Cap 243; the Dairy Industry Act 2000; the Public Procurement and Disposal of Assets Act, 20013; the Uganda Tourism Act, 2008; the National Planning Act, 2010; the Public Finance Act, 2015; the Internal Trade Act.

Invariably, these acts regulate the provision of an enabling environment for certain services especially as key drivers for LED. For Example, the Uganda Tourism Act, 2008 stipulates as one of its mandates, the creation of the Uganda Tourism Board which shall among other things, “formulate, in cooperation and in consultation with the private sector and relevant entities, a marketing strategy for tourism in Uganda; to implement the marketing strategy and to promote Uganda as an attractive and sustainable tourist destination; to encourage and promote domestic tourism within Uganda.”

The other LED enabling legislative frameworks include the URA Act that deals with assessment, collection and management of domestic taxes (VAT, PAYE, revenue taxes, corporate tax), customs and excise duties. The Act provides vital guidelines and lessons in the way of improving tax administration and management even at local level. The Financial Institutions Act and Micro Deposit Taking Institutions Act (2003) that guide and regulate the operations of both bank and non-bank financial institutions under overall regulation and guidance of the Bank of Uganda. These acts have gone a long way in the creation of a strong financial sector that provides a wide range of financial services to the public and relate directly to Business Development Services as pillars for LED.

### **5.2.3 Planning Modalities**

Uganda employs a mixture of planning approaches and methods. The commonest applied is participatory planning which has its roots in the early social mobilization strategies introduced by UNICEF in the 80s (South West Integrated Project Report, 1989). While these modalities emphasize the need to capture citizens “*felt needs*”, the planning menu has remained biased to public investments which may have or not have any strong correlation with local economic development. As such, the key LED drivers, such as, the Private Sector and to some extent Civil Society, are not harnessed as

resource and skill givers. The planning approaches and modalities have not opened space to the new entrants – the variety of LED tools, such as, Locality and Business Assessments, profiling, private sector dialogues, aggressive marketing (including leveraging on the e-market place).

## Conclusion

Overall, Uganda has a comprehensive macro-economic planning framework whose basic tenets rhyme with the principles of Local Economic Development. While the National Development Plan lays out a very strong LED intent and direction, there is no matching permeation of such intent to the sector strategic plans at MDA levels and importantly, the Local Government plans.

Planning approaches remain conventional and more leaning to private sector investments. There is little, if any, attention to mind-set change and self-help to tap into indigenous knowledge and resources. For example, most respondents were still lamenting about the Lord's Resistance Army (LRA) war which had limited their participation in economic activities.

The continuous emphasis of sectoral approach to planning, especially, at the Local Government levels, robs our planning model of the needed exaltation of the locality as a development unit and one that has its unique particularities. While Government has outlined the methodology of zoning, mainly in the agricultural sector, the zones have not taken effect.

## 5.3 Role of Stakeholders in the Implementation of LED

The LED approach is by design a collaborative approach to economic development which promotes partnerships between government, the private sector and communities. Uganda is governed under the decentralisation system of governance which has two tiers: the national and the sub-national (local) government referred to as districts. Therefore, there should be specific roles attributed to each of the levels of governance.

In view of the LED framework, Local Governments are supposed to be the implementing agencies while the national government performs a supportive role. Local Governments must be empowered with more access to productive resources, such as, financial, physical, political power, personnel, and infrastructure. The findings in the study revealed that District Councils possess the political power to oversee the provision of public services in the districts but the technocrats do not have sufficient authority to collect sufficient revenue. This proves that decentralisation in Uganda achieved more of the political than the fiscal decentralisation. This mismatch is partly the result of Central Government retaining the collection of the lucrative local taxes and therefore rendering Local Governments to constantly rely on government transfers instead of local revenue.

Uganda's private sector is a key stakeholder in the implementation of LED because it plays a major role in resource mobilisation, income generation and employment creation. It is the dominant sector of employment, although most of the businesses are micro, small and medium (MSMEs) they still play a pivotal role in the growth processes. In the study area, most of the businesses were agriculture related, either in production or trade

or agro-processing. Therefore, any targeted support to the private sector in northern Uganda needs to focus on promoting agricultural production, post-harvest handling and marketing. Local Governments in collaboration with the national government should aim at creating an enabling business environment for private sector development in the region. This can be achieved through the provision of strategic infrastructure (e.g. roads, electricity and water) and other complementary services such as health centres and schools, as well as, the provision of market information to increase the volume of economic activities in the region. On the other hand, Local Governments need to engage with the private sector in the formulation, implementation and execution of LED projects. These collaborations can be further strengthened through establishing public-private partnerships that will harness local resources to generate income and employment opportunities.

LED is a community driven approach to economic development. It ought to include communities in the design, implementation and evaluation of development programmes. Local Governments should mobilise communities to fully participate in the LED initiatives which makes the citizens to own the programmes or project and thus ensure their successful implementation.

Notably, most resources are privately owned including land and firms (SMEs). Some of the SMEs are household enterprises and therefore, Local Government is required to mobilise communities and organise them into groups, either cooperatives or unions to promote well planned local development. Also, since households involved in agriculture production have limited business acumen and adherence to appropriate business practices, the Local Government will need to empower communities through building their capacities in business skills and mentoring them to improve agricultural production and productivity as well as enterprise performance. Local Governments should outline the indicators that they could use to measure local economic growth.

## **5.4 Implication of Refugee Communities on Implementation of LED Initiatives**

Quite often, refugees are perceived as objects (people who just need help) rather than subjects (economic actors in charge of their destiny) of history. Yet experiences from refugee host settlements and host communities show that indeed refugees are actively engaged in generating income to supplement the humanitarian assistance from development partners to cater for their livelihoods. The question of income and livelihoods for both refugees and host communities is critical because the challenge of development is to improve the quality of people's lives. Although a better quality of life calls for several things, including higher standards of education, health, nutrition, a cleaner environment and equal opportunities, the most basic of these requirements is higher income or purchasing power. Improved incomes for the host communities and refugees is a foundation for stability and peace and for the durable solutions to the refugees, particularly, local integration and repatriation.

Apparently, the refugees and host communities are equally engaged in livelihood projects and business enterprises which if supported could enhance the income generating opportunities. These activities range from production of food stuffs, carpentry, milling,

brick making, cake baking, retail and wholesale trading.

Similarly, the scaling up of infrastructure development will improve the environment to engage in profitable activities that are critical anchors for LED. The said infrastructure basically includes roads, health and educational facilities, skilling and associations that would promote mind-set change.

Furthermore, the existence of large numbers of refugees has implications on the environment. At the settlement level, it raises environmental health issues. In the host communities, degradation of environment through search for cultivable land, construction materials and water has created fears of climate change. That is why it is prudent to suggest that all actors in the study area should support sustainable environmental projects such as provision of clean water, massive tree planting, and waste disposal management. It is also appropriate to recommend that the GoU through OPM, in partnership with Local Governments and other stakeholders should identify livelihood projects to boost incomes of both refugees and host communities. These initiatives should go hand in hand with projects of long-term nature to enable citizens generate income and protect the environment in a sustainable manner.

## 6.1 Conclusion

The study has revealed that the area of study has economic potential mainly in agricultural production and tourism. To a great extent the agricultural production potential has been exploited with the concentration of production of fruit (oranges and mangoes), grains (rice, maize, sim-sim), root crops (sweet potatoes, cassava), oil crops (sunflower, sesame), legumes (beans and soya beans) and bee keeping. On the other hand the tourism potential has remained untapped and presents an opportunity to further stimulate the local economy.

The farmers in the region face several challenges, such as, poor road infrastructure, drought, low and fluctuating prices of agricultural products, traditional land tenure system and crime that have undermined the expansion of agricultural production in the region. Despite the challenges, there is a high presence of private sector participation with companies such as Mukwano Group of Companies, Mt. Meru Millers, Nile Grow and Nile Breweries operating in the region and buying produce from the farmers.

The region is also exposed to a wide market both within the country and across borders to neighbouring countries, such as, South Sudan and DRC. In addition, the northern region has had stimulus to the local economy through the implementation of development programmes including: the Northern Uganda Social Action Fund (NUSAF I-III), the Project for Restoration of Livelihoods in Northern Uganda (PRELNOR), the Development Initiative for Northern Uganda (DINO) and Rural infrastructure development projects among others.

Harnessing local competitiveness in Uganda requires significant knowledge of LED processes and tools. The KAP survey revealed that only 45% of the respondents had a good understanding of the LED concept. This indicates a need to sensitize and retool district leaders with the knowledge and skills that will be important for implementing LED. It requires local authorities to develop LED Strategies; developing agency profiles; setting up and equipping LED Forums; undertaking Business Clinics and implementing LED Catalytic Projects that may include PPPPs.

Granting that LED is outlined as Performance target for Local Government managers (Town Clerks and Chief Administrative Officers), its actual implementation requires grounding work in proven LED approaches and tools, such as, the Local Economic and Business Assessments (LEBAs), Locality Assessments (LOCAs) and Participatory Appraisal for Competitive Advantages (PACA). These are expensive undertakings for an ordinary Local Government with an already constrained budget but very important to undertake in order to determine the competitive advantage of the locality.

The GoU made a bold step to formulate an LED Policy as the key milestone in embracing an alternative approach to economic development. The existence of a stand-alone policy on LED, developed in 2014, would ordinarily give sufficient maturity for its objectives and structures to be effected. While the policy is applauded for a good lay-out and worthy intention, it is still largely unimplemented and seems to be fast losing its cutting-edge qualities that triggered its inauguration. The National LED Policy elaborates a comprehensive institutional framework that has largely not been adopted by various stakeholders and operationalized except in a few donor-supported districts. Among these, is the National LED Propagation Team (NPT) which was anticipated as the designated platform for driving and implementing LED. The NPT still remains dysfunctional owing to budget and resource limitations and therefore needs reactivation.

At the district level, the requisite institutional capacity and skills for LED remain weak, with no strong home for the Commercial Officers who play the role of LED Focal Point Persons. There have been some institutional adjustments<sup>11</sup> at MoLG to create a LED Department but the department is not yet staffed and therefore formed. Similar adjustments were made at the Local Government level to create a fully-fledged department of Commerce, Industry and Local Economic Development and Tourism. These changes have not yet been effected. The establishment of the Department for Commerce, Industry and Local Economic Department at the district and Municipal levels has been slow to come and undermines the country's impetus for LED.

LED forums as local drivers and champions exist but in select Municipal Councils and Districts. The LED Resource Teams, which would be critical platforms for LED propagation at the Local Authority levels, are not fully formed and functional and must quickly be augmented with local LED champions across the government, civil society and the private sector.

The roles of different non-state actors in the propagation of LED remain hazy and just incidental to their existence in the respective Local Governments. Local Economic Development, as a people centred concept, aims at strengthening the tripartite relationship among major local economic actors (the Local Government, the Private Sector and the Communities). Nonetheless, the role of the private sector and the academia is to enhance entrepreneurship, research and development skills respectively but they have not given sufficient outputs. Importantly, government financing does not stretch to the Private Sector except in contractual relationships, yet the Private Sector has a crucial role in propelling LED. Moreover, traditional service delivery lacks direct flexibility for business development, economic profiling, support to Business Forums, Ecotourism and resource mobilizing for non-traditional investments. Notwithstanding the potential operational synergies within the different LED actors, a lot of work needs to be done in terms of firmly rooting LED coordination mechanisms, especially, amongst Central Government agencies and to create a "*coalition of the willing*," between the Private Sector and Civil Society.

The resounding conclusion of this study is that Local Economic Development (LED) is the desired alternative to public service delivery and a possible game changer for development in Uganda. LED currently sits at the centre of ongoing debates within

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11 New LED Structures were justified and approved by the Ministry of Public Service, but they are not yet implemented.

government, the development partners and the general public for Uganda, as the country faces a worrying reversal in poverty trends. Different studies have been done and some are ongoing, to find the best fit for LED in Uganda and how to reactivate discussions surrounding the LED policy framework.

This study notes that to build a strong local economy, good practice dictates that each community undertakes a collaborative process to understand its competitive advantages. This should be backed by a candid analysis of the area's strengths, weakness, opportunities and threats. The competitive advantage analysis process is still lacking in Uganda, particularly, in the districts of the study. This is compounded by a varied and limited understanding of LED amongst the Local Government managers, with the majority not differentiating LED from routine service delivery. LED lacks clear strata of champions and skills for the different levels of Government and non-state actors.

## **6.2 Recommendations**

The recommendations made are based on the findings, concept of LED, and roles of different stakeholders. The LED approach is a bottom-up strategy to economic development aimed at stimulating the local economy and advocates for Local Governments to spearhead the implementation of LED in the districts.

District authorities will need full support from Central Government, especially, from the MoLG that performs an oversight role for the Local Government leaders. Also, given that LED is a multi-sectoral approach, government ministries, such as, the Ministry of Finance, Planning and Economic Development, Ministry of Lands, Housing and Urban Development, Ministry of Works and Transport, Ministry of Water and Environment, Uganda Revenue Authority and National Planning Authority need to embrace LED as an alternative to service delivery and provide support to the Ministry of Local Government and the district leadership. This move will create a conducive business and regulatory environment to boost LED.

### **6.2.1 Implementation of LED at the District and Municipal Council Levels**

The districts and municipalities are mandated as Local Governments to develop plans and allocate resources for development. In this regard, comprehensive joint LED planning to consolidate these plans through appropriate partnerships building should be facilitated to strategically trigger activities for understanding and appreciating the LED approach and policy in Uganda such as:

- i) The concept and policy of Local Economic Development is not well understood by all key stakeholders. Utmost, LED is misconstrued to include centrally driven livelihood programmes. The Ministry of Local Government in partnership with the Districts and Development partners should rollout a programme to sensitise all key stakeholders on the LED approach and policy.
- ii) The Districts which do not have established coordination organs and frameworks and mechanisms, such as, the National LED Forums, LED Resource Teams, and quarterly LED stakeholder meetings for possible involvement of the civil society and the private sector in LED activities should establish them as a matter

of important. Such frameworks should be well documented and regularised with the districts.

- iii) For LED to be sustainably anchored in the Local Government Development Frame-works, there is need to engage communities to catalyse LED from the grassroots level. Communities must be mobilised through self-help drives to participate in the formulation, marshalling of resources and implementing LED initiatives to unlock the production potentials of the respective localities. Any LED initiative must align with the competitive advantage of the northern region which lies in agriculture and tourism.
- iv) The success of LED at Local Government level will depend on the full establishment, orientation and equipping of the Department for Commerce, Industry and Local Economic Development who will act as the pressure-point for LED at the district and Municipal Council levels.
- v) Whereas the Civil Society Organisations have attempted to have a regularized relationship with the Districts, the Private Sector is rather adhoc and driven by profit factors. Local Governments should streamline and strengthen the coordination mechanisms with the private sector and civil society, who are key to the realisation of two LED pillars on Business Development Services and Local Economic Governance and therefore, key drivers for LED. This should take into consideration, the fact that such mechanisms may differ between districts, given the different interests of the private sector and CSOs.
- vi) Local Governments should seek support from development partners to improve the tripartite relationship between Local Governments, the Private Sector (business community) and the civil society, in line with the PPP policy. This support would target the establishment and the operation of coordination frameworks and networking forums. For example, Local Governments should design projects that will make the district business or private forums vibrant as avenues to share business ideas and strategies.
- vii) Local Governments should exercise their power and authority to make business investments by leasing land in accordance with the law. Such decisions should also be guided by the existing traditional land tenure systems.
- viii) The Ministry of local Government should make the LED structures functional. This will enable sensitization of citizens a reality, especially, in a situation where there is a weak interface between the citizens, authorities and reduced citizen trust.

## **6.2.2 Local Economic Potentials and Business Opportunities**

Northern Uganda is richly endowed in agricultural production as seen from a number of factors which include: fertile soils, reliable rainfall, flat plains and a presence of many rivers that can be used to provide water for irrigation. Due to its strategic positioning, sharing borders with two countries and given its rich heritage, Northern Uganda can be a market and tourist hub for Uganda. The large private sector presence in northern Uganda is a springboard for building a strong coordination mechanism between the Local Government and non-state actors. The resulting tripartite synergies will facilitate the harnessing of resources. However, an important consideration will be to encourage the private sector to form associations that will serve as platforms for engaging with

government. Local Governments with support from the Ministry of Local Government and other development partners should:

- i) Support farmers by making genuine planting materials (animal breeds) and other farm inputs such as pesticides more accessible to farmers. The provision of farm inputs needs to be localised to allow timely delivery of the materials but also to allow local farmers to participate in the provision of tested planting materials that are suitable for the soils and resilient to the climatic conditions.
- ii) Implement the zoning or cluster policy for respective crops. Farmers in each district should be guided on the most appropriate crops to produce to achieve maximum yield but also benefit from specialisation which is likely to result in increased production and thus increasing the participation of farmers in the regional and global market.
- iii) Support farmers both technically and financially to procure mini irrigation kits to enable them mitigate drought shocks that lead to fluctuations in production. As an advantage, the northern region has a number of water bodies (rivers and lakes) from which the water for irrigation can be obtained.
- iv) Encourage formation of farmers' cooperatives which can be derived from existing structures, such as, farmer's groups and business fora. Given that most farmers are smallholder farmers they need to be organised into a big group in order to pool resources (e.g. financial resources and personnel), harness expertise and increase the bargaining power for setting prices for agricultural products. Such cooperative groups will be able to provide the institutional infrastructure to mobilise farmers to marshal resources and access markets. Related to this, the cooperatives would provide farmers with a forum where they can contribute ideas to expand agricultural production, such as, developing a marketing strategy to access new markets. Successful examples for benchmarking on this model exist in other districts like Isingiro.
- v) Make the land rights for the various forms of land tenure systems more secure, especially, for women. The common land tenure system in northern region is communal land ownerships, that is susceptible to encroachment and illegal acquisition. Consequently, there is need for the procedures to access communal land in northern Uganda to be fair, transparent and accessible in the public domain. Alternatively, there should be a mechanism either through the Local Government or traditional authorities (chiefdoms) to provide exclusive land rights to those who want to invest in the land.
- vi) The Ministry of Local Government in collaboration with the Ministry of Lands, Housing and Urban Development should study and recommend to government the necessary land reforms to boost LED. Such reforms will, however, be appreciated with wide consultations and deep involvement of land owners and users.
- vii) The Ministry of Local Government, in liaison with development partners should undertake a competitiveness mapping for Northern Uganda districts in order to inform future LED interventions. Early opportunities for LED initiatives like the Gulu Grain Hub should be studied further and actualised.
- viii) Increase women's access to productive resources like training, credit, value

addition and land.

- ix) Take deliberate steps to harness tourism potential. There are attractive natural resources and a rich culture in Northern Uganda that can promote eco-tourism and cultural tourism. The districts have attractive natural resources and heritage like Got Moro mountain ranges, Fort Patiko (Baker's Fort) in Gulu, water springs e.g. Amuru hot spring, scenic rock outcroppings such as the Ngetta rocks in Lira. In addition, a rich cultural heritage with cultural dances such as the Larakaraka dance from Acholi...These physical features and cultural heritage articles should be used as flagships for promoting tourism in the region.
- x) The Government of Uganda should actualise the LED fund to finance viable projects.

### **6.2.3 Integration of LED Policy with National Priorities**

The effective propagation of LED in Uganda will require a strong policy and legal framework upon which subsequent LED strategies will be anchored. Nonetheless, care should be taken to ensure that Central Government continues to play a support role apart from directly driving LED.

- i) The Ministry of Local Government should fast track the creation LED Department Office at the centre to champion LED agenda with well stipulated roles and responsibilities.
- ii) The Ministry of Local government should organise deliberate discussions on locally generated projects through success stories and peer learning at community levels. Such success stories should be documented and shared with a cross range of stakeholders for learning.
- iii) The Ministry of Local Government should spearhead the revision of the LED Strategy to encompass the basic tenets of a Rural Development Strategy to give full context and appreciation to the LED approach.
- iv) The Ministry of Local Government together with development partners should provide knowledge and information on access to financing and financing mechanisms to locally designed projects and programmes.
- v) Creating an enabling business and regulatory environment: There is a lot of untapped potential in the three sub-regions studied, partly because of lack of a conducive business and regulatory environment. The noticeable gaps in the available infrastructure in form of good all weather roads, limited penetration of electricity and water for production require the attention of Central Government. Therefore, government, through its relevant Ministries should identify the gaps in the necessary infrastructure and mobilise funds to fill the gaps, which will boost LED in the districts.
- vi) Through OWC, Central Government should empower Local Governments to position farming as a business and serious economic undertaking that mainly targets organized farmers from whom others can learn.
- vii) As a LED enabler, OWC should ensure that markets are readily available and issues of post-harvest handling are addressed for large scale farmers to minimize losses. This will be critical in helping in fostering mind-set change with regard to positioning farming as a lucrative business.

#### **6.2.4 Inclusiveness of Local Economic Development Initiatives**

In order to effectively improve the livelihoods of communities, LED strategies should be made to consciously target the women, youth, persons with disabilities (PWDs) and refugees. Such strategies should take into consideration the unique interests of the different clusters of the marginalised groups. This can include designing strategies that have an ICT component, gender responsive enterprises and initiatives that favour PWDs.

- i) The Ministry of Local Government in partnership with development partners should take lead in identifying and orienting LED Champions, across Central Government and the selected districts and within the private sector and civil society agencies. Traditional self-help and coping systems should be reactivated. This should go hand in hand with a clear delineation of the specific roles of the private sector and civil society as critical drivers for LED among non-state actors.
- ii) There should be specific tailored interventions for participation of marginalised groups as required in actualisation of the LED concept, especially, at the District and Municipal Council levels. The participation of youth, PWDs and women in existing initiatives is inadequate. Focus on empowerment of women, for example, would be critical in the realisation of LED given their central role in agricultural production. The role of women, especially in crop production, was found to be greater than that of men.
- iii) The Government of Uganda through the Office of the Prime Minister (OPM) and in partnership with Local Governments, the Private Sector, Civil Society Organisations: UNHCR and its implementing partners should identify livelihood projects to boost incomes of both refugees and host communities.
- iv) As a support mechanism to impacts of climate change, Local Governments in partnership with development actors should embark on a comprehensive trees-for-cash programme to restore the tree coverage in the host communities to a level of what it was before the arrival of refugees. This, however, requires constant sensitization of refugees about the importance of afforestation in environmental protection. These initiatives should go hand in hand with projects of long-term nature to enable citizens generate income and protect the environment in a sustainable manner.

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# APPENDICES

## APPENDIX 1: THE LED POLICY OBJECTIVES AND STRATEGIC INTERVENTIONS

No	Strategic Objectives	Strategic Interventions
1	To promote partnerships for LED implementation	<ul style="list-style-type: none"> <li>• Developing and implementing a PPP Policy and guidelines for Local Governments to promote economic development in localities (rural and urban);</li> <li>• Mapping LED actors who are active at National and Local Level and define their roles and functions;</li> <li>• Facilitating large organizations to partner with SMEs for joint ventures, outsourcing, sub-contracting among others;</li> <li>• Nurturing and mentoring women and youth entrepreneurs to benefit from the LED initiatives;</li> <li>• Supporting the development of commercial agriculture and encourage the creation of Public Private Partnerships (PPPs) for selected crops in selected regions; and</li> <li>• Strengthening the District Investment Committee and other local fora that will discuss and develop LED programmes at the Local Government (LG) level.</li> </ul>
2	To expand the economic infrastructure for LED to thrive	<ul style="list-style-type: none"> <li>• Supporting the LGs to build, in conjunction with the private sector actors, economic infrastructure facilities like warehouses, lorry and taxi parks, industrial parks, bulking centers, processing facilities, extending power supply, etc. to promote LED activities at every LG;</li> <li>• Introducing a Local Financing Initiative (LFI), which focuses on developing large infrastructure schemes through public private partnerships.</li> </ul>

No	Strategic Objectives	Strategic Interventions
3	To strengthen National and Local Government capacities to implement LED	<ul style="list-style-type: none"> <li>• In corporate governance.</li> <li>• Carrying out capacity needs assessment at national and Local Government level to ascertain the readiness for LED planning, management, implementation and monitoring;</li> <li>• Implementing the recommendations of the capacity needs assessment. This might include restructuring the Local Governments to ensure that they are positioned adequately to manage and implement LED activities;</li> <li>• Reviewing the National Local Government Capacity Building Policy (2005) to incorporate LED initiatives;</li> <li>• Conducting tailor-made trainings on LED for various stakeholders at national and sub-national levels;</li> <li>• Developing local entrepreneurship skills for SMEs, especially those operated by women and other vulnerable segments to increase their capacity for innovation and business growth;</li> <li>• Building capacity for effective coordination of LED at national and local level.</li> <li>• Revamping and empowering the District Commercial Office as a full department with the necessary staffing and funding to implement LED activities;</li> <li>• Equipping LGs with necessary skills to negotiate and manage public-private partnership agreements;</li> <li>• Enhancing capacities of LGs to incorporate LED into their planning and budgeting processes in line with the NDP;</li> <li>• Strengthening the National LED Propagation Team and District Investment Committees/LED Forum; and</li> <li>• Advocating for best practices.</li> </ul>
4	To develop clear guidelines for LED implementation at all levels	<p>Formulating and implementing the following guidelines;</p> <ul style="list-style-type: none"> <li>• Planning, Budgeting and Financing in liaison with NPA</li> <li>• Local Economic Business Assessment</li> <li>• Preparation of Business Plans</li> <li>• Preparation of Marketing Strategy</li> <li>• District LED Strategy Formulation</li> <li>• Corporate Governance in liaison with the Uganda Institute of Corporate Governance</li> <li>• Public Private Partnerships (PPPs) in liaison with MFPED and the Private Sector</li> <li>• Monitoring and Evaluation of LED in liaison with NPA.</li> </ul>
5	To increase the level of public awareness and participation in LED interventions	<ul style="list-style-type: none"> <li>• Developing and disseminating Information Education and Communication (IEC) materials on LED to stakeholders;</li> <li>• Translating LED policies, rules, regulations, strategies, IEC materials and guidelines into major local languages;</li> <li>• Establishing strong collaboration with the media industry to develop and implement a communication and advocacy strategy to popularize LED;</li> <li>• Promoting initiatives that strengthen civic competence (education) and civil participation to empower communities to demand for better services and accountability from their leaders; and</li> <li>• Creating an interactive MSMEs website (Info portal) with modules that MSMEs can easily utilize to market their products and services.</li> </ul>

No	Strategic Objectives	Strategic Interventions
6	To create a business enabling environment for LED	<ul style="list-style-type: none"> <li>• Streamlining the business regulatory environment for example licensing, tax administration and procedures;</li> <li>• Promoting value-chains and cluster development (zoning);</li> <li>• Partnering with relevant institutions and business advisory firms to regularly produce and disseminate evidence-based data and information on LED for appropriate decision-making;</li> <li>• Instituting affordable mechanisms for business dispute resolution at the Local Government level;</li> <li>• Establishing one-stop-center for advisory services, business networking, guidance and access to financial services;</li> <li>• Supporting Local Governments to conduct local economic business assessments to form a basis for resource and local business mapping strategies, for attracting business development services to the localities and for monitoring and evaluating economic growth in the communities;</li> <li>• Developing and implementing a marketing strategy for LED for each Local Government, with special attention to locality, infrastructure and services; and business potential and competitive/comparative advantages. The marketing strategy will target local, regional and international business communities with a view to establishing business partnerships and mobilizing needed financial and technical resources;</li> <li>• Ensuring the PPDA tendering and procurement procedures enable small contractors and emerging businesses to participate in procurement and delivery services.</li> <li>• Encouraging specialized business promotion agencies to establish outreach offices at Local Government level to reduce on the cost of doing business for the local private sector;</li> <li>• Encouraging the establishment and expansion of provision of inputs for LED implementation in rural and urban areas; and</li> <li>• Setting up a system for dispute resolution at the local level through the LC courts.</li> </ul>

No	Strategic Objectives	Strategic Interventions
7	To mobilize adequate financing for LED implementation	<ul style="list-style-type: none"> <li>• Mobilizing Private Sector (Financial Institutions) to participate in LED initiatives</li> <li>• Advocating for increased Public Sector funding to LED growth-oriented initiatives</li> <li>• Soliciting for support to LED from Development Partners</li> <li>• Promoting value-chain financing to increase competitiveness for export business;</li> <li>• Creating favorable conditions for long term financing to local authorities and the private sector</li> <li>• Encouraging financial institutions to engage in MSMEs client appraisal for possible funding</li> <li>• Improving access to commodity and financial markets by women and youth entrepreneurs</li> <li>• Improving farmer's access to credit in order to facilitate the transformation from subsistence to modern commercialized agricultural production</li> <li>• Attracting micro-finance institutions to finance LED initiatives</li> <li>• Mobilizing resources for infrastructure and services required for business promotion</li> <li>• Establishing a non-conditional grant for LED financing in the national budget to be transferred on a regular basis to the LGs.</li> </ul>
8	To mainstream cross cutting issues in LED e.g. Gender, HIV/AIDS, Environment and Vulnerable segments of the population	<ul style="list-style-type: none"> <li>• Ensuring concerns of special interest groups like women, youth and people with disabilities are addressed at the initiation, design and implementation of the local community projects.</li> <li>• Establishing a reward system for best practices under the LED initiative, especially those which target the vulnerable groups and communities;</li> <li>• Addressing intra-household relations arising from successful LED implementation; and</li> <li>• Ensuring EIAs are conducted for large and small businesses to protect the environment</li> </ul>

## APPENDIX 2: PERCEPTIONS AND VOICES ON LED IN NORTHERN UGANDA

*Our only challenge is getting land otherwise we have the energy, the nationals who are cooperating with us also do not give us enough land unless we are supported by NGOs engaged in livelihoods programmes which sometimes plead with nationals in the host community to give us land as groups for cultivation. [FGD, refugee men Mireiyi Refugee Settlement Adjumani district.]*

*We were given plots of land of 50\*50 feet, that's where we build our houses and what remains, probably 25\*25; is where one can dig. But this land is very rocky. We have tried growing tomatoes, Okra, sukuma wiki, cabbages, onions but we have never harvested anything because cows destroyed them. [FGD, women refugees Imvepi Settlement Arua district.]*

*We get money from selling grass, selling charcoal, selling local brew, casual labour, selling sand, offering saloon services and selling cakes. [FGD, refugee women, Bidibidi Refugee Settlement Yumbe district]*

*In Imvepi settlement, refugees have average education, three quarters speak English language. There are also teachers and engineers employed by the actors/ development partners working in the settlement. [Key Informant, Imvepi Refugee Settlement, Arua district.]*

*Much as we appreciate the stay here in Uganda, there is a problem in terms of better employment opportunities. We get these small jobs like hygiene promoters where the salary is small yet people are highly qualified. Nevertheless, we appreciate because the little we have is because we are free and we move freely within the settlement and the host community. [FGD, Refugee men Mireiyi Settlement Adjumani district]*

*Some refugees provide casual labour as carpenters, building houses, and digging. [FGD, refugee men Mireiyi Refugee Settlement Adjumani District.]*

*In urban areas of Yumbe, more business enterprises boosted by refugee presence can be observed such as produce marketing, general merchandise, motor cycle (bodaboda) transport, selling of wood fuel, brick laying etc.. [FGD, urban men host community.]*

*They also bring their items for sale such as maize, beans, cooking oil, baby feeds. [FGD, refugee host community women, Arua district.]*

*And in return they buy fresh foods such as fruits and vegetables which are in high demand in the settlement. [FGD, refugee host community men, Arua district.]*

The NGOs which are implementing partners with the government of Uganda and UNCHR are also employing nationals, an opportunity that has boosted their income though few get such opportunities.

*Similar sentiments on inflation were also echoed in Arua District. 'The host community can hardly afford to eat green vegetables like in the past. Cabbages are sold between UGX 1000 and UGX 5,000 yet in the past it ranged between UGX 500 to UGX 2,000. [FGD, refugee host community, Congo village, Dadamu Sub-county, Arua district.]*

*In Imvepi host community a cup of beans used to sell at UGX 600 but is being sold at UGX 1,000. Prices of other items have also gone up such as sim-sim, aggregate stones for construction, all attributed to refugee demand. [FGD, Omugo host community, women, Arua district.]*

*Refugees are laying bricks, cutting down trees to burn bricks and charcoal; mining river-sand indiscriminately and sell it to the refugee agencies in the camp for construction. This has negatively affected the environment. [FGD, Omugo host community men, Arua district.]*

*In Amuru district, we have only been able to meet up to 60% of our local revenue projects as a collection is affected by mobility and evasion. Central Government orders have also undermined our ability to collect taxes especially where the president sends direct orders from Kampala. [Interview with a key informant, Amuru District LG]*

*The district is an independent Local Government where the councillors decide on what needs to be addressed first. For us we are not involved but we monitor whatever the councillors are doing to ensure that things are done as planned. The OWC usually has meeting with the CAO and LCV chairperson to inform them about the performance of schools, the state of roads so that the farmers can move their produce from their homes to the market. When roads are in a poor state, farmers can't trade easily. So the chairperson and CAO are informed so that they can take action to improve on the state of service delivery. [Interview with the key informant from Arua.]*

*Farmers who accessed funds under NUSAF II to plant oranges are now celebrating. A big harvest awaits them. Unfortunately, we do not have a factory to buy the oranges. This means that those who produced on large scale will count some losses. [Interview with OWC team in Gulu district.]*

*I can tell that the district has the authority and they have tried but there is so much politicking here. Every time government comes up with a development*

*project that needs land, residents say that government wants to grab their land for development. This stands in the way of local economic development.*  
***[Interview with key informant in Gulu district]***

*The major problem we have here is that citizens are not enterprising. They seem to be comfortable with their lifestyle. Most of them produce food for consumption and not for sale. Citizens should start looking at farming as a business. That way, they will contribute to local economic development through commercial farming. We need to invest in a campaign for mind-set change.*



## About ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank based in Uganda. ACODE's core business is public policy research, advocacy and capacity building. Since its establishment in 1999, ACODE has become one of the leading think tanks in Sub-Saharan Africa. ACODE has for the last eight consecutive years been ranked among the top 100 think tanks globally in the Global Think Tanks Index Report published by the University of Pennsylvania's Think Tanks and Civil Societies Program (TTCSP).

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