



**Impact of Refugees on Service Delivery
in Local Governments and Support to
Private Sector Development**
THE CASE OF NORTHERN UGANDA

COVER PICTURE: Vendors at Okubani Market. With support from EU, UNCDF is constructing modern structures for the market in Bidi Bidi Settlement ©UNCDF

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Unlocking Public and Private
Finance for the Poor

Impact of Refugees on Service Delivery in Local Governments and Support to Private Sector Development

THE CASE OF NORTHERN UGANDA

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Acronyms and Abbreviations

CAO	Chief Administrative Officer
CG	Central Government
CRRF	Comprehensive Refugee Response Framework
DDPs	District Development Plans
DoR	Department of Refugees
DRDIP	Development Response to Displacement Impacts Project
DSO	District Sector Officer
GCR	Global Compact on Refugees
GoU	Government of Uganda
JLOS	Justice Law and Order Sector
IDPs	Internally Displaces Persons
IGAs	Income Generation Activities
IGFT	Intergovernmental Fiscal Transfers
LED	Local Economic Development
LG	Local Government
NDP	National Development Plan
NPA	National Planning Authority
NURP	Northern Uganda Reconstruction Project
NUSAF	Northern Uganda Social Action Fund
OPM	Office of the Prime Minister
PDO	Project Development Objective
PRDP	Peace, Recovery and Development Plan
RDO	Refugee Desk Officer
ReHoPE	Refugee and Host Community Empowering
RFs	Revolving Funds
SG	Steering Group
SHGs	Self-Help Groups
STA	Settlement Transformative Agenda
SWGs	Sector Working Groups
ULGA	Uganda Local Governments Association
UNCDF	United Nations Capital Development Fund
UNGA	United Nations General Assembly
UNHCR	United Nations High Commissioner for Refugees
USMID	Uganda Support to Municipal Infrastructure Development

KEY MESSAGE

The influx of refugees into Northern Uganda has had significant impact on the capacity of the local governments to deliver services to the population that includes local communities and refugees. The remedies require revisiting the legal, policy and partnership arrangements to fully integrate the local governments that are at the core of the efforts to deliver both humanitarian and development initiatives.

In addition, the local governments need to be empowered to attract and support growth of a viable private sector to ensure adequate local economic development. This will not only create more opportunities for host communities and refugees but also increase local refugees.

Executive Summary

The objective of this study was to develop a report to support the delivery of services and sustainable inclusive development that leverages a vibrant private sector in the refugee hosting and impacted Local Government (LGs). Though the study focused on the selected LGs in Northern Uganda, the findings and resultant recommendations for policy, legal and implementation reforms are applicable across the country.

The report is part of the efforts by the Uganda Local Government Association (ULGA) with the support of the United Nations Capital Development Fund through the Development Initiative for Northern Uganda (DINU) programme to achieve the following goals:



Strengthen the management of refugees at the local level following the influx that came in from 2013 onwards increasing the potential for a humanitarian crisis.



Enhance access to basic social services by ensuring effective delivery systems by empowering the respective LGs through adequate integration of refugee management processes with the district/municipal planning, financing and implementation mechanisms.



Expand economic opportunities in the respective LGs and the entire DINU area in order to guarantee sustainable livelihoods for both host communities and refugees as the later transition to the development.



Develop environmental sustainability for both hosting communities and refugees given the increased pressure on natural resources mainly land, vegetation and water whose deterioration can increase tensions and undermine social cohesion.



Promote private sector participation in local economic development (LED) by increasing its capacity and provision of the right incentives and facilitation of investments initiatives.



Enhance the process of shifting focus from humanitarian approaches along to include development initiatives in light of the strong nexus between the two (humanitarian and development) for both refugees and host communities.

FOCUS OF THE REPORT

The study focused on the following two broad areas: the impact of the influx of refugees on service delivery; and promoting the role of the private sector for local economic development. The inflow of many refugees has multiple effects on the local economy that includes additional pressure on resources such as environment, land, finances, and human capacities used to deliver critical services. In addition, the refugees can increase pressure on the job markets as well as create opportunities for private sector investments depending on the nature of the critical enablers for its growth and impact.

The review of the impact of service delivery considered the following aspects:

- i) The nature and magnitude of social services delivered to the citizens, prior to the influx, by the LGs hosting and/or impacted by refugees in northern Uganda.
- ii) The key service delivery needs for host and refugee communities being put to refugee hosting LGs in northern Uganda.
- iii) The social, environmental and economic implications of refugee influx on basic social services delivery in the host LGs.
- iv) The social economic category of refugee that settled in the urban areas and the nature of their livelihoods.
- v) Establishment of how the different actors, including aid organizations, have supported the host LGs to meet refugee social services delivery needs as well as any existing pressing gaps that need further action.
- vi) Identification of recommendations for policy advocacy, programming and practice to enhance the capacity of refugee hosting LGs to provide social services for host communities and refugees.

The analysis of the private sector and associated key enablers for its impact was based on the following:

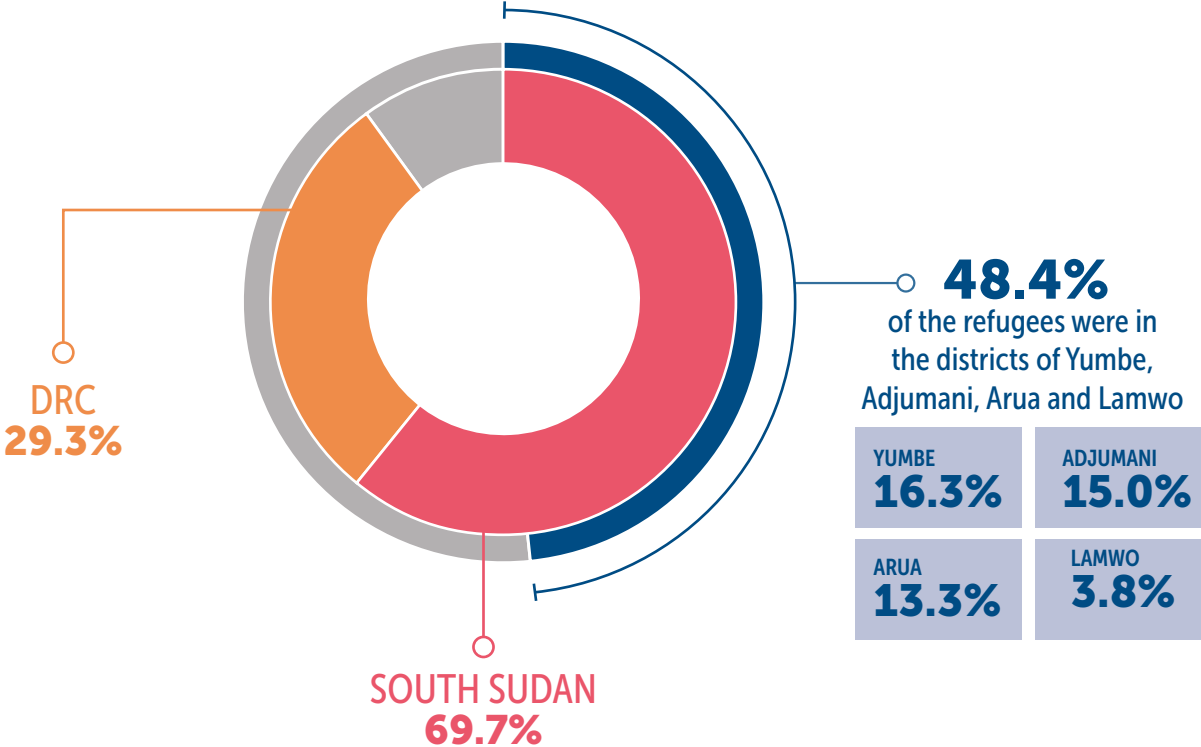
- i) Identification of the current nature of the private sector, refugee and host community engagement in refugee host areas of Northern Uganda.
- ii) A review and assessment of the key enablers for impact of the private sector engagement including partnerships, financial support, information technologies, infrastructure facilities and markets.
- iii) A review of possible effective business models for private sector engagement that can be adopted in the region including Public Private Partnerships (PPPs) at the LG to national level.
- iv) The study also provides case studies from across the region on the different models of private sector engagement that are suitable for Northern Uganda.

APPROACH TO THE STUDY

The approach involved a review of the District Development Plans (DDPs) to assess the parameters for planning and actual delivery of services. Processes for service delivery and related interventions were assessed on their ability to remain resilient in light of the influx of refugees. Reviewed the legal framework and identified needed reforms. Existing regional development initiatives such as NURP, NUSAF, NURDEF and DRDIP were reviewed in order to learn from their design and performance in terms of impacts. Reviewed performance reports by central MDAs and LGs to capture the nature, level and quality of services delivered in the period before and after the refugee influx. Interviewed specific individuals and made conclusions on specific actions that can be taken to address the welfare of both host communities and refugees on a sustainable basis. Given the high likelihood of future shocks in form of droughts, floods, and more refugees it is important that the development approaches enhance the resilience of individual households and communities in the region regardless of their status.

THE FINDINGS

The bulk of the refugees in the country at the end of August 2020 were from South Sudan and the Democratic Republic of Congo that accounted for **90 percent of the total**. It is, therefore, not surprising that the study area is heavily impacted by the presence of refugees.



There is both strength and fragility in the systems responsible for the delivery of services to the communities and the refugees in host LGs as well as those that may not have refugees but are affected by their presence in the region. The strengths are derived from the partnerships between government (central and local), and humanitarian agencies that include global institutions of the United Nations, Non-state actors in form of global and local agencies, and the private sector.

The frameworks for the management of refugees is largely informed by the principles in the Comprehensive Refugee Response Framework (CRRF) and are incorporated into the Global Compact on Refugees (GCR). This is a non-binding framework for more predictable and equitable responsibility-sharing, in recognition that solutions to refugee situations require international cooperation. The policy and legal structure involves several stakeholders who need strong cooperation and coordination systems that must be applied under both international and local legal frameworks. The management of refugees is largely a centralized process under OPM and is supported by multilateral and bilateral agencies as well as local partners. The OPM is responsible for registration of refugee and managing the resultant data through a Refugee Information Management System (RIMS).

The fact that the LGs are, by law, not central to the management of refugees and yet they are the hosts. The law, the refugee Act of 2006 and the 2011 guidelines do not provide sufficient guidance and power to the LGs to support the humanitarian and developmental phases that many Ugandan-based refugees go through. The authority given to the Office of the Prime Minister (OPM) is quite distant from the LGs

who need continuous and effective involvement and support from the polices and the law of the land. The LGs are involved in identifying land and supporting resettlement after immediate entry of refugees. They also get involved in providing basics such as food, shelter, water, sanitation, medical and security.

However, the legal framework that relies on systems that are largely driven from the center presents challenges to the LGs as it takes away the ability to fully and easily integrate interventions into local development plans. It also does not provide ample opportunities to build local capacity to respond quickly given the fluid nature of refugees.

There was significant progress made on nature and magnitude of social services delivery during the period preceding the influx of refugees.

The number of primary, secondary and tertiary schools in the region has increased significantly as well as the number of hospitals and health centers. The districts in the region had registered an increase in the number of kilometers of national and district roads that were motorable all the year round due to upgrade to tarmac or sealing with high quality gravel.

Energy transmission and distribution has led to an increase in the connections to the grid national grid as well as solar power connections. Majority of the people, over 90 percent were still relying on biomass for domestic energy. Water coverage has increased although the change is quite marginal in a number of districts. Security, peace and political stability has been consolidated despite some tensions related to sharing natural resources and cultural tensions.



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The historical disadvantages faced by the region over the decades is still visible in the relatively poor nature and magnitude of social services delivered to the citizens even before the influx of refugees.

There were gaps in key parameters such as: classroom-pupil ratio; teacher-pupil ratio; doctor-patient ratio; and relatively higher levels of poverty that were well above the national average. This was due to multiple reasons that included: limited funding, personnel, poor physical and social infrastructure (roads, energy, schools and hospitals, etc.), climate change, weak private sector and lingering impacts of previous civil strife.

The districts faced a challenge of aligning parallel processes by the Central Government, Donors, NGOs, who came with different types and levels of funding, personnel demands, and objectives. Quite often, the agencies and initiatives that come as a response to refugees are not tailored on the strategies expressed in the DDPs. Parallel processes tend to dominate operations that are heavily inclined towards humanitarian rather than developmental activities. The later are only factored in at a later time and on a reduced scale compared to the initial humanitarian efforts.

The key service delivery demands that both host communities and refugee were imposing on LGs were related to basics for both life and livelihoods.

The population was in need of opportunities for livelihoods in form of income generation activities (IGAs), infrastructure such roads, energy (mainly biomass), and actual transport equipment like vehicles, social services mainly health, education and water for domestic use. There was a clear need for additional health workers, teachers staff and related supplies for better service delivery. The humanitarian efforts were more inclined to provision of physical infrastructure as opposed to strengthening the personnel, supplies, and facilitation required by the districts to meet the increased demands arising from the inflow and high mobility of the refugees.

The weak integration of LG plans and programmes with donor and CG-led interventions was undermining the ability of the LGs to close the gaps in service delivery mechanisms.

The budgets of the LGs are already constrained with the bulk going into salaries and wages in education, public sector management and health. On average, more than 85 percent of the total LG budgets was allocated to the three sectors (education, public sector management and health), where, between 60-90 percent of it was spent on salaries and wages. Such a development has implications on building a strong and resilient service delivery system as the lack of adequate funding for development projects and undermines the ability of the district to be a viable partner in both the humanitarian and development phases of managing refugees.

The inherent and persistent challenges being faced by the LGs that ranged from planning, personnel, financial resources, and implementation of multiple programmes with little integration has created gaps in service delivery and related development outcomes.

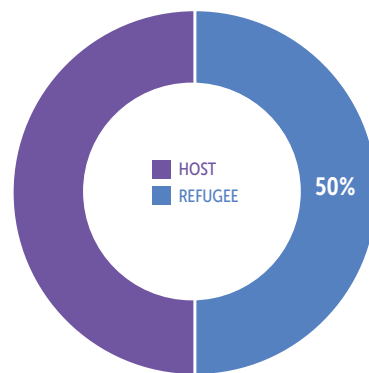
The populations are still in need of reliable, sustainable and adequate services given limitations associated with the use of conventional and sporadic interventions and projects targeting livelihood recovery and strengthening. The region has been subjected to massive development aid and loans through project approaches for the last 25 years. These include Northern Uganda Reconstruction Programme (NURP), Northern Uganda Social Action fund (NUSAF) and (DRDIP) some of which have run for more than 10 years. Despite the trillions of shillings involved, these projects have not been very impactful in terms of resolving the vulnerability of many households, which still need to rely on the State for survival. Many households are still struggling with the effects of previous wars and marginalization because of the weak and less effective service delivery systems.

The private sector has also remained small, weak and fragile hence limiting the creation and actualization of opportunities for LED.

There is no significant presence of locally-based investors who are critical for continued growth through recapitalization of business projects using retained profits. Most of the actors in processing, transport, trade and finance were from outside the region and hence had not created sufficient inertia to anchor and leverage projects for future development.

The impact of the influx of refugees on the total population in the area has been significant and amplified by weak data systems that do not support adequate planning, and the unfavorable initial conditions.

The planning and budgeting are largely based on populations estimates generated from the 2014 Census and volatile records on the number of refugees. In a number of districts, the percentage of refugees to the total population was quite significant – Adjumani (50%), Moyo (49%) and Yumbe (37%). Yet, each of these districts have high poverty levels of 37.2%, 39.0% and 53.3% respectively. Several of the districts in the region have already suffered marginalization due to poor infrastructures and service delivery, which has been amplified by the entry of refugees. Productivity in agriculture and manufacturing as remained very low due to lack of complementary resources such as skilled labor and capital.

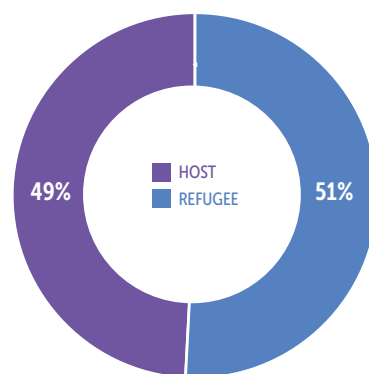


ADJUMANI
POVERTY RATE
37.2%

The influx of refugees has had significant impacts on the social, environmental and economic conditions that determine the delivery of basic social services and development.

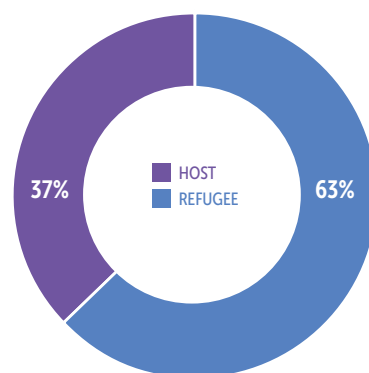
The economic distortion of planning numbers, especially in cases where number of refugees surpass or almost surpass the number of local population, makes it hard to raise the capabilities for service delivery to match the short period that characterizes the influx. There has been limited assessment of the actual or likely impacts resulting in a severe information gap to guide the planning.

The refugees have immediate implications on the degradation of the environment given their demands for land to do farming, water, firewood, construction, grazing, etc. In addition, the influx puts an immediate strain on social services across the region part of which is not addressed given the large number of refugees who settle in ungazetted areas.



MOYO
POVERTY RATE
37.2%

The influx created a sudden increase in the demand for goods and services that triggered an increase in prices, which affected the real incomes of the host communities. There was a marked deterioration in the quality and quantity of goods and services since the increased demand was not adequately matched by an increase in both financial and human resources that was amplified by the limited coordination and integration of the various efforts. The increase in the demand for economic services amidst limited opportunities for IGAs and other services continues to fuel tensions as well as poverty.



YUMBE
POVERTY RATE
37.2%

The supply side-orientation of government (provision of infrastructure, services security, etc.) has not addressed some concerns of private sector in areas of credit, business development services, production and marketing. As a result, there are difficulties hindering the private businesses from emerging and flourishing in the region.

The social economic category of refugee that settled in the urban areas and nature of their livelihoods was mainly elite and service-oriented in nature. The social classes of refugees included the affluent who do not want to stay in gazetted areas given the relatively bad conditions, as well as the very poor refugees who wish to join relatives that might have come earlier. The fairly educated and emancipated refugees tend to settle in urban areas with a hope of finding employment or setting up a business. It is worth noting that most of such refugees will already have developed some business with a good background, as well as skills and capital to grow their business.

Overall, the livelihoods of those who settle in urban areas are not dominated by agricultural practices hence the desire to avoid gazetted places where the main focus is on farming and/or livestock. Refugees in urban areas prefer to pursue non-farm based livelihoods and lifestyles given their background that is more inclined to services including trade, health, banking and insurance, IT and education.

KEY ENABLERS FOR THE PRIVATE SECTOR

The private sector is a major contributor to employment and is estimated to create almost 90 percent of jobs in the developing world (including formal and informal jobs), which makes it a powerful force for securing livelihoods and raising living standards. There is a 'catch 21' position whereby the limitations on local revenues that are linked to inadequate private sector growth are also central to the process of empowering LGs to do investment that attract the private sector. The region is yet to attract adequate private sector investments to boost LED and create enough opportunities refugees and host communities as well as increasing local revenues. The scale and volumes of production, and household incomes are quite low and unable to meet the local consumption needs, trade and attract value addition through manufacturing and industrialization.

There is limited transformation of the local economies, and rigidities in the cultural norms and practices that undermine actualization of emerging opportunities. The presence of massive tracts of unfarmed arable land was, to an extent, attributed to the dominance of women labor in farming activities while men were less engaged. Traditionally, the men were engaged in livestock rearing, which was greatly affected by the war and cattle rustling. Accordingly, most of the men have not fully transitioned to other forms of economic engagement to enhance local production through diversification into other enterprises. There is need for learning from other livelihood models from across the country and strengthening the role of cultural, religious and other community leaders to support the transition to different production initiatives. The laws and policies should support the LGs and cooperatives to promote alternatives like cassava for ethanol and start production and commercial fishing among others.

The response of the private sector investments in the region is very low despite improvements in peace, security, infrastructure, education levels and public administration. Most of the medium to large scale private sector operators setting up businesses in health, education, processing, trade and farming are not local to the region and hence tend to repatriate their profits to places like Kampala. The continued outflow of funds associated with such remittances of profits limits retention and traction of business growth.

There is limited herding effect of support businesses (insurance, commercial banking, skills training, artisans, communication, etc.) that are required for individual private business to succeed. The cost of doing business can be high if each business as to engage with service providers located outside the region. For example, provision of repairs services for tractors, processing machines and manufacture of packaging materials is largely sourced from Kampala. Industrial development and manufacturing requires complementary investments in supportive sectors such as education and research institutions, health care delivery, legal services and hospitality.

There is great potential for private sector projects that can be leveraged on existing value chain or new enterprises in production, processing, trade and service delivery. For example, the current trends in rice production and processing, collection of milk and ginning could be scaled-up to include production of crisps, yoghurt, and spinning of threads and weaving of clothes. The local cottage industry can grow and thrive through making basic products such as school uniforms, footwear, leather products such as belts, hand bags, phone cases and seat covers. The big number of Small- and medium-sized enterprises (SMEs) have potential to increase in number and scale if they can be provided with adequate resources to invest in innovation to drive processes that foster local entrepreneurship and fuel productivity and development.

The LGs have significant multiple roles to play in order to attract additional private sector entities. Besides providing physical infrastructure and public administration, LGs should provide effective policy and regulatory environment as well as strengthening the rule of law and order to ensure ethical trade and business conduct. There is need to enforce ethics in trade and responsible business models in order to enable the poor to gain from the development of competitive and efficient markets.

The private sector can create business-led initiatives, such as research and development partnerships, knowledge-sharing platforms, promote technological advances and skills transfer. However, the provision of readily available skilled human resources and contracts, which is partly in the domain of Government, can trigger a ripple effect of private sector tapping into such resources as it contributes to the resolution of other constraints such as infrastructure. The LGs should be empowered to engage in the resolution of physical, policy and business barriers to private sector involvement.

The GoU, through the CRRF, the STA and the NDP processes can create a big business environment and opportunities that will see the private sector grow to support and incorporate the refugees and host communities. The process of integration and transition from humanitarian to development initiatives requires creation of numerous business and employment opportunities for both refugees and host communities beyond private sector involvement in the provision of basic relief services. The LGs need support to improve their collaborative skills to be able to gainfully engage the MDAs based at the CG and other partners to jointly carry out needs assessment.

LESSONS AND RECOMMENDATIONS

There are a number of recommendations for changes in the design and programming to enhance LGs' capacity to provide social services for refugee and host communities.

Regarding the policy and coordination framework, there is need to revisit the legal provisions to ensure adequate involvement of the LGs. The LGs should get involved in the data collection, planning and processing activities to ensure a good basis of evidence that can be used by the government, in collaboration with UNHCR and other partners. The LGs should be able to create an environment that to integrate a number of actors including Aid organizations, NGOs, and other charitable organizations that continue to support their activities towards social services delivery needs.

In order to support the integration and enhancement of service delivery in the LGs, they should be at the forefront of the integration of refugee planning in the Settlement Transformative Agenda (STA). There is need to increase the linkages provided for in the CRRF with existing structures that already coordinate the development work of Government and the Refugee coordination model. The plans should not only look at Government to Government or non-profit non-state actors but also the profit-oriented private sector. There should be initiatives to support private sector involvement such as provision of loans, management of food vouchers, etc.

The current system has created a number of pressing gaps that cannot be easily resolved without fundamental changes in the design of interventions, their implementation and coordination as well as funding arrangements. The following aspects provide a good example for consideration:

- 1** Quite often, the support given to identify development needs and opportunities of the communities (refugees and their hosts) is programmed under special projects that are funded by global partners with limited input from the LGs. The design of the USMID project for example, does not fit the purpose it is intended to support. The conditions for qualification and disbursement were set for Municipalities, which are at a different level and have different conditions compared with LGs in fragile conditions like most of those hosting refugees. By the time of this study, the project had hardly disbursed any resources despite the glaring need for support.

It is a preference of the key stakeholders in the affected LGs that a renegotiation be made to shift implementation of the USMID component that supports districts impacted by refugees to the Ministry of Local Government (MoLG) and its affiliate agencies and Associations.

- 2** Actual service delivery is still limited by local conditions within the delivery facilities such as schools, health centers, community offices, environmental enforcement teams, etc. Many facilities lack the required human resource and facilitation due to extreme focus on the hardware of development and immediate needs for food, basic health, water and sanitation. Quite often refugee related initiatives/projects attract or require involvement of district staff, which further undermines the LG capacity. The Centre imposes additional strain on LGs by drawing on their staff to do much of the implementation or its supervision and writing of reports.

Special attention should be made to provide additional human resources to health, education and community-oriented services across the LGs impacted by refugees. The rapid increase in the population has put extra pressure as reflected in hospital and school attendance in districts such as Zombo. The appropriate response should involve provision of additional staff and supplies such as drugs, capitation grants, and facilitations for outreach services and probation.

- 3** Most of the plans and interventions are short-term yet the policy and related arrangements allow the refugees to settle and engage in long-term development activities. A lot of focus is put on improving processes of government (e.g. community participation in meetings and decision-making) but not in supporting actual engagement in production and trade by the private sector. There are several initiatives that operate as parallel initiatives to the work done by LGs. Yet, many of these would be programmed for mainstreaming during the formulation of DDPs. Accordingly, there are several fairly credible plans and systems, which have not been adequately facilitated for implementation.

The process of developing the DDPs for refugee impacted LGs should be modified to allow for the initial capturing and detailed inclusion of aspects of refugees. The process should not simply seek to amend and append development needs of refugees after the DDPs are finalized as this fails to foster effective integration of plans, resources and integration strategies.

- 4** Improving the coordination of plans and implementation requires a more flexible legal framework that grants the LGs the due status in planning for refugees and ensuring more focused interventions. Central Government-led strategies and implementation mechanisms have not built permanent and reliable capacities and ownership with the LGs to enable them transition the plans to actions and sustain the services. Specifically, projects such as USMID are supporting a lot of capacity building for physical planning, procurement, and project management outside the LG Ministry and LGs given its original design that is entrenched in the Ministry of Lands and Urban Development.

Since the refugees freely move across demarcated areas and districts, there is need for a comprehensive regional development planning framework, such as NURDEF approach should be adopted. This will allow a group of districts and regions to work together. The NURDEF initiative should be embraced and its operationalization considered for effective support as one of the main development strategies for Northern Uganda.

CHAPTER 1

Introduction

Uganda continues to receive immigrants at the rate that beyond the what is commonly reported given the relatively smaller but consistent number of people that cross the border into and out of the country at short intervals of weeks or months.



May 14, 2017. Fatima (3) and Subra (12) take cover from the rain at Kuluba Reception Centre near Koboko. Conflict and famine in South Sudan have led to an exodus of refugees into Uganda.

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1.4 million
refugees in Uganda
in 2019 following an
unprecedented mass
influx between 2013
and 2017

Quite often such people qualify as refugees but may stay for a few weeks or months during this time they may not yet have been captured in the official records. In fact, some local leaders are concerned by the use of official terminologies such as: refugees; displaced persons (internally or across the border); refugee host districts; etc. that do not allow for appropriate capture of the impacts caused by such movement of people on the resources of the Local Governments (LGs). In reality, the impacts of refugees go beyond the geographical areas that are officially recognised as hosting them. In view of the foregoing, the title for this report was adjusted to reflect two categories of LGs – those that are hosting as well as those that are impacted by refugees.

The very good practice of welcoming and hosting refugees that Uganda has exhibited for decades has few parallels across the globe. The country allows refugees to access public services, including education and health, and gives them the right to work and establish businesses. Furthermore, refugees are granted plots of land in settlements that look like villages but are free to move beyond, subject to administrative restrictions. However, the only refugees that are provided with assistance are the ones residing in the gazetted settlements. This practice has been recognised by the UNHCR as one of the most progressive refugee management systems in Africa.

In 2019, Uganda had approximately 1.4 million refugees following an unprecedented mass influx between 2013 and 2017 most of whom settled the North West and South Western parts of the country. Most of the refugees, close to 90 percent, reside in districts that are among the least developed in the country, which implies an additional strain on already limited resources and service delivery systems. A number of these districts in the greater Northern part of the country, including West Nile, are post-conflict regions that remain fragile due to other forms of insecurity and conflicts related due to many pressures such as to access, control and ownership of land. More so, most refugees in Uganda tend to stay for a very long time and almost permanently increase the population of the host districts for the foreseeable future. Notwithstanding the contribution of refugees to the local economy, service delivery in the refugee-impacted areas remain overstretched especially in arrears of health, education, security, and natural resources.

The management of the challenges associated with service delivery cannot be realized through a centralized approach given the significantly contextual differences in terms of culture, social, infrastructure, environment, and political conditions prevailing in the district. Across the country, a number of refugees are settled on community owned land, with many of them living in smaller groups among the host communities. There are also cases of self-settled refugees who are duly integrated in the communities in both rural and urban areas, with little or no official records about their presence in these locations. This contrasts greatly with districts where refugees are in gazetted settlements even though there is evidence that they too move beyond the boundaries in search of social services and income generating activities (IGAs).

The observation that impacts of refugees go beyond districts that are 'officially' supposed to host them, coupled with the fact that they can legally settle outside gazetted areas creates additional challenges to the current framework for refugee management. The quick changes that happen in the numbers of refugees and the subsequent demands and pressure put on both natural resources and service delivery systems require a review of the effectiveness of the legal and administrative frameworks. The argument is that such high frequency variables – numbers of refugees and their demands and pressures they impose on services (public and private) and natural resources – can best be applied by a more detailed involvement of the LGs.

The LGs have specific roles in stimulating and supporting the private sector by providing employment, skills training, sufficient physical infrastructure, and enabling access to financial products and services. A vibrant private sector is critical for local economic development that support development of effective and resilient livelihood strategies for both host and refugee communities. The LGs are inherently well-positioned and most suited to enhance and scale efforts by the private sector, which in turn supports refugees who may have settled in areas that are not on the official list of government.

The emerging picture is that provision of services to the host communities and refugees is much more complex than envisaged given the realities on the ground. For example, a very flexible situation that allows the refugees to temporarily and permanently settle in both known and unknown regions makes it difficult to carry out tracing and assignment of responsibilities an impossible undertaking. The challenge of ensuring an integrated service delivery mechanism goes beyond the thinking that clear lines can be drawn between refugees and host communities so as to allow the separate systems to run alongside each other with a mere provision of a coordination mechanism.

Although the central role of LGs of the refugee-hosting districts towards realization of a comprehensive response is widely recognized by the Central Government (CG) and Development Partners (DPs) alike, the current practice of managing the influx does not build on the decentralized structures. The free movement of refugees that allows them to access public services and use natural resources that are administrated by LGs, creates huge pressures on service systems that are only intended for the local communities. Particular concerns arise from the fact that the LGs, which are at the forefront of managing most of the developments within their jurisdiction, are not officially duly integrated in both the immediate humanitarian and long-term development aspects.

The role of the LGs in the districts hosting refugees needs to be clarified and mainstreamed more so as the response becomes increasingly aligned towards empowering them to become agents of their own lives and economic contributors. The increased duration of displacement over the years underlies the need for sustainable, long-term solutions that can support the uplifting of both the refugees and host communities. Although the entry of refugees in a given district attract additional resources from development and humanitarian agencies, it is often not tailored towards the long-term goals of the district and does not fully resolve the short-term challenges. Most of the donors focus on the emergency needs of the refugees in gazetted areas. On the contrary, refugees move beyond the specified areas and can stay for decades.

1.2 PURPOSE OF THE STUDY

The study set out to achieve the following objectives:

Identify and highlight the impact of refugees on service delivery in host Districts LGs and Municipalities in Northern Uganda

Profile the challenges facing practitioners arising from the policy, legal and partnership frameworks.

Identify the **role of the private sector** and the critical enablers of its impact and make proposals for better attraction and engagement of the private investments in Northern Uganda.

1.3 APPROACH TO THE STUDY

The study is based on multiple sources of information including review of reports by the different stakeholders involved in support and management of refugees. These include Government of Uganda (GoU) – both Central Government (CG) and Local Governments (LGs); Development Partners, International Agencies; Civil Society Organizations (CSOs); the Private sector and the Academia. The same entities were interviewed both physically and through telephone given the impact of the Covid-19 pandemic. Staff of the Non-Governmental Organizations (NGOs) working in the refugee settlement areas and LGs provided additional information on the realities on the ground.

CHAPTER 2

Context of the Study



South Sudanese constructing a building in Bidi bidi Settlement, West Nile Sub-region
©UNHCR

The refugees are allowed to move freely within the country, access social services, and can obtain documentation and own property. The practice has stretched local planning systems, budgets and capacities to the limit.

The very accommodative and progressive policy of Uganda that allows refugees to easily and fully integrate socially and economically into the country. The refugees are allowed to move freely within the country, access social services, and can obtain documentation and own property. They have a right to work or establish business and to have plots of land to cultivate and build houses. It is worth noting that the free movement allows refugees to go out of the settlements and freely move to other rural or urban areas to access services. The policy has exposed the facilities of the LGs that host refugees and have to provide adequate infrastructure and services to the rapidly increased population. The practice has stretched local planning systems, budgets and capacities to the limit, more so as these are some of the poorest and most underserved districts in the country.

Furthermore, the continued reduction of the humanitarian aid, which does not match with the longer term stay of the refugees, and the inadequate increase in the development aid to support the transition puts more drag on the LGs. Evidence from the LG leaders indicated that very little support is given to the LGs to support the refugees to transition from humanitarian to development. The frameworks used to support refugees do not adequately provide for the transition from parallel systems aimed at meeting the humanitarian needs to integrated systems that provide regular services to both refugees and host communities over the long-term.

2.1 BACKGROUND TO SERVICE DELIVERY IN UGANDA

The delivery of several categories of basic social services in Uganda is mandated to the LGs. There are several functions and services for which DLGs and Municipalities are responsible, subject to article 176 (2) of the Constitution and Sections 96 and 97 of the LG Act. The following services have been selected largely on the basis of their importance and relevancy to the host communities and refugees:



Education services, which cover nursery, primary, secondary, trade, special education, technical education, and adult education.



Road services including the construction, rehabilitation and maintenance of roads not under the responsibility of the Government.



Medical and health services, which include: (a) hospitals, other than hospitals providing referral and medical training; (b) health centres, dispensaries, sub-dispensaries and first-aid posts; (c) maternity and child welfare services; (d) the control of communicable diseases, and spread of all other diseases in the district; (e) primary health care services; (f) vector control; (g) environment sanitation; (h) health education.



Agricultural production and marketing services including: (a) crop, animal and fisheries husbandry extension services; (b) entomological services and vermin control; (c) the provision of seed; (d) licensing of produce buying; (e) provision of agricultural ancillary field services; and (f) the provision of measures to prevent and contain food shortages including relief works and the storage of foodstuffs.



Community-based services including probation; child protection; and mobilization for development purposes including security, health and disease prevention, education; and peace and security,

A host of other critical services including the following: (a) the development of social work among adults; (b) remedial social welfare programmes aimed at the alleviation of social distress; (c) the welfare of children; (d) human resources management and development; (e) district statistical services; (f) district project identification; (g) district planning; (h) local government development planning; (i) land surveying and administration; (j) physical planning; (k) forests and wetlands; (l) trade licences and trade development services; (m) industrial relations; (n) social rehabilitation; (o) matters to do with labour, probation and welfare; (p) street children and orphans; (q) community development including women and youth affairs; (r) cultural affairs; and (s) district information services.



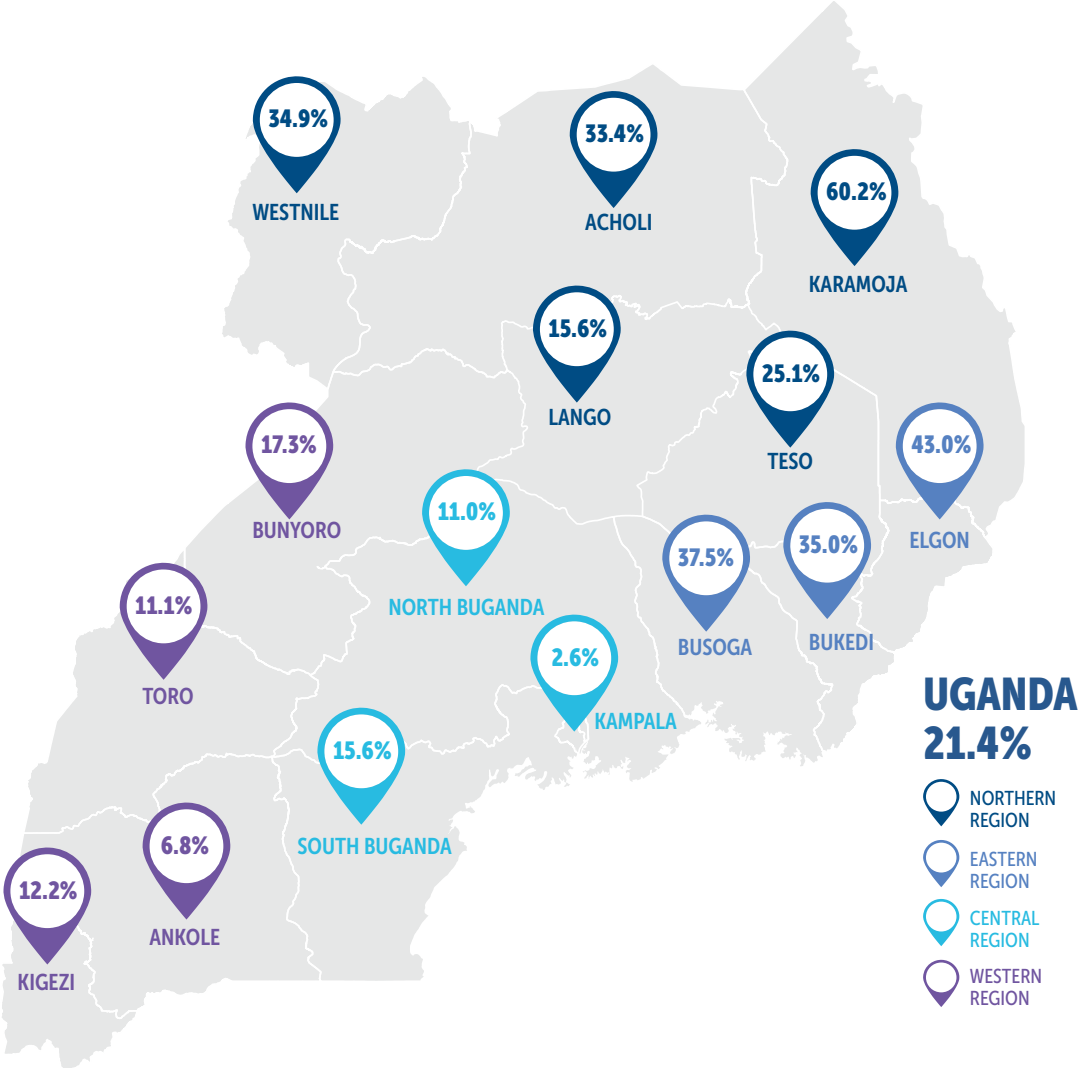
Water and Environment use and protection services that covers: (a) the provision and maintenance of water supplies in liaison with the Ministry responsible for natural resources, where applicable; and (b) taking of measures for the prohibition, restriction, prevention, regulation or abatement of grass, forest or bush fires, including the requisition of able-bodied male persons to extinguish such fires and to cut fire breaks and general local environment protection.

The list indicated above clearly highlights a lot of key service delivery needs that the Constitution and the Act mandates the LGs to offer to citizens and refugees even though the latter are not exclusively indicated. The fact that most of the services indicated above are basic to human survival and development, it is not possible for a LG to segregate refugees and deny them access when they too are duly integrated within the community. More so, Uganda does not strongly enforce the national identification requirements for anyone who needs any of the basic services.

2.2 THE POVERTY CHALLENGE

The poverty levels for all the districts are significantly above the current national average of 21.4%, which is also reflected in the poverty map (Figure 2.1) for the whole country. It is only the Karamoja sub region and parts of the East that have higher poverty levels compared to West Nile and Acholi regions. This indicates that LGs hosting refugees in Uganda have underlying significant development challenges and need special attention to integrate the matters of managing refugees into their planning and programme implementation for effective development.

Figure 2.1: Poverty map showing headcount numbers by region (2016/17)



Source: UBoS, 2019

There are inherent causes of poverty that are easily amplified by the low level of service delivery and socio-economic conditions. In the case of Lamwo district, the causes of poverty that can easily be worsened by entry of refugees include: low productivity due to poor soils and lack of inputs including extension services; high illiteracy rates; lack of access to inputs and land for cultivation; drought and environmental deterioration; and unemployment. Efforts by the LG to address these causes are undermined by poor coordination and integration with the national programming of refugees that is in the domain of the central government.

2.3 THE POPULATION AND PLANNING DILEMMA

A review of the District Development Plans (DDPs) shows a disconnect between local planning requirements and the approaches recommended by the National Planning Authority (NPA) and the realities in the refuge hosting LGs. The population used to inform the planning and development of the DDPs is based on national census data and related projections, yet the actual population on the ground, which includes the intrinsically embedded refugees has variations that can be as big as 50 percent of the total population.

Table 2.1 shows the pressure imposed by the presence of refugees in selected districts based on the data used for the USMID project. The percentage of refugees to the host population in districts such as Adjumani and Moyo is quite high at 101% and 96% respectively, while the population density is also very high for Yumbe, Koboko and Arua.

District/ Authority	Population of host District	Population of Refugees	Percentage of refugees to Total Population	Percentage of refugees to host Population	Density based on total Population	Poverty head count
Arua	782,077	247,497	24%	32%	241	35.5
Yumbe	484,822	287,087	37%	59%	320	53.3
Adjumani	225,251	226,449	50%	101%	144	37.2
Moyo	139,012	133,354	49%	96%	132	39.0
Lamwo	134,379	21,472	14%	16%	28	57.6
Koboko	206,495	4,441	2%	2%	278	47.6

Source: USMID Project Proposal



Nema Adera, a refugee from South Sudan, with her new born baby at Yiinga Health Centre III. The health facility serves both refugees and communities that host them. ©UNICEF

2.4 BUDGET LIMITATIONS AND CHALLENGES

The nominal increase in funds transferred from the CG has not been adequate to compensate for the increase in service demands due to population growth, even before the influx of refugees¹.

54%

Financing gaps in LGs, which were amplified by the abolition of graduated taxes, are estimated at

UGX 2.1 billion for the average LG²

The Intergovernmental Fiscal Transfers (IGFT) account for approximately

95%

of LG budgets, and have been declining.

13%

Decline in the LG transfer budget, in per capita terms, from its peak of **UGX 80,303 in 2002/03 to UGX 69,858 in the 2017/18**

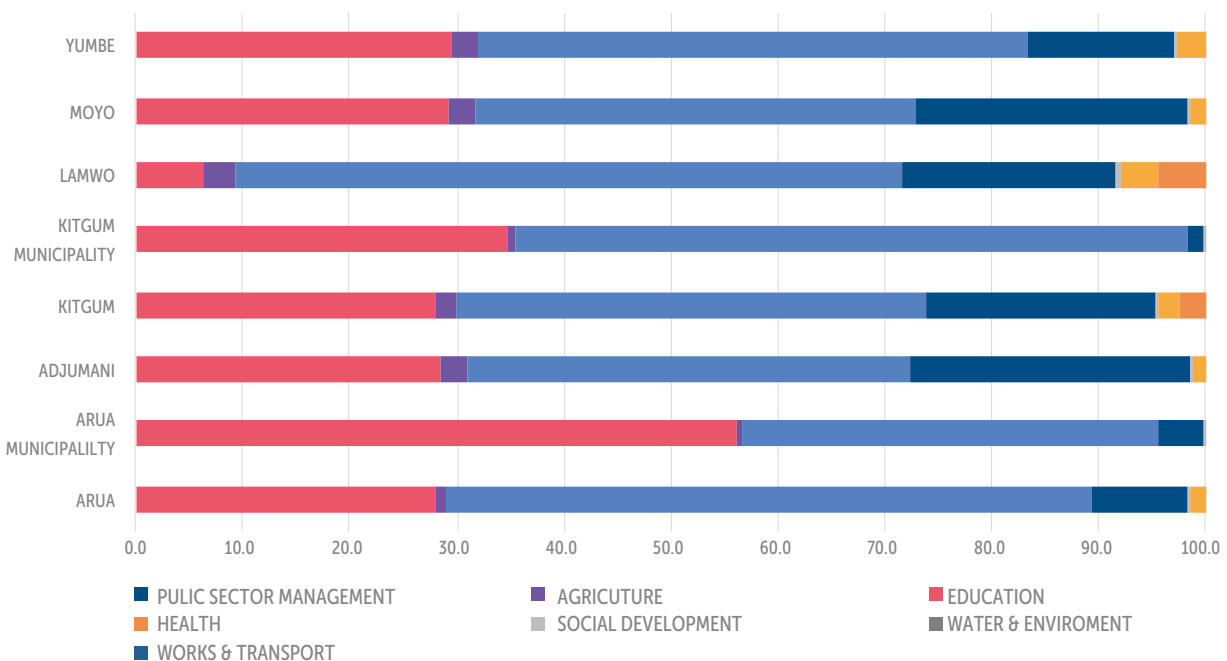
World Bank 2016. Uganda

9% of total transfers

The discretionary Development Equalization Grant (DDEG)³ transfers are low and hence have not created sufficient funds to invest in locally - determined development priorities.

The budgets of the LGs are already constrained with the bulk going into salaries and wages in education, public sector management and health. On average, more than 85 percent of the total LG budgets was allocated to the three sectors (education, public sector management and health). See Figure 2.2.

Figure 2.2: Budget allocations to selected LGs impacted by refugees



Source: Uganda Local Government Finance Commission Data base

1 From UGX 37 million in 1993/4 to UGX1.6 trillion in 2011/12.

2 Local Government Finance Commission (2012). Review of Local Government Financing: Financing Management and Accountability for Decentralized Service Delivery.

3 DDEG has replaced the Local Development Grant (LDG) as part of the broader GoU IGFT reform

The bulk of the budgets, between 60-90 percent, within the sectors that received the largest share of the allocations to the LGs was spent on salaries and wages as can be seen in Table 2.2 below.

Table 2.2: Budget allocations to salaries and wages for major sectors in FY 2016/17								
	Adjumani	Arua	Kitgum	Lamwo	Moyo	Yumbe	Arua Municipality	Kitgum Municipality
Public sector management	55	56	61		68		13	76
Education	85	83	85	85	83	84	76	45
Health	90	84	85	92	87	87	92	76

Source: Uganda Local Government Finance Commission Data base

Such a development has implications on building a strong and resilient service delivery system as the lack of adequate funding for development projects and undermines the ability of the district to be a viable partner in both the humanitarian and development phases of managing refugees.

The support from Refugee and Host Community Empowering (ReHoPE) initiative was considered as a positive intervention. The initiative provides a common programming framework for multiple stakeholders to build and strengthen ownership and capacity of LGs to ensure delivery of services to the entire population in refugee hosting districts. It is aimed at bridging the short term humanitarian response with longer term development responses, as well as building resilience and self-reliance of refugees and host communities. However, there are concerns that this initiative is not adequate and comprehensive enough to deliver lasting impacts on the capacity of LGs and other community-based systems.

The private sector has not received adequate support from the DLGs and Municipal LGs, and had little trust in LGs, due to irregularities and lack of transparency in local tax administration, obstruction of investments by district leaders, and a general perception of limited support for local private sector development⁴. There is no meaningful public private dialogue, particularly in terms of consulting the private sector in the development of local development plans. The private sector needs infrastructure investments that are better prioritized according to local economic potentials such as tourism, agro-processing, fishing, and provision of social services.

4 World Bank 2016. Uganda - Repositioning local governments for economic growth. Washington, DC: World Bank.

CHAPTER 3

Management of Host Communities and Refugees



Vicky Nauwmb, a Village Health Team (VHT) member measure the weight of a child during her routine visit to a household in Ochea village, Rhino camp settlements, West Nile - Uganda. ©UNICEF

The management of refugees in Uganda is a complex task involving several stakeholders that range from the local, national and international agencies and Governments. The mandate is shared between the CG and LGs on the side of GoU; Development Partners (DPs), NGOs/CSOs, the Private sector and Community leaders selected from among the refugees and host communities.

The complexity implies a need for strong cooperation and coordination systems that must be effective in addressing the dynamics created by movement of refugees at the grassroots. The policy, legal and institutional frameworks guiding the design and delivery of various interventions ought to support the local leaders to address the development challenges that the local population have faced over the years as well as the emerging specifics associated with the influx of refugees.

3.1 THE LEGAL FRAMEWORK AND RELATED CHALLENGES

The 2006 Refugee Act and the 2010 Refugee Regulations provide for the rights of refugees in Uganda, and allows for their integrated in settlements within host communities as well as access to basic and social services on equal terms with Ugandan nationals. The legal framework provides for the right of refugees to work, establish business, go to school, freedom of movement, access to documentation, and access to land for shelter and agriculture. Land for shelter and agriculture is often provided in areas gazetted for refugee settlement or simply identified through negotiations with host-communities and their leaders. In some areas, refugees make up more than fifty percent of the total population in the District or Sub-county.

Contrary to many other countries where refugees are held in camps, Uganda provides for settlement in villages located within refugee-hosting districts, which creates a conducive environment for pursuing development plans that jointly serve both refugee and host communities.

Part of the challenge to this development is the fact that about 20 percent of the refugees in Uganda are settled outside the official settlements areas, which makes it hard for the host LGs to plan for them. Unless there is a localised system to provide for capturing information on refugees in real time, there will always be a lag in the response that will undermine effectiveness of plans and development initiatives.

Uganda is a party to the 1951 Convention Relating to the Status of Refugees. This Convention defines a refugee under Article 1 as a person who; *"... owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it."*

The Convention among others also provides for when a person ceases to be a refugee, the rights of refugees, their obligations as well as matters concerning their welfare. The Convention is a part of International Law which creates an obligation on party states towards the wellbeing of refugees that find themselves in their jurisdiction.

By virtue of Article 2 of the Constitution of Uganda, the Constitution is the supreme law of Uganda, therefore, the Constitution prevails over any other law (including International Law). By implication, therefore, Uganda is a dualist state, and International Law does not operate automatically but requires a process of domestication and incorporation into the national legal system. In order to domesticate the 1951 Convention Relating to the Status of Refugees, Uganda passed into law the Refugees Act, 2006 which as the long title suggests was to, among others, make new provision for matters relating to refugees, in line with the 1951 Convention relating to the status of refugees and other international obligations of Uganda relating to the status of refugees; to establish an Office of Refugees; as well as to provide for other related matters.

The Act defines who a refugee is under Section 2 to mean a person who, having qualified to be granted refugee status under Section 4 of the Act, has been granted refugee status by the Eligibility Committee under Section 20 (2) of the Act, or is a member of class of persons declared to be refugees under section 25 of the Act.

A quick look through all the 48 sections of the Act, however, shows limited, if any, provision for the role of the Local Governments in the administration of Refugees affairs. The act puts the day to day administration of refugee response and management under the Office of the Prime Minister (Ministry of disaster preparedness and refugees) through the office of the refugees which is established in section.7 under the commissioner for refugees as its head. Local Governments should and ought to play a key role in the welfare of refugees because the Constitution, whose supremacy has already been emphasized above, gives them the mandate to manage affairs falling under their jurisdiction.

The Constitution, under Objective II (iii) of the National Objectives and Directive Principles of State Policy provides that the State shall be guided by the principle of decentralization and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their own affairs. Under Article 176 of the Constitution, the system of local government in Uganda shall be based on the district as a unit under which there shall be such lower local governments as parliament may by law prescribe. This therefore implies that under decentralization, the system shall be such as to ensure that functions, powers and responsibilities are devolved and transferred from the Central Government to local government units in a coordinated manner (see Art 176(2)(a) of the Constitution). The rationale for this is an inclusive approach in the governance of the state.

As already noted, it is the mandate of the state to grant or deny refugee status to any person, however where the state grants refugee status to any person, their welfare becomes a constitutional concern which involves various organs and institutions of the state, Local Governments inclusive.

Local Governments are based on democratically elected councils. Under Section 30 of the Local Governments Act, the councils have political and legislative power within their areas of jurisdiction. It is these councils that are responsible for the initiation of policies and plans for their areas. They derive this mandate from Article 190 of the Constitution, where district councils are required to prepare comprehensive and integrated development plans incorporating the plans of lower level local governments for submission to the National Planning Authority (this is re-echoed under Section 35(3) of the Local Governments Act).

The Local Governments policies must conform to the Central Government policies; under Part IX of the Local Governments Act there are provisions on inspection, monitoring and coordination of Local Governments by the Ministry responsible for Local Governments in order to ensure consistency of local government policies with the national policies and initiatives. The Local Governments Act provides for decentralization and devolution of Government functions as a means to ensure good governance and democratic participation. Under Section 35 of the Local Governments Act, the district council is designated as the planning authority of a district and any activity that takes place in any district ought to be planned for and executed by the district council to avoid an overlap with state duties.

From the review of the Refugees Act, the input of Local Governments in the planning and welfare of refugees is very minimal. It is only the composition of the Refugee Eligibility Committee, that includes the Permanent Secretary of the Ministry responsible for Local Governments or his or her representative (see Section 11(1)(e) of the Refugees Act); it is worth noting that the main function of this Committee is to consider and deal with applications for refugee status; this does not give the Local Governments representative any leeway in the decisions concerning the welfare of refugees that are settled within their jurisdictions.

The act gives the powers of decision making of refugee management and settlement to only the Commissioner for Refugees. In our view, leaving the welfare of refugees, who are scattered in various districts in the country, to the Commissioner is not only imprudent but also violates the law (the constitution and Local Government Act) and is a recipe for mismanagement.

Of concern as well is Section 44 of the Refugees Act. This provision, as already pointed out, empowers the Minister responsible for refugees to gazette settlement camps for settlement of refugees in designated areas on public land. The Refugees are obliged to settle in the designated areas save for where permission is granted by the Commissioner for Refugees on case by case basis to reside elsewhere.

These settlements increase pressure on the public goods and resources of the areas designated. This provision therefore ought to have made a requirement for the Minister responsible for refugees to consult the Minister responsible for Local Governments prior to designation of any place as a settlement area. In the alternative, the district councils ought to have been included in the process leading to the designation of settlement areas since they have the planning mandate of the district. Failure to plan for refugee settlements increases pressure on the already strained public resources of these local authorities thus leading to an apparent poor service delivery by that Local Government.

Among the Refugees' rights is a right to access employment in Uganda; right to engage in agriculture, industry, handicrafts, and commerce and establish commercial and industrial companies; as well as the right to practice their profession as authorized by law. Under the Local Government Act, a local service tax is levied on persons in gainful employment, self-employed and practicing professionals, business men and business women, commercial farmers, among others. This tax is paid to the Local Government of the place of abode. Refugees are not exempted from this tax and as a result contribute to the resource envelope of the Local Governments. These tax measures buttress the need to involve the Local Governments in the planning process for the refugees since not only are they mandated to plan for the areas of refugee settlements but in turn the refugees contribute to the revenue generation measures imposed by the Local Governments.

The challenge of the policy and legal frameworks is to support a system that will stakeholders to design interventions and translate them into a multi-stakeholder programming systems and tools that ensure adequate delivery of services. This would call for the design of interventions that are multi-year and multi-sectoral to support both host communities and refugees with coordinated delivery under government leadership, while ensuring coordinated and effective participation of line ministries, local government, humanitarian agencies, private sector and communities.



Accounts opening and card issuing by Equity Bank for households in Nakivale Refugee Settlement transitioning from cash based transactions to digital channels. ©UNCDF

3.2 STRUCTURE OF THE LOCAL GOVERNMENT ADMINISTRATION

The LG service delivery structure involves both the political and technical teams and is hinged on the Local Government Act 1997. The political structure has 1 District Council, Sub-county Councils and Town Councils. The District Council has an Executive Committee of 5 members including the Chairperson. The role of the District Executive Committee is *inter alia*, to initiate and formulate policies for approval by the District Council and oversee implementation of Government and Council policies. The members of the Executive Committee are designated as Secretaries. Normally, there are 3 standing committees i.e. Finance committee; Production, Natural resources and Technical services committee; and Social Services committee. The standing committees are responsible for monitoring and reviewing the performance of their respective sectors and then report to the Council.

The technical administrative structure is comprised of the Chief Administrative Officer (CAO) as the head of the district civil service. The rest of the team includes the Deputy CAO, Heads of Departments and other staff at both the district and sub-counties. The district is administered along departments that fall under the sectoral committees. The departments include: Administration/Management; Finance; Council and Statutory Bodies (Council, Committees and Boards); Production and Marketing; Health and Sanitation; Education and Sports; Works and Technical Services; Natural Resources and Environment; Community-based Services; Planning; and Audit.

The Central and Local Governments have joint roles to play the delivery of services to the host communities as well as refugees. At the district and/or regional level the CG and LGs are supposed to achieve the following:

- a) Integrate community-level participation into government systems (planning, implementation, and accountability);
- b) Progressively enhance the social service delivery system and capacity while integrating services with local government systems; and
- c) Support the enhancement of local government capacity to better coordinate, plan, implement, monitor, and adjust the system according to experience;

At the community level, they should empower communities to plan, implement, and account for activities that build and enhance both household and community resilience. They are supposed to adopt and promote use of the community-driven development approach with activities focused on environmental infrastructure and those that support household livelihoods (e.g., market infrastructure). The respective initiatives should translate into supportive structures at the household level by ensuring access to the multi-sectoral support and inputs needed to become resilient.

3.3 THE NATIONAL AND LOCAL LEVEL COORDINATION STRUCTURES

The mandate for the management and protection of refugees is given to the Central Government through the Office of the Prime Minister (OPM). The Refugee Act 2006 and Refugee Regulations 2010 form the basis for the protection of the rights of refugees in the country. The Government launched the Comprehensive Refugee Response Framework (CRRF) in 2017 to foster stronger cooperation among the different stakeholders involved in the various interventions and activities related to support of host communities and refugees. The CRRF is a product of the New York Declaration for Refugees and Migrants. The Declaration, was adopted by the United Nations General Assembly (UNGA) in 2016, to reaffirm the importance of international refugee rights and commitment to strengthen protection and support for people on the move⁵.

The implementation of the Declaration requires the United Nations High Commissioner for Refugees (UNHCR) to develop and initiate application of the CRRF in specific situations that featured largescale movements of refugees and protracted refugee situations. Thus, there is a specific focus on supporting countries and communities that host a large number of refugees to promote their inclusion in development. It also seeks to strengthen and harmonize the involvement of national and local authorities, DPs, regional and international financial institutions, the private sector and civil society in order to generate a holistic response to management of situations involving refugees⁶.

The CRRF is incorporated into the Global Compact on Refugees (GCR), which is a non-binding framework for more predictable and equitable sharing of responsibilities. This followed a recognition that solutions to refugee situations require international cooperation to support host Governments.

The two frameworks share the following four key objectives of the Declaration:

- i) Ease pressure on host countries;
- ii) Enhance refugee self-reliance;
- iii) Expand access to third-country solutions; and
- iv) Support conditions in countries of origin for return in safety and dignity.

The CRRF encompasses the following five pillars:

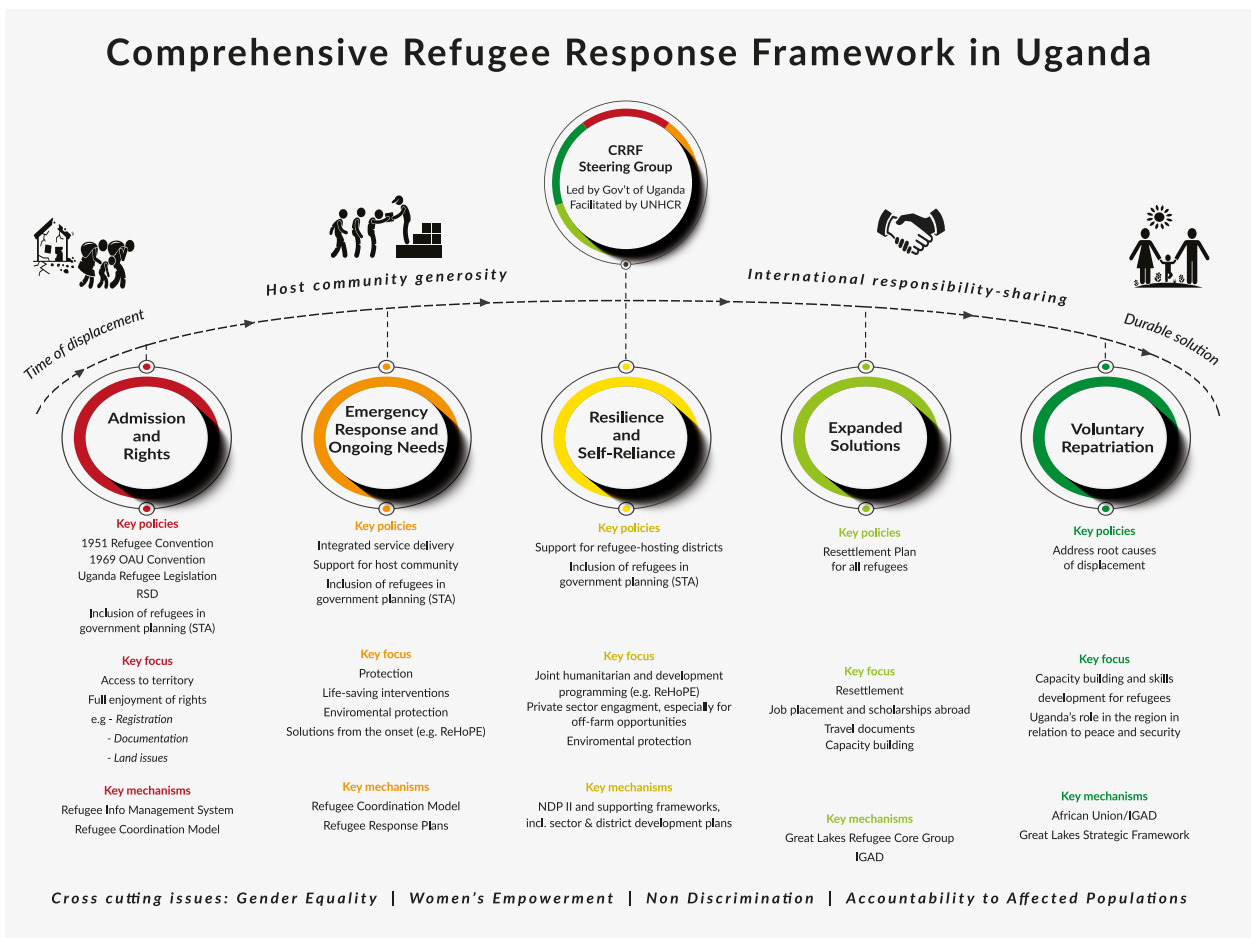
- 1) Admission and Rights,
- 2) Emergency Response and Ongoing Needs,
- 3) Resilience and Self-reliance,
- 4) Expanded Solution, and
- 5) Voluntary Repatriation.

These and the associated key policies, focus areas and mechanisms are indicated in Figure 1 below. The pillars of the CRRF begin with admission and rights at the time of displacement, management of emergence response and ongoing needs at the time of integration with host communities, building of resilience and self-reliance, and voluntary repatriation were applicable.

5 UNGA (2016). New York Declaration for Refugees and Migrants. New York: United Nations General Assembly (www.refworld.org/docid/57ceb74a4.html)

6 UNHCR (2018). Comprehensive Refugee Response Framework: review of practical application in Uganda. Geneva: – United Nations High Commissioner for Refugees.

Figure 3.1: Pillars of the CRRF in Uganda



Source: OPM

At the national level, the OPM Department of Refugees (DoR), with the support from UNHCR, coordinates activities related to care, management and service provision to refugees by all stakeholders involved in refugee programming within the settlements and host communities. The Steering Group (SG) of the CRRF, which is a policy- and decision-making body for implementation activities, includes key stakeholders involved in the refugee response. This Group is co-chaired by OPM and facilitated by UNHCR. Effective April 2018, the sole leadership of OPM was amended to allow MoLG to become co-chair.

The national representation in the SG includes line MDAs, District Chairpersons and CAOs who partly represent the local host communities. In addition, there are seats reserved for DPs, NGOs, the private sector and the refugees themselves. These are supposed to offer strong leadership in the emergency response as well as facilitating the integration of social services in refugee hosting districts and DLGs.

At the District level, the OPM is represented by the Refugee Desk Officer (RDO) who coordinates with the Chairpersons LC. 5 and Counselors, the CAOs and the Settlement Commanders on regular matters concerning the refugees and the host communities. The OPM is supposed to conduct regular meetings with all stakeholders including the DLG and sub-county leadership. In addition, the refugee response working groups that are co-led by DoR in OPM and UNHCR at central and LG levels where District Sector Officers (DSOs) are invited to attend the sector coordination meetings at the various levels including settlement, district and line Ministry. The system cascades down to the districts up to the settlement level.

At the operational level, the CRRF links with existing structures that already coordinate the development work of Government and the Refugee coordination model. The government and DPs sector working groups (SWGs) support the National Development Plan (NDP) processes and are, therefore, involved in the comprehensive refugee response. The critical SWGs include: Education; Water and Environment; Health; Lands, Housing and Urban Development; Social Development; Agriculture; and Justice Law and Order Sector (JLOS).

The Settlement Transformative Agenda (STA) has been established as a mechanism to support the transition of refugee planning and management from the short-term humanitarian response to the long-term development approach. The STA brings together the different partners concerned with humanitarian and development support the integration of development issues related to refugees into the National Development Plans. The purpose is to, partly, ensure a strong focus on strengthening the resilience of refugees and host populations and to ensure the sustainability of general development in the region.

However, the practicality of this arrangement is yet to be fully realised. According to Crawford (2019)⁷, there are several challenges associated with the CRRF and GCR, which include the exclusion of key stakeholders such as communities and local authorities, insufficient financial support from the international community and the limited engagement of the private sector⁸. In addition, it has been noted that the CRRF lacks a monitoring framework⁹ and the Global Dashboard that assesses five outcome areas of progress towards the objectives will only be possible to measure after several years of implementation (UNHCR, 2018c).

3.4 BENEFITS OF THE COORDINATION SYSTEMS

The framework described in the previous section has enabled the country achieve a number of milestones in the building capacity and using it to effectively manage several aspects of the host communities and refugees. These include the following.

- a) A number of refugee hosting districts and DLGs had registered some positive results from the inter-agency coordination framework given the high degree of participation by all the major actors and greater leadership role given to the district officials. In Adjumani, Arua, Lamwo, Moyo and Yumbe, there is regular participation in settlement coordination meetings by the district technical focal persons. In cases such as Bidi Bidi, the meetings are chaired by the district officials.
- b) The DLG officials also take lead in the coordination of sensitive services such as immunization, vaccination, managing outbreaks of diseases such as cholera, as well as registering students and conducting examinations.
- c) The decision to invest 30 percent of the of the support to refugees in interventions are geared towards the host communities is a positive development that can be leveraged for greater empowerment. The implementation of this decision, however, requires more clarification and deliberate efforts is the quantification of the value of interventions is not clear. The interventions include short-term humanitarian aspects and yet the host communities often have additional needs for long-term development that are even more diversified.

7 Nicholas Crawford, Sorcha O'Callaghan, Kerrie Holloway and Christina Lowe (2019). The Comprehensive Refugee Response Framework: Progress in Uganda. HPG Working Paper

8 Montemurro, M. and Wendt, K. (2017) Whose responsibility? Accountability for refugee protection and solutions in a whole-of-society approach. Geneva: HERE-Geneva and Danish Refugee Council (www.unhcr.org/events/conferences/5a6703037/responsibilityaccountability-refugee-protection-solutions-whole-of-society.html).

Thomas, M. (2017) 'Turning the Comprehensive Refugee Response Framework into reality' Forced Migration Review 56: 69–72 (www.fmreview.org/latinamericacaribbean/thomas)

9 Huang, C., Charles, S., Post, L. and Gough, K. (2018) Tackling the realities of protracted displacement: case studies on what's working and where we can do better. Washington DC: CGD and IRC (www.cgdev.org/publication/tackling-realities-protracted-displacementcase-studies-whats-working)

3.5 CHALLENGES TO THE COORDINATION SYSTEM

The following challenges have potential to undermine current efforts of coordination of refugee managements structures.

- 1** The national level coordination system is not fully functional as indicated by the fact that the Minister of LG, who is supposed to co-chair meetings with OPM had not been notified and invited to attend meetings over the past six months to August 2020. This is a major governance lapse in the political leadership of the initiatives and calls for deeper redress of issues of marginalization of LGs structures at the national and local levels.
- 2** The DoR in OPM, despite having many officers is overstretched by the number of activities, meetings and scale of operation given both the number of districts and refugees. Besides, the assumption that all refugees who need attention are in settlement areas is unrealistic given the number of self-settled refugees.
- 3** Secondly, the nature of meetings is more focused on operational rather than strategic level aspects that need a comprehensive approach given their critical importance to transitioning to the long-term development agenda.
- 4** While the LGs are fairly represented in the various collaborative frameworks for discussing ideas and planning of interventions, the implementation is quite unclear as many of the participating entities in the meetings are mainly small establishments with few staff to deploy on the in the districts and settlement areas.
- 5** Most of the participants like NGOs and DPs have resources that are committed to some specific activities and hence do not bring the flexibility and comprehensiveness that the LGs so badly need. In some cases, the NGOs take up the role of monitoring human rights, or tracing movements in order to unite families that may have scattered during migration.

CHAPTER 4

Special Development Initiatives in Northern Uganda



With support from EU through the DINU Programme, UNCDF is constructing modern structures for Okubani market in Bidi Bidi Refugee Settlement ©UNCDF

Uganda has made a strong policy commitment to promote investments and socio-economic development in the areas hosting refugees so as to respond to the challenges of inadequate service delivery associated with the increase in total population. Specifically, the NDP II emphasizes the country's commitment to enhance national response capacity for refugee emergency management and to pursue a long-term development approach through the STA.

The region has benefited from a number of development interventions that have directly and/or indirectly supported the LGs and individuals in areas of service delivery and livelihoods support. Since the mid-1990s, several projects have been implemented in Northern Uganda under affirmative action and have included the districts that are currently impacted by refugees. The projects include Northern Uganda Reconstruction Project (NURP); Peace, Recovery and Development Plan (PRDP); Northern Uganda Social Action Fund (NUSAF); Uganda Support to Municipal Infrastructure Development (USMID) and Development Response to Displacement Impacts Project (DRDIP).

A number of these projects such as DRDIP are specifically designed to respond to the impacts of forced displacement on refugee hosting countries and communities in Horn of Africa where it is a multi-country development response by the respective Governments of Djibouti, Ethiopia and Uganda. The project addresses the unmet social, economic and environmental needs of the local communities both host and displaced (refugees and returnees) in targeted areas. The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for refugees and host communities. It is being implemented in various districts including: Adjumani, Arua, Moyo Yumbe, Koboko, Isingiro, Kamwenge, Kiryadongo, Kyegegwa and Lamwo.

The PRDP-3 was designed as a framework that would enable the alignment of all development interventions in Northern Uganda and focus efforts to livelihood improvement. This follows PRDP-1 and PRDP-2 that concentrated a lot of efforts on resettlement of the formerly Internally Displaced Persons (IDPs) and infrastructural development respectively. The project resources are an additionality to the normal sector interventions across the region whose purpose is to support interventions that mainly revolve around household income enhancement to ensure that the region attains the same level of socio-economic development as the rest of the country.

4.1 NORTHERN UGANDA SOCIAL ACTION FUND III

The project has a total funding of USD US\$ 132.875 million and had utilized US\$ 122 million by July 2020. The development objective is “to provide effective income support to and build resilience of poor and vulnerable households in Northern Uganda”. The project that became effective on 16th March 2016 is scheduled to close on 31st December 2020. It has a coverage of 8 Sub regions involving 66 districts, 1,443 parishes, and 4,887 villages. This includes 11 districts in the West Nile region and 8 districts in Acholi, many of which are hosts to refugees.

The inflow of refugees acts as a shock that increases the demand of fixed resources such as social infrastructure, environment and land. The relevant project component, given such an influx is the on resilience - defined as “the capacity of households and communities to adapt to a new strategy in the face of shocks”. Unfortunately, the LGs are unable to influence the original project design in order to re-orient the planning and direction of funds to address the emergency. For example, the average spending per beneficiary person was set at UGX 134,740 (US\$ 36.5) and UGX 673,700 (US\$ 182) per household, which was spread out across 9,670 sub projects in several sectors as shown in Table 4.1 below. The inability to quickly vary the planned allocations to address the influx of refugees undermines the LGs from adopting strategies that can guarantee continued service delivery to the new populations.

Table 4.1: NUSAF III Planning and budget parameters

Sector	Sub Projects	Funded (UGX)	Households	Beneficiaries	Funds/ Household	Funds/ Beneficiary	US\$/ House	US\$/ Beneficiary
Agriculture	5,294	96,989,315,319	78,014	390,070	1,243,230	248,646	336.9	67.4
Environment	338	17,665,177,339	36,100	180,500	489,340	97,868	132.6	26.5
Fisheries	252	4,939,848,940	4,826	24,130	1,023,591	204,718	277.4	55.5
Forestry	873	39,769,769,520	83,502	417,510	476,273	95,255	129.1	25.8
Livestock	932	16,375,099,144	11,511	57,555	1,422,561	284,512	385.5	77.1
Community Roads	947	74,647,350,624	155,988	779,940	478,545	95,709	129.7	25.9
Trade	578	12,466,242,449	10,562	52,810	1,180,292	236,058	319.86229	63.97245763
Value Addition	30	526,348,000	376	1,880	1,399,862	279,972	379.36631	75.87326299
Water	281	13,833,328,936	29,320	146,600	471,805	94,361	127.86049	25.57209843
Others	145	4,713,600,000	8,275	41,375	569,619	113,924	154.36838	30.87367671
Total	9,670	281,926,080,271	418,474	2,092,370	673,700	134,740	182.57462	36.51492412

Source: NUSAF 3, OPM. July 2020

4.2 DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT

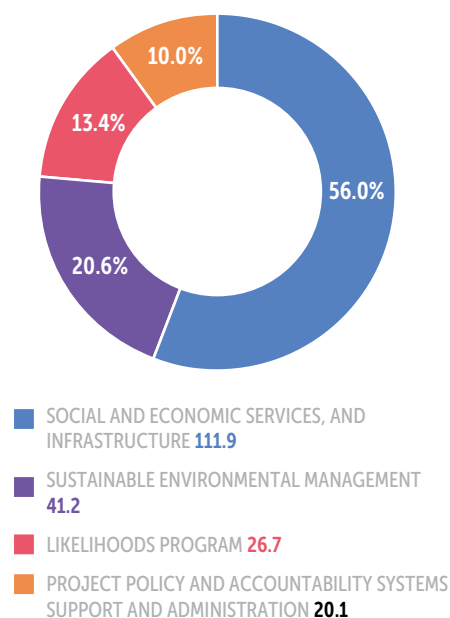
The project period is worth US\$ 350 million of which US\$ 150 million is a grant. The effectiveness date for US\$ 50 million was 29th June 2017 and closure is 31st December 2023. The grant component was effective on 7th October 2019. It is currently being implemented by OPM in 15 refugee hosting districts of Adjumani, Arua, Hoima, Isingiro, Kamwenge, Kikube, Madi-Okollo, Kiryandongo, Koboko, Kyegegwa, Lamwo, Moyo, Obogi, Terego and Yumbe. The objective is to improve access to basic social services, expand economic opportunities, and enhance environmental management in the refugee hosting districts.

The social and economic services, and infrastructure component is focused on education, health, roads and water infrastructure. The livelihoods component supports village revolving funds (RFs) to self-help groups (SHGs) as well as supporting investments in primary production, agro-processing, bulking and marketing at the cluster level. By March/April 2020, the M&E reports indicated that 2,463,382 people had benefited through access to social and economic services and infrastructure. Overall, the direct beneficiaries were 879,645 persons of whom 263,893 (30%) were refugees. No beneficiaries were reported on the displacement crisis response mechanism.

The project has made some significant contribution towards a number of indicators. For example, the inpatient numbers for the health sector increased by 35% from 18,440 to 24,969 with more females attending 56 percent, while the outpatient numbers increased by 59% from 395,574 to 629,017. The increase in the number of classrooms from 278 to 512 (84%) in the project supported schools has reduced the pupil-classroom ratio from 114 to 71, which is still above the national average of 53. Similarly, the increase in the number of pupil stance latrines from 426 to 960 (125%) has reduced the ratio from 75 to 38 pupils. Finally, the 90% there has been an increase in the number of desks, from 5,041 to 9,596 that has reduced the number of children sharing a desk from 6 to 4 children. (See Figure 4.1).

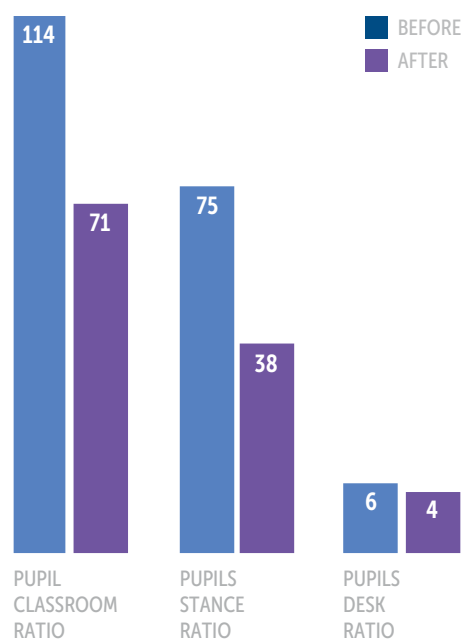
Despite the significant progress made in the infrastructure provisions, there are strong views that the strain of refugees has negatively affected the indicators as most of them are still unsatisfactory. The social service indicators highlighted are still above the national average and planned targets for the region.

Figure 4.1: Allocations by project components



Source: OPM, Project Office Monitoring Report

Figure 4.1: Trends in Education Ratios for selected indicators



Source: OPM, Project Office Monitoring Report

4.3 UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT

The USMID project offers additional financing that would help the scale-up of and deepen the program results by introducing support to 8 districts that have faced a high influx of refugees. The financing, indicated in Table 4.3, was drawn from the new IDA18 Sub-Window for Refugees and Host Communities, and is one of the biggest interventions of Government in the refugee hosting districts. The planned disbursements are indicated in Table 4.4.

Table 4.3: Program Funding for USMID and USMID AF

Financing Source	Original Credit	AF Credit	AF Grant	Total
Borrower/Recipient	10	40	NA	50
IBRD/IDA	150	310	NA	460
IDA Sub-Window (Refugees)	0	25	25	50
Total	160	375	25	560

Source: World Bank Project documents

Table 4.4: USMID AF Disbursement projections over 5-year period

Description	Total funds US \$ Mn	2018/19	2019/20	2020/21	2021/22	2022/23
Funds for Infrastructure Development in Local Governments						
Infrastructure improvement in the 8 District Local Governments hosting refugees	45.40	10.0	12.0	13.4	10.0	0.0
Funds for Institutional strengthening, support to physical planning, land tenure security, systems development, strengthening of valuation and program management						
Support to land tenure security, physical planning, institutional support through outreach activities to 8 refugee host districts.	14.6	3.0	3.0	5.0	2.7	0.9

Source: World Bank Project documents

4.3.1 Potential benefits from USMID

The project has potential to address several issues required for effective management of refugees that were reflected in the reports that informed its current design and extension. The reports noted deficiencies in LG financial and institutional capacity that continue to hinder development as the finances are insufficient to meet local investment needs. There are significant capacity constraints in the LGs and Municipal levels where staffing was at 57% of established posts¹⁰. There is need for developing skills for better management of procurement and contracts as well as planning and monitoring of projects.

The Government's strategic approach to support the transition of refugees towards long-term development and their host communities was fully consistent with the three objectives of the sub-window for refugees and host communities. The first is the decision to mitigate the shocks caused by an influx of refugees and creating social and economic development opportunities for refugees and host communities. The second is the need to facilitate sustainable solutions to protracted refugee situations, which includes pursuing sustainable socio-economic inclusion of refugees in the host country.

The response of Government through extended USMID AF project provides a good mix of opportunities and challenges that offer significant insights for the way forward. The project is expected to contribute

¹⁰ USAID (2015) Ugandan Decentralization Policy and Issues Arising in the Health and Education Sectors: A Political Economy Study. October 2015.

4.4 SPECIFIC CHALLENGES FROM PROJECT DESIGNS

CASE OF USMID

The design and specific focus of the USMID Program, given its original focus on Municipalities, has several weaknesses when compared with the basic needs of the LG hosting refugees. The decision to add the component of supporting refugee appear to have simply been a convenient option largely intended to avoid the hustle and bustle of designing a new project. This meant that the underlying conditions that were designed for more advanced urban centers, Municipalities, were going to be imposed to very weak and fragile LG systems. For example, the Program supports the same main set of expenditures in the following areas:

(a) performance-based municipal development grants (MDGs) to participating municipal LGs for urban infrastructure and associated investment costs and municipal institutional strengthening grants (ISG) for capacity development; and

(b) support to the parent Ministry of Lands, Housing and Urban Development (MoLHUD) to administer and coordinate the Program, and strengthen its capacity to support and guide urban development, including providing technical back-up support to MLGs. The main target is the eight (8) urban centers and their wider Districts hosting high numbers of refugees.

The major outstanding challenges are described below and relate to the following key aspects: selection of districts to benefit from the support; the timing of the support; lack of focus on the parent Ministry of Local Government; and implementation of the Programme including the triggers for funding.

4.4.1 Selection criteria

The criterion for selecting the refugee hosting districts to benefit from the Program had little or no strong relationship with the real challenges on the ground for which the LGs would like to get the support. First, only districts local governments (DLGs) were to be considered despite local realities that refugees have moved out of settlement areas into present day Cities and Municipalities including Kampala.

Second, the requirement that the percentage of refugees in the districts should at least be 10 percent of the total population, ignored the fact that more refugees continue to come and also move from previous areas of registration without notifying government. The limited involvement of the parent Ministry of LG and Associations, especially ULGA, meant that that the criterion was very restricted and did not embrace several of the key parameters that are relevant to the delivery of critical services. For example, only eight urban centers were selected for support in planning and infrastructure development, while eight parishes were selected for land tenure intervention to be done during the district planning process.

Third, the requirement that the district should have a poverty head count of at least 9.0 percent, assumes static livelihoods yet poverty indices do not capture recent changes since they are not regularly generated. The significant number of vulnerability in the country indicates a high risk of people falling in and out of poverty more frequently, which renders inappropriate the design of such a Program that was being designed for five years. It is only fair that the selection of districts is comprehensive to cover the whole region rather than a smaller set of districts.

Fourth, districts whose population density was greater than 100 were selected to start implementation in the first year, while those with population densities of less than 100 were to be included in the second year of the Program. This criterion introduced a natural bias and deferred districts such as Lamwo to the 2nd year of implementation due to a smaller population density of 28 and yet the LG is critically in need of immediate support . A criterion of this nature puts the Program outside the refugee response category as it is backward looking and yet the influx of refugees affects the present and future trends.

4.4.2 Delayed implementation

Finally, there were significant delays in starting the Program due to failure to meet a number of preconditions, which were originally set for a different context. Thus, despite the selection of districts of Adjumani, Moyo, Yumbe, Arua, and Lamwo which are hosting sizable refugee populations in the region, the design of the USMID project is likely to take long to deliver any tangible results. It was indicated that a substantial amount of funds meant for FY 2019/2020 was not utilised due to pre-set conditions that were not even entirely within the domain of the affected LGs.

4.4.3 Projects rarely build lasting impacts

There are concerns about the ability of Projects that are designed to address specific problems at a given time being able to build long-lasting resilience, capacity and readiness to manage a potential influx of new refugees. The support needed by the LGs should go beyond the current conditions and concerns to look into the future since Uganda is located in a fragile region where repeated waves of refugees are quite likely to happen. For example, the risk of land disputes arising from tensions associated with a growing population due to new births and influx of refugees can be mitigated by continued support to increasing the security of land tenure for both host communities and refugees. Such efforts are best handled through initiatives that are rooted within the LG structures for continuity and sustainability.

4.4.4 A mismatch of project objectives and needs of LGs

The retention of the original PDO and Key Results that were established in the previous phase may still be relevant to the old agenda but not the needs of the LGs hosting refugees. Specifically, the focus was ***“to enhance the institutional performance of Program LGs to improve urban service delivery”***. A few changes were introduced, mainly in the scope, rather than detailed design, to include DLGs with an influx of refugees. The key results were also being retained with a slight modification to strengthen emphasis in certain areas, and add new key result to measure the performance of support to host communities and refugees.

The Program retained two sets of results from the previous phase. First, the enhancement of capacity

of the 22 municipal LGs to: generate own source revenues; carry out urban planning, provide a conducive environment for private sector investment and job creation; and manage their financial, procurement, environmental and social systems. Second, expand urban infrastructure, which was modified to include “Enhanced service delivery through improved local infrastructure in LGs hosting refugees”. The improvement in the local infrastructure has an indirect relationship to service delivery largely on account of being complementary to other necessary investments most of which remain a major concern for LGs. For example, the LGs have capacity challenges related to gaps in staff for various sectors, logistical challenges, office facilitation, and limited budget size and flexibility.

Despite some the alterations noted above, a number of stakeholders still considered the Program as lacking adequate flexibility to respond to the needs of communities hosting refugees in the rural areas that are located deep in the hinterland as well as those close to the targeted urban areas. The support being provided through USMID could have been better tailored towards the various critical challenges if it had been designed as a special project for this purpose. The additional monitoring indicator intended to capture support through the sub-window for refugees and host communities, does not address the core needs despite making a significant contribution. The indicator is focused on ***“improved planning, land tenure security and small-scale infrastructure investments within refugee hosting urban centers and their wider Districts”***.

Finally, the nature of project implementation does not build adequate capacity in the MoLG and the relevant LG Associations who have a central role given their historical knowledge and legal mandate to support LGs for better service delivery. The ‘intensive support’ by the MoLHUD in addition to other central level actors who are members of the Program Technical Committee (PTC) does not fit within the mainstream of building capacity for the LG service delivery systems. Furthermore, the long-term development aspects of providing services to refugees and host communities cannot be handled through a one-off project that is already in its second phase.

4.5 DEVELOPMENT TRENDS AND IMPACTS

The progressive policies and strategies for promoting self-reliance of the refugee appear to have been less effective as many refugees and their host communities have not become more resilient with time and still live in extreme poverty and food insecurity as 80% are below the international poverty line of \$1.90/day¹¹. The situation could be as bad for self-settled refugees who do not get any official support and hence end up putting much more pressure on the resources and services available to the LGs to cater for the host communities. As noted by Betts et al. (2019) policies aimed at creating self-reliant refugees may not necessarily lead to self-reliance outcomes¹².

Majority of the refugees are engaged in agriculture as the primary source of livelihoods along with 95% of them and 97% of those in host communities, in northern Uganda, involved in crop production¹³. Crawford (2019) reported studies indicating that refugees had few alternative, non-agricultural livelihood opportunities in the locations where they stay that are mostly remote and under-developed. One of the reviewed studies reported that only 2% of refugee households had managed to obtain salaried employment and a very low wages. There are several barriers to gaining employment, including language, lack of documentation indicating education and skills, and limited social networks. Only 13% of refugees aged 15 years and above were self-employed and 20% of the households were involved in informal trade and services¹⁴.

4.6 RECOMMENDATIONS FROM PROJECT-BASED INTERVENTIONS

The successes and challenges of these projects have impacted the ability of LGs to handle matters of refugee with various degrees of success as indicated in this report. Specifically, the review focused on the challenges arising from the scale and design of the projects and how best they could be improved through greater involvement of the LGs hosting refugees. It has been observed that the affirmative action reflected in the various projects was been undermined by a number of issues that range from insufficient funds, sustainability of programmes beyond the projects and limited scope of the interventions.

The need to increase geographical coverage over much of northern Uganda and the subsequent creation of new districts within the same areas has resulted in spreading the resources so thin that impacts are often limited and/or short lived. The impact of the projects other supportive projects is quite often compromised by the need for scale in an effort to cover more beneficiaries in terms of households and individual persons.

- a) The demands on the DLGs in the project areas are quite substantial given the unfavorable initial conditions including disruptions of cultural and community structures that support local mobilization. A number of land wrangles in the region have been attributed to the collapse of communal land systems at family and clan levels, which have now been amplified by entry of refugees. There is land that has been occupied by refugees either after buying it from some members of the families or with no one's consent thereby triggering conflicts that have to be addressed by the local authorities. Unfortunately, there is limited capacity and facilitation at the DLG level to handle the many emerging cases.

11 FAO and OPM (2018) Food security, resilience and well-being: analysis of refugees and host communities in Northern Uganda. Rome: Food and Agriculture Organization and the Office of the Prime Minister.

12 Betts, A., Chaara, I., Omata, N. and Sterck, O. (2019) Refugee economies in Uganda: what difference does the self-reliance model make? Oxford: Refugees Studies Centre (www.rsc.ox.ac.uk/publications/refugeeeconomies-in-uganda-what-difference-does-the-selfreliance-model-make)

13 UNHCR (2019f) Uganda country Refugee Response Plan. January 2019–December 2020. Geneva: UNHCR (<https://data2.unhcr.org/en/documents/download/67314>)

14 Development Pathways (2018). Analysis of refugee vulnerability in Uganda and recommendations for improved targeting food assistance development pathways. Orpington, UK.

- b) The limited capacity of the DLGs to plan, procure, implement, monitor and report on utilization of funds has created challenges of low absorption of funds and hence limited the results. The fact that most funds are channeled through projects that require stringent reporting procedures, the projects supposed to complement initiatives aimed at supporting refugees and host communities have lagged behind. This has created systemic weaknesses in the DLG support system that require better coordination beyond programmes aimed at refugee issues.
- c) The sustainability of affirmative action project investments such as NURP, NUSAF, PRDP, and refugee-related support has been difficult and quite a strain on the limited resources of the DLGs. Quite often the projects inclined towards affirmative action are mainly focused on physical infrastructure such as roads, irrigation systems like valley dams, Health Centres and school buildings. The required complementary investments such as staff, drugs and medical supplies, and maintenance beyond the lifespan of the affirmative action. The additional number of refugees adds more pressure to the operational and maintenance costs.
- d) The management of security, law and order at the local level has been cumbersome given the increased friction between refugees and host communities. Quite often the meeting focus on coordination but not implementation of the actual enforcement of law and order, which is a big burden to the local authorities that include LC 1, local police posts and community leaders. Most of them would require special facilitation and training in conflict management and resolution. While some of the NGOs do provide support in such areas, it is considered too little for the problem at hand.
- e) The institutional support is to the MLHUD not the MoLG and yet for sustaining the gains and considering the need for the long-term development aspects of refugees and host communities, the support should be given to the MoLG and related formal Association and Agencies such as ULGA and LGFC that support the LGs on a more regular and formal basis.



Refugees in Nakivale participate in the pilot training using a financial literacy curriculum and training toolkit for refugees and host communities in Uganda. The toolkit was developed using a human centered design to increase the financial capability of refugees and refugee host communities that they may be better equipped to make sound financial decisions, effectively interact with financial services providers to achieve their financial goals..
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towards Government efforts to support socio-economic development in districts hosting refugees through investments in infrastructure, livelihoods, peaceful coexistence initiatives and environmental protection. Specifically, it is expected to make a direct contribution through infrastructure investments and strengthening of the planning process, which will seek to facilitate the transition from the emergency response to long-term development and socio-economic integration. The plan is to enhance economic and social infrastructure in refugee hosting areas in line with the LG plans and systems.

The Program is specifically focused on the delivery of basic infrastructure in urban centers as well as their wider sub-counties within the LGs hosting a large number of refugees, according to local priorities and needs. An integrated, area-based approach to infrastructure provision was prioritized in a participatory and inclusive manner with a hope that, if delivered through LG systems, it will provide services for refugees and host communities in a more efficient and integrated way. It will also build local capacities and resilience, compared with short term humanitarian approaches.

The support to infrastructure in LGs hosting refugees is geared towards District and Community Access Roads to make them motorable throughout the year for easy mobility and access of services by both host communities as well as refugees. It is also intended to support the infrastructure for strengthening interaction and peaceful co-existence amongst host communities and refugees. Specific support is being given to small bridges and box culverts on impassable sections; removing black spots prone to accidents; and infrastructure promoting sports, art and culture (play fields, resource centers, community buildings).

The project has a strong focus on construction and maintenance of major access roads, markets, building and maintaining of water systems and water for production and the establishment of solid waste disposal infrastructure, among others. The Program will deliver the following:

- a) Urban roads and associated infrastructure;
- b) Urban solid and liquid waste management;
- c) Water and sewerage extension; to peri-urban areas,
- d) Urban economic infrastructure (markets, slaughter houses, etc.),
- e) Urban transport (bus/taxi/lorry parks), and
- f) Urban beautification (public parks; play grounds, etc.).

Regarding institutional development and improvement, the Program is focused on the following thematic areas:

- i) improved linkages between Municipal Physical Development Plans and the 5-year Development Plans and Budgets;
- ii) increasing local or own source revenue (OSR);
- iii) improving procurement performance;
- iv) improving municipal accounting and core financial management;
- v) improving implementation of the budget get better urban service delivery;
- vi) Improved accountability and transparency (monitoring and communication); and
- vii) Enhanced environmental and social sustainability by ensuring effectiveness of due diligence on the environmental, social and resettlement plans and actions.

4.7 FINDINGS ON DECENTRALIZED AND INTEGRATED PLANNING

The districts face a challenge of aligning parallel processes with different levels of funding, personnel and, to an extent, objectives. The support given to the communities (refugees and their hosts) to identify development needs and opportunities is programmed under special projects that are funded by global partners with limited input from the LGs. The process often creates parallel activities to the work done by LGs during the formulation of District Development plans (DDPs). Eventually, parallel development initiatives are designed within the districts and create a challenge of balancing development between the host communities adjacent to the refugees and those that may be far away.

The central role of LGs in supporting and managing service delivery to refugees, though widely recognised by the CG and DPs, has not been translated into practice. The system for supporting refugees does not build on the decentralized structures and has created a gap between the short-term emergence response interventions and the long-term development solutions. While the short-term interventions can easily be addressed by the CG and DPs, the long-term require detailed integration of local economic development that is the domain of LGs. The best way to empower refugees and the host communities over the long-term is to integrate the long-term plans into the DDPs and district budgets.

The stakeholders indicated that the operationalization of the STA and CRRF has not provided the required level of integration especially at the strategic level. It was noted that the political leadership of the MoLG had not participated in any meeting of the CRRF in a six month's period despite being a joint Chair. This is contrary to high level expectation of the provisions in Part III of the Refugees Act of 2006 that stipulates that the *"Office of Refugees shall be responsible for all administrative matters concerning refugees in Uganda and shall, in that capacity, co-ordinate inter-ministerial and non-governmental activities and programmes relating to refugees"*.

The nature and magnitude of services that the refugee hosting LGs provide to the citizens have been impacted in various ways by the influx of refugees. The impact on the quality and quantity of these services depended on shortfalls in the management of refugees, which manifest as pressures to all the LGs in the region including those that are not on the official list of host districts given the earlier observation that refugees in Uganda are highly mobile¹⁵. Discussions with stakeholders at national and local levels indicated that the refugee situation has imposed extra strain on LG resources and capabilities. The inadequate provision of services to the refugees and their nature of settlement outside gazetted areas has created loopholes in the system that translate into additional demands for services on refugee hosting LGs in northern Uganda.

In order to improve the quality of the welfare of the refugees and the host communities, it is recommended that the relevant legal provisions in the Refugees Act, 2006 are revised to make them enabling for the active participation of Local Governments in the planning for the welfare of refugees as well as considering an increase in resource allocation to the Local Governments that harbor refugee settlements. Centralization of a function such as the planning and welfare of refugees cannot lead to effective identification of priorities. Decentralization on the other hand encompasses people's participation and democratic control in decision making on matters that affecting the people in an area.

The LGs cannot be sidelined in matters to do with the planning and welfare of refugees. This is the spirit of the Constitutional intention of decentralizing governmental functions and powers to the people at appropriate levels where they can best manage their own affairs, and designation of district councils as the planning authority of the districts.

15 In fact, the Minister for Local Government strongly believes that refugees are present in almost all LGs and urban authorities in the country. A national survey to this effect is part of the recommendations of this study.

CHAPTER 5

Role of Private Sector and the Key Enablers for Impact



Lieven Sindayigaya is a refugee from Burundi who joined the Eco Group and now helps produce efficient cookstoves. With UNCDF's support, Eco-Group is selling Eco Stove through pay-as-you-go where people pay in instalments with cash or mobile money. @UNCDF/

According to the World Bank, local firms in the formal sector face considerable constraints in establishing and sustaining their businesses, which limits the prospects for the creation of more and better jobs¹⁶. The constraints faced by the private sector which are within the mandate of LGs include infrastructure deficits, regulatory barriers, absence of enterprise support and institutional capacity gaps within the LGs. The LGs have a role in helping or hindering the alleviation of these constraints to support private sector development and, consequently, job creation. The recent study undertaken by the World Bank/ Ministry of Local Government (MoLG) on LED¹⁷ highlighted that LGs are currently doing little in this direction, with their main relationship with the private sector centering on tax collection and requests for donations.

16 Project document for USMID AF Program

17 World Bank (2016). Re-positioning Local Governments for Economic Growth. The role of Local Governments in Promoting Local Economic Development in Uganda – focusing on Jinja Municipal LG, and Arua and Nwoya District LGs.

5.1 THE CYCLE OF WEAK PRIVATE SECTOR ATTRACTION AND SUPPORT

The private sector is a major contributor to employment and is estimated to create almost 90 percent of jobs in the developing world (including formal and informal jobs), which makes it a powerful force for securing livelihoods and raising living standards. There is a 'catch 21' position whereby the limitations on local revenues that are linked to inadequate private sector growth are also central to the process of empowering LGs to do investment that attract the private sector. The region is yet to attract adequate private sector investments to boost LED and create enough opportunities refugees and host communities as well as increasing local revenues. The scale and volumes of production, and household incomes are quite low and unable to meet the local consumption needs, trade and attract value addition through manufacturing and industrialization.

Efforts are required to strengthen LGs for greater impact on local economic development (LED) and job creation. The LGs need to establish closer dialogue with the private sector in order to get a better understanding of their local economic potentials and the constraints faced by specific investors in critical sectors or value chains. They also need to build their internal capacities to respond to the local needs of the private sector and provide the right incentives. These may include provision of serviced land for industrial or tourist sites, establishing incubation centers, and supporting parks for microenterprises and cottage industries. All LGs should operationalize an effective mechanism for greater public private dialogue, transparency in revenue collection, supporting MSMEs and removing hindrances to investors.

5.2 LESSONS FROM OTHER REGIONS TO MODIFY CULTURAL PRACTICES

There is limited transformation of the local economies partly due to rigidities embedded in the cultural norms and practices that undermine actualization of emerging opportunities. The presence of massive tracts of unfarmed arable land was, to an extent, attributed to the dominance of women labor in farming activities while men were less engaged. Traditionally, the men were engaged in livestock rearing, which was greatly affected by the war and cattle rustling. Accordingly, most of the men have not fully transitioned to other forms of economic engagement to enhance local production through diversification into other enterprises.

The response of the private sector investments in the region is very low despite improvements in peace, security, infrastructure, education levels and public administration. Most of the medium to large scale private sector operators setting up businesses in health, education, processing, trade and farming are not local to the region and hence tend to repatriate their profits to places like Kampala. The continued outflow of funds associated with such remittances of profits limits retention and traction of business growth.

Experiences from Western and Central Uganda indicate investments on medium to large scale farming in plantation crops such as sugar cane, tea and coffee as well as food crops such as bananas by multitudes of small farmers who raise enough volumes for commercial viability. There is need for learning from other livelihood models from across the country and strengthening the role of cultural, religious and other community leaders to support the transition to different production initiatives. The laws and policies should support the LGs and cooperatives to promote alternatives like cassava for ethanol and start production and commercial fishing among others.

5.3 NEED FOR MULTIPLE AND MULTI-SECTORAL INVESTMENTS

There is limited herding effect of support businesses (insurance, commercial banking, skills training, artisans, communication, etc.) that are required for individual private business to succeed. The cost of doing business can be high if each business has to engage with service providers located outside the region. For example, provision of repairs services for tractors, processing machines and manufacture of packaging materials is largely sourced from Kampala. Industrial development and manufacturing requires complementary investments in supportive sectors such as education and research institutions, health care delivery, legal services and hospitality.

There is great potential for private sector projects that can be leveraged on existing value chain or new enterprises in production, processing, trade and service delivery. For example, the current trends in rice production and processing, collection of milk and ginning could be scaled-up to include production of crisps, yoghurt, and spinning of threads and weaving of clothes. The local cottage industry can grow and thrive through making basic products such as school uniforms, footwear, leather products such as belts, hand bags, phone cases and seat covers. The big number of Small- and medium-sized enterprises (SMEs) have potential to increase in number and scale if they can be provided with adequate resources to invest in innovation to drive processes that foster local entrepreneurship and fuel productivity and development.



An artisan making sandals at a weekly market in Omoro District. UNCDF is supporting economic infrastructure projects positively contributing to job creation and increased household incomes in select districts in Northern Uganda. ©UNCDF

5.4 SPECIFIC ROLES OF THE CENTRAL AND LOCAL GOVERNMENTS

The LGs have significant multiple roles to play in order to attract additional private sector entities. Besides providing physical infrastructure and public administration, LGs should provide effective policy and regulatory environment as well as strengthening the rule of law and order to ensure ethical trade and business conduct. There is need to enforce ethics in trade and responsible business models in order to enable the poor to gain from the development of competitive and efficient markets.

The private sector can create business-led initiatives, such as research and development partnerships, knowledge-sharing platforms, promote technological advances and skills transfer. However, the provision of readily available skilled human resources and contracts, which is partly in the domain of Government, can trigger a ripple effect of private sector tapping into such resources as it contributes to the resolution of other constraints such as infrastructure. The LGs should be empowered to engage in the resolution of physical, policy and business barriers to private sector involvement.

The GoU, through the CRRF, the STA and the NDP processes can create a big business environment and opportunities that will see the private sector grow to support and incorporate the refugees and host communities. The process of integration and transition from humanitarian to development initiatives requires creation of numerous business and employment opportunities for both refugees and host communities beyond private sector involvement in the provision of basic relief services. The LGs need support to improve their collaborative skills to be able to gainfully engage the MDAs based at the CG and other partners to jointly carry out needs assessment.

The LGs in the region should jointly work with the CG to expedite the projects planned for the region the Uganda Development Corporation (UDC) that are worth UGX 53.2 Billion. These include the following:

<p>Yumbe Fruit Factory NAADS invested UGX 8.46 billion; UDC to invest extra UGX 11 billion 2020/21)</p>	<p>Acholi Bur Catholic Archdiocese (Pader) Value Addition to Cassava (over UGX 14.5 billion in 2020/21)</p>	<p>Bukona Agro Processors (Nyowa) Cassava Value Addition (Ethanol), invest in repairs and working capital worth UGX 11.8 billion to rise to UGX 23.78 billion in medium term)</p>
<p>Atiak Sugar Factory planned extra investment in form of a loan worth UGX 12 billion (working capital) – the Factory is ready for commissioning.</p>	<p>Moroto Cement, Lime & Mable Plant Feasibility Study and Civil Works are planned for FY 2020/21</p>	<p>Other planned at Feasibility stage: Bagadia Cassava Factory in Lira; Delight Uganda Ltd in Nwoya District and Zombo Tea.</p>

The roles of the LGs would include mobilization of the local communities to form cooperatives and identify land to grows the required crops in the right quantities and quality. In addition, they would provide the necessary infrastructure including extension service staff, community storage facilities and training in post-harvest handling.

CHAPTER 6

Final Observations and Recommendations

The section makes a number of observations and recommendations for policy advocacy, programming and practice to enhance the capacity of refugee hosting LGs to provide social services for refugee and hosting communities.

- 1** The districts hosting refugees face a challenge of anticipating the available technical and financial support as well as integration of plans given the structure of centralized planning and funding of related interventions. At the beginning of the annual and/or 5-year planning cycle, it is often not clear how much of each resources will be available to the district given the separate process of coordination and mobilization. Thus, the current system does not provide ample room for LGs to engage in the planning for refugees. Accordingly, it undermines the purpose and intent of the Comprehensive National Development Planning Framework (CNDPF) which outlines the principles and guidelines for the production of both national and decentralized medium- to long-term development plans in the context or perspective of shared National Vision.
- 2** Inadequate coordination between the DoR in OPM and the DLGs. The major causes of coordination challenges include capacity constraints among all actors overlapping mandates and weak adherence to roles and responsibilities given to the different stakeholders that is partly a result of weaknesses in the legal framework. The Refugee Act 2006 and the Refugee Regulations of 2010 do not provide adequate harmonization with the decentralization planning policy.
- 3** The STA does not provide for comprehensive integration of planning for refugees in the District Development Plans (DDPs) and yet these plans form a basis for linking local development with the NDP. The guideline provided by the NPA to support integration of issues of refugees into the DDPs and mid-term reviews have not resolved a number of issues. For example, the law defines the refugee hosting area as a Sub-county, which is small and at a much lower level considered to the required planning processes required to meet the needs of refugees and host communities.

The law considers refugees who are self-settled ineligible for support as they are deemed to be capable of taking care of themselves, which does not negate the fact that they still demand services from the district. The policy requires refugees who leave gazetted places to settle themselves in other areas, mostly urban, to forfeit their entitlements and rights to all formal assistance. Such refugees remain 'hanging' within the district system as the planning processes does not capture them and yet they are entirely dependent on the resources of the district or urban center.

- 4 The relationship between the DLGs and the DPs is still weak especially outside the settlement areas. Accordingly, the integration and alignment to the long-term deployment needs is not fully endorsed. As noted, part of the problem arises out of the specific focus of the DPs on emergencies and limited interaction with the DLGs due to being thin in the country and the regions. Quite often, some DPs go through NGOs as their implementing agencies, which leads to limited coverage in terms of services and geographical area. There is limited sharing of data, information and budgets for proper integration.
- 5 A number of actors are more concerned with the planning and meetings for monitoring and discussions of results but not in actual implementation of programmes. The information on results and new strategies to tackle old and emerging challenges is not widespread as some of the actors do not attend the meetings and have not fostered strong and effective working relationships with the DLGs. This has propagated islands of knowledge about the bigger picture that the DLGs want to focus on, created parallel structures and duplication of efforts. While some services are fairly considered others are wide-gaps and yet they are supposed to be complementary. For example, some of the health facilities had a smaller shortage of drugs and supplies compared to health workers. It was noted that most IP preferred to provide the lighter inputs that do not involve a lot of continuous overheads like salaries and wages.
- 6 The Implementing Partners (IPs) tend to go straight in the settlement areas once they are cleared by OPM and see little or no need to engage the DLG. As a result, a number of activities if the IPs are neither integrated nor aligned to the district processes of planning, budgeting, implementation, monitoring and reporting. The implications are quite significant and range from short-term failure to manage and optimize resources through effective and efficient ways but also creates a wide divergence between developments within the district. The settlement areas tend to receive a lot of attention albeit for short-term emergency response, followed by the refugee host communities and the distant places that may not have any refugees. However, the distant places with no-known refugees may receive more facilitation for the long-term development aspects given the necessary focus by the LG.
- 7 The capacity of LGs to plan, implement, monitor and coordinate development programmes is often constrained and yet most refugee-oriented initiatives do not address this aspect. This is partly a result of limited availability and flexibility of funds since most IPs prefer to commit resources to direct service provision and infrastructure. Most of the DPs prefer to work directly with the IPs including UN agencies and NGOs. They provide little or no direct support to DLGs for recruitment and facilitation of additional staff yet this is critical to deal with the increased population and their demands for services. More so, the challenge of inadequate staffing for programme implementation, monitoring and coordination varies from one region/district to another but is most pronounced in new DLGs and those that are prone to insufficient staff.
- 8 The funding is often inadequate partly due to shortfalls in indicative figures and weak local revenue sources. The population figures used for planning and budgeting are derived using projections from the Census results, the last being 2014, with little or no regard to the influx of refugees who cross district boundaries almost at will. Thus, the population numbers can have wide variations between the estimates and actuals. In addition, the district budgets from the Central Government have been static or increased less proportionally compared to the demands for service delivery.
- 9 The increase in administrative operational costs associated with the increase in the number of decentralized administrative units (Districts, Town councils, Municipalities, Cities) and political units like Constituencies has undermined critical service delivery parameters such as staffing levels in many districts. Despite decentralization being focused on ensuring local decision making for service delivery to the population, a lot of decisions about selection of interventions and funding

types and levels are still determined from the centre. The bulk of the funding to the LGs, close to 90 percent, comes from the Center and is channeled through sector development plans (SDPs) for many of the big sectors including: Health; Education, Roads and Works; Water, Environment and Sanitation; and Community Services.

The choices in the SDPs have a big influence on what gets done in the local areas, which can be very divergent from the needs of the refugee hosting districts. For example, the USMID projects that is supposed to provide extra resources for districts with refugees has not been tailored to the specific needs of the DLGs given its original orientation to infrastructure in urban areas. Most of the loan agreements are negotiated by the Central government agencies including the MoFPED and Sector ministries with little or no involvement of the LGs whose interests are simply assumed based on generalized historical information. Such information may no longer be accurate given the high degree of dynamism in the refugee populations.

SUPPORT TO PRIVATE SECTOR GROWTH

- 1** The LGs, through the DDPs, have a great task of not only planning for the direct delivery of services but also to promote the involvement of the private sector. The private sector acts both as a provider of immediate humanitarian services and opportunities for refugees to engage in development process for the long-term. The private sector, including the host communities, need to be facilitated to grow and meet the basic requirements of the local population through vibrant income generation activities. A vibrant private sector would also raise local revenues and reduce the budget shortfalls through enhanced local economic development (LED). The general support associated with the refugees does not adequately factor in the promotion of LED that is critical for creating opportunities for employment, generation of local revenues and overall growth.
- 2** The focus of DLGs on engaging and promoting the private sector has been constrained by the strain on the systems of planning and execution that is imposed by the huge number of refugees and associated spike in related activities. The LGs have not had adequate engagement with the private sector to design strategies that will create opportunities for local development. Quite often the needs of the private sector traverse the possibilities of an individual LG and require joint cooperation and coordination of several districts. The private sector, for example, requires inter-district infrastructure such as roads (national, district and feeder), water for production, communication, finance and input providers such as farmers and traders.
- 3** The resources provided through very many Government projects – NURP, PRDP 1,2&3; NUSAF 1,2&3; NUREP; etc. – have not benefited the local private sector as most of the big contracts are taken up by companies from outside the region. The requirements are often too high for local companies, which has undermined retention and recycling of the funds. Even the traders are mostly from outside the region and hence do not reinvest their profits except for further production or trading facilities.
- 4** Funding for the private sector is still high with average lending rates for the microfinance industry being above 40 percent. The LGs would wish to have a direct engagement with the private sector including the medium to large scale investors most of who deal directly with the Central Government MDAs and yet they have specific demands on the LGs. Given the need for large scale investments by the private sector, especially those that come in to take advantage of providing donor-funded services to the refugees, the discussions on refugee management should be able to comprehensively cover all aspects including support to LED.



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