

**UGANDA:
Final Evaluation of
UNCDF's Local
Development Programme**

**Submitted to:
United Nations
Capital Development Fund**

**Final
Executive Summary**

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TABLE OF CONTENTS

1. PROJECT SUMMARY	1
2. INTRODUCTION	2
2.1. Purpose of the Evaluation	2
3. PROGRAMME PROFILE	3
3.1. The Context	3
3.2. Programme Summary and Objectives	3
4. KEY FINDINGS OF THE EVALUATION	5
4.1. Results achievement	5
4.1.1. Overall Programme Finding	5
4.2. Coordinated Participatory Planning and Budgeting	5
4.2.1. Overall Component Finding	6
4.2.2. Progress In Terms Of Timely Achievement.	6
4.2.3. Alleviating Programme-Relevant Dimensions Of Poverty.	7
4.2.4. Improving Access To Services	7
4.2.5. Achieving More Equitable Participation And Distribution Of Benefits Across Gender, Ethnic And Socio-Economic Groups	8
4.2.6. Influencing Policy Reforms And Implementation That Support Effective Decentralisation	8
4.2.7. Replication Of The Approach By Government And/Or Other Donors Etc	8
4.2.8. Sustainability of Results	9
4.2.9. Factors Affecting Successful Implementation and Results Achievement	9
4.2.10. The programme and the Development Management Programme (DPM)	9
4.3. Local Revenue Enhancement	9
4.3.1. Overall Component Findings	10
4.3.2. Progress in terms of timely achievement of results	10
4.3.3. The End of Project Outcomes	12
4.3.4. Alleviating Programme-Relevant Dimensions Of Poverty	12
4.3.5. Influencing Policy Reforms and Implementation That Support Effective Decentralisation	13
4.3.6. Replication of the approach by Government and/or other donor, etc	13
4.3.7. Sustainability of Results	13
4.3.8. Factors Influencing Results Achievements	13
4.4. Gender Mainstreaming	14
4.4.1. Overall Component Findings	14
4.4.2. Alleviating Programme-Relevant Dimensions Of Poverty	16
4.4.3. Improving access to infrastructure and services	16
4.4.4. Achieving more equitable participation and distribution of benefits across gender, ethnic and socio-economic groups	16
4.4.5. Improving management of natural resources.	16
4.4.6. Influencing policy reforms and implementation that support effective decentralisation. The component has influenced policy reforms	17
4.4.7. Replication of the approach by government and/or other donors	17
4.4.8. Sustainability of results	17
4.5. Strengthening the Administration of the Local Courts	18
4.5.1. Overall Component Findings	18

EXECUTIVE SUMMARY

4.5.2. Results Achievement	18
4.5.3. Alleviating Programme-Related Dimensions of Poverty	19
4.5.4. Access to services	19
4.5.5. Management of natural resources	19
4.5.6. Influencing Policy Reforms That Support Effective Decentralization	20
4.5.7. Replication by Government and Other Donors	20
4.5.8. Sustainability of results	20
4.5.9. Donor support	20
4.5.10. Appropriateness of UNCDF exit/further engagement	21
4.5.11. Factors Affecting Successful Implementation and Results Achievements	21
4.6. Partnership and Strategic Positioning	21
4.6.1. Overall Component Findings	21
5. LESSONS LEARNED	22
6. RECOMMENDATIONS	23
6.1. Programme Specific	23
6.2. Component Specific	23

“The analysis and recommendations of this report do not necessarily reflect the view of the United Nations Capital Development Fund, its Executive Board or the United Nations Member States. This is an independent publication of UNCDF and reflects the views of its authors”

LIST OF ACRONYMS

CAO	Chief Administrative Officer
CDOs	Community Development Organizations
CDPD	Community Development and Planning Department
CPPB	Coordinated Participatory Planning and Budgeting
DANIDA	Danish International Development Agency
DDG	Donor Decentralisation Group
DDPI	District Development Programme 1
DDPII	District Development Programme 2
DDPG	Decentralization Development Partner Group
DFID	Department for International Development
DPSF	Decentralisation Policy Strategic Framework
DPSF	Decentralization Sector Strategic Framework
DSWG	Decentralization Sector Working Group
ECI	ECIAfrica Consulting (Pty) Ltd
FDS	Fiscal Decentralisation Strategy
GoU	Government of Uganda
GPT	Graduated Personal Tax
HLGs	Higher Local Governments
HPPGs	Harmonized Participatory Planning Guidelines
JARD	Joint Annual Review of Decentralization
JWDF	Japanese Women in Development Fund
LCCSS	Local Council Court Strengthening Strategy
LED	Local Economic Development
LGDP	Local Government Development Programme
LGFC	Local Government Finance Commission
LGISP	Local Government Sector Investment Plan
LLGS	Lower Local Governments
LRE	Local Revenue Enhancement
MoGLSD	Ministry of Gender, Labour and Social Development
MoLG	Ministry of Local Government
MoU	Memorandum of Understanding
MTEF	Mid-Term Evaluation Framework
NGOs	Non-Governmental Organizations
NGP	National Gender Policy
PCU	Programme Coordination Unit
PMU	Programme Management Unit
PPAs	Priority Programme Areas
PTC	Project Technical Committee
REC	Revenue Enhancement Component
TOR	Terms of Reference
TOTs	Training of Trainers
UJAS	Uganda Joint Assistance Strategy
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

1. PROJECT SUMMARY

Country:	Uganda	
Programme Number:	UGA/01/C01	
Programme Title:	District Development Programme (DDPII)	
Executing Agency:	Ministry of Local Government/ Programme Coordination Unit	
Implementing Agencies:	Ministry of Local Government Ministry of Gender Labour and Social Development Local Government Finance Commission	
Programme Approval Date:	September 2002	
Programme Start Date:	October 2002	
Programme End Date:	June 2007	
Total Programme Cost:	Initial Programme Budget:	US\$3,620,000
	Revised Programme Budget:	US\$3,181,872
Financing Breakdown:		
	UNCDF	US\$2,140,953
	UNDP	US\$ 100,000
	DFID	US\$ 300,000
	DANIDA	US\$ 220,000
	AUSTRIA	US\$ 120,919
	JWDF	US\$ 300,000
Mid-term Evaluation Date:	August - September 2004	
Final Evaluation Date:	May - June 2007	

2. INTRODUCTION

This is a final evaluation of the District Development Programme 2 (DDPII). The three-year programme was established in 2002 as a continuation and enhancement of an earlier District Development Project (UNCDF: UG/95/C01/UNDP: UGA/97/008) commonly referred to as DDPI. DDPII widened the scope of DDPI while taking into account lessons learned from the latter and the up scaling and replication of the latter to a National Local Government Development Programme (LGDP).

The evaluation, which covered six of the ten DDPII districts in Uganda, was carried out in May 2007 by a team consisting of three senior members. The team leader was Professor Njuguna Ng'ethe from the Institute for Development Studies, University of Nairobi, Kenya. Professor Ng'ethe is a specialist on decentralization and has previously done work in Uganda on various issues of decentralization. The other two team members were Dr May Sengendo and Mr George Kasumba both from Uganda. Dr Sengendo teaches at Makerere University in Uganda. She is a specialist on gender studies and has consulted widely for the Uganda Government and many international organizations. Mr George Kasumba is a senior private consultant and a former civil servant in Uganda. He is a specialist on local government planning, fiscal decentralization and has consulted widely. He is at one of the private universities in Uganda.

2.1. Purpose of the Evaluation

The main objectives of the evaluation were to assist all the partners to understand: the efficiency, effectiveness, relevance and impact of the programme; the sustainability of programme results; the level of satisfaction of programme stakeholders and beneficiaries with the results, and whether UNCDF was effectively positioned and partnered to achieve maximum impact.

3. PROGRAMME PROFILE

3.1. The Context

Since 1992, Uganda has been implementing the decentralization policy. The policy was more recently re-stated and elaborated in the 2006 Decentralisation Policy Strategic Framework (DPSF) which seeks to guide the government and other stakeholders on how to consolidate and deepen the decentralization policy in Uganda. The DPSF also emphasizes local economic development (LED) as a key plank in decentralization. It is in this context that the Local Government Sector Investment Plan (LGSIP 2006-2016) was developed and launched in 2006. LGSIP indicates six key strategic areas of investment. These are: (i) Local service delivery, (ii) Political decentralization, (iii) Administrative decentralization, (iv) Fiscal decentralization, (v) Good governance and (vi) Local economic development. A Memorandum of Understanding has been signed between the Government of Uganda and the Decentralization Development Partner Group- a group of donors with interest in decentralization in Uganda- for joint arrangements to support the implementation of the LGSIP. It is expected that DDPG under the project funding arrangement will re-align their interventions with the LGSIP and gradually transform to basket modality. Basket financing modality has been agreed upon by five Development Partners (i.e. Austria, Belgium, Denmark/DANIDA, Ireland/DCI and Netherlands/RNE).

3.2. Programme Summary and Objectives

Since 1985, UNCDF has been working actively in Uganda. Between 1985 and 1996, UNCDF concentrated on providing technical support for various government programmes through activities in infrastructure development, rehabilitation and maintenance. A change was made in 1997 and 2001, when UNCDF support was extended to the decentralization. This was the period when the District Development Programme (DDPI) was undertaken as a pilot project in six districts namely: Kabale in Western Uganda, Mukono and Kayunga in the central, Arua and Yumbe in the North and Jinja in the Eastern Uganda).

Replication of DDP1 was undertaken through the Local Government Development Programme (LGDP) by the Ministry of Local Government and was jointly funded by the World Bank, DANIDA, Royal Netherlands Embassy, Development Corporation Ireland, DFID and Austria.

The development of DDPII was in response to decentralization challenges that had come up at that time. It was *“was designed to operate within the context of the National Poverty Eradication Action Plan, which includes, among others, creation of an enabling environment for economic growth; ensuring good governance and security; and directly improving the quality of life of the poor”*. The major underlying assumption of the programme was that *“the causes and effects of poverty are influenced by participation in decision making and control and equitable distribution of resources”* (UGA/01/c01; p2). The immediate objective of the programme was, therefore, *“ equitable and sustainable access to socio-economic infrastructure and public services improved through high quality of local governance and practiced by Higher Local Governments and Lower Local Governments”*.(UGA/01/C01). *The assumption in the log frame was that the Ugandan government and other development partners would provide the actual investment. As it was in the DDPI, the main target beneficiaries have remained as the respective District Councils.* The Ministry of Local Government has remained as executing Ministry.

EXECUTIVE SUMMARY

The DDPII was funded and operated within four components (sub-projects). These are:

- Component 1: Coordinated Participatory Planning and Budgeting with an objective to strengthen a coordinated participatory planning and budgeting mechanisms for Local governments and lower Local Councils.
- Component 2: Local Revenue Enhancement with an objective to improve the mobilization and generation of sustainable local revenue through enhanced capacity of Local Governments and their supporting institutions.
- Component 3: Gender Mainstreaming with an objective to promote equitable participation of women and men in shaping development directions and choices as by the Constitution of 1995 and the Local Government Act 1997.
- Component 4: Strengthening the Administration of Local Council Courts with an objective to strengthen the local administration of justice.

DDPII was implemented in the six DDPI target Districts, namely, Yumbe and Arua in the North, Jinja in the East, Kayunga and Mukono in Central and Kabale in the South, with the Local Revenue Enhancement component extended to four additional districts of Sironko, Kumi in Eastern Uganda, Bundibugyo and Ntungamo in Western Uganda.

4. KEY FINDINGS OF THE EVALUATION

4.1. Results achievement

4.1.1. Overall Programme Finding

The programme has made major progress in terms of achievement of programme outputs. There is evidence that each programme component has achieved most, if not all, of its immediate objectives, the results are replicable and some are already being replicated. There was mixed evidence regarding whether and to what extent the programme had achieved the development objectives. By design, the programme was largely a capacity building programme, with development outputs as proximate rather than immediate outputs. Again, by design, the implementation of the programme focused on activities and outputs as indicated in the project document. Nonetheless, two of the components, the gender component and the local courts component have achieved their development objectives. Most of the assumptions of the programme were fulfilled, leading to the expected outputs. However, there was no way of assessing one of the major assumptions of the programme, i.e. that the causes and effects of poverty are influenced by participation in decision making and control and equitable distribution of resources (UGA/01/c01; p2). The evaluation noted though that there was a disconnect between the immediate objectives in the log frame and the overall DDPII objectives, leading to low implementation of local development priorities, and thus negatively affecting the implementation of the development objectives. Despite the mixed evidence on whether the programme has met its development objectives, all the components have helped lay the institutional framework for future efforts in poverty reduction.

The programme was on the whole well managed, monitored and documented, leading to high level of satisfaction. It has not been greatly affected by Uganda's new multi-party politics in that decentralisation still remains a basic policy in Uganda, but one component – the local revenue enhancement – has been negatively affected by “political pronouncements” on the Graduated Personal Tax (GPT) and was the most problematic of the components. The programme extension from 3 – 5 years also did not affect it negatively. The UNCDF is well positioned to continue advancing the objectives of the programme.

The programme results are, on the whole, replicable and sustainable as evidenced by the inclusion of the results in major policy documents. However, the degree to which the results are replicated and sustained will depend on how well those factors that have affected implementation positively are reinforced and those that have had a negative effect reformed. The UNCDF is well positioned to continue acting as a catalyst in the replication of the programme results, given that it enjoys a lot of good will from both the government and the donor community.

4.2. Coordinated Participatory Planning and Budgeting

The component targeted a number of results including i) *Harmonised Participatory planning Guidelines tested, refined and implemented*; ii) *Capacity of local governments in strategic planning enhanced through training and provision of equipment, among others* iii) *Participation in Fiscal Decentralisation Strategy(FDS) Guidelines preparation and Testing Supported*; and iv) *Mechanism – captured in plans and institutional notes - for vertical and horizontal communication*,

transparency, accountability and reporting put in place.

4.2.1. Overall Component Finding

Considerable progress was made in achieving the intermediate objective of the component. Nearly all the targeted results were achieved and are sustainable and replicable as evidenced in on-going policy discussions and practices. The participatory guidelines are of good quality. The fiscal decentralisation strategy has been developed though not implemented. In all, the outputs have improved the nature of planning at lower government levels. However, planning guidelines have not resulted in serious coordination of planning at different levels of government. The evidence on whether the results will contribute towards achieving development objectives was inconclusive because the programme has been running for a relatively “short period” but the component has helped in laying the necessary institutional framework for advancing the development objective.

4.2.2. Progress In Terms Of Timely Achievement.

Finding 1: The objectives of the component were achieved in a timely manner.

Harmonized Participatory planning Guidelines (HPPG) tested, refined and implemented at Lower Local Government levels.

The Guidelines were revised, tested, and distributed to higher and lower local governments in programme districts and there was evidence of availability and use of these guides in all Lower Local Governments visited. The evaluation also observed common approaches in the way village development wishes are solicited and processed by Parish Development Committees and Parish Chiefs in programme districts, and how a few of these priorities have been forwarded for consideration at Sub county levels. However, most village priorities are dropped at the parish level because of a small indicative resource envelope. In other words, there is much consultation but most of the preferences of the villages are dropped at the Parish level for lack of resources. Furthermore, the villages are not made aware of the reasons why their priorities were dropped, which has resulted in planning fatigue.

Attempts to simplify the HPPG were undertaken by the DDPII through splitting the original HPPG volume into two versions, one for sub-counties and urban Lower local governments and the other for parishes. The split has, in a way, increased chances for adaptation of the HPPG as a planning tool at different levels of lower local government, although this did not lead to increased user-friendliness of the guide, which means there is need for further modification of the guides.

Capacity of Local Councils in Strategic planning at district level enhanced

This activity targeted enhancing the capacity of local councils to undertake strategic planning and to link these plans to annual budget estimates.

The evaluation observed improvements in the quality of development plans at Lower Local Governments as reflected in the higher level of analysis compared to earlier plans (3-4 years ago). For example, gender analysis and general situational analyses are much better in current development plan documents compared to 3 years ago. This improvement was attributed, in part, to planning guidelines received from the Ministry of Local Government.

Participation in Fiscal Decentralisation Strategy (FDS) Guidelines preparation and Testing Supported

Modalities for Fiscal Decentralisation were approved and piloted by the government during the time of DDPII. The Local Government Finance Commission and the Ministry of Local Government played a very active role in this process. There is a visible link between District plans and annual budgets in the priority sector areas of Education, Health, Feeder roads, Agriculture production and Water and Sanitation although this was not attributed to FDS. However the FDS has not caused any significant changes in the level of development funding available to lower local councils given that there has not been any serious fiscal devolution of sector budgets to lower local governments. Thus the modalities exist but money has not flowed from the centre.

Mechanism for vertical and horizontal communication, transparency accountability and reporting

There was insignificant outcome on this activity as the local government planning and budgeting process is still inaccessible to the private sector and civil society actors because of unwillingness of the local governments to involve them. Secondly, the project did not create any visible changes in the feedback process between lower local governments and districts and between districts and the national government.

Similarly, as stated earlier, planning guidelines have not resulted in serious coordination of planning at different levels of government.

4.2.3. Alleviating Programme-Relevant Dimensions Of Poverty.

Finding 2: It was not possible within the scope of this evaluation to establish the extent to which the poverty related overall development objective of the DDPII has been affected by the successful implementation of the participation component during the project period.

A longer time frame would be needed for this. However, the programme has helped lay the necessary institutional prerequisites for poverty reduction.

4.2.4. Improving Access To Services

Finding 3: The component has increased access to planning institutions. It was not possible within the scope of this evaluation to establish the extent to which the planned indicators of the immediate objectives of the DDP project (like people's access to basic services- water, education, health etc, quality of service delivery, quality and number of micro-projects) have changed due to the participation component within the project period.

To assess this, it would have required more time in the field than was available.

Although access to social-economic infrastructure and public services was included in the project matrix as one of the higher level indicators for the project purpose, the DDPII was, by design, a capacity building project, which was not directly contributing to delivery of social and economic infrastructure. Nonetheless, through encouraging participation the DDPII has made contribution to improved governance. Furthermore, a consistent increase in central government contribution to higher local governments (HLGs) has caused a rise in the level of service delivery in local governments. However, service delivery in lower local governments (LLGs) has been negatively

affected by the loss in local revenue following abolition of graduated tax.

4.2.5. Achieving More Equitable Participation And Distribution Of Benefits Across Gender, Ethnic And Socio-Economic Groups

Finding 4: Though the component has achieved nearly all the planned outputs, it has supported and inspired only a limited degree of consultation of community members as part of the LLG planning cycle.

Despite DDPII's interventions to inspire a more equitable and effective community participation in grassroots planning activities, people's response has not been big. Overall, a very small percentage of citizens in the community do attend planning meetings. Furthermore it was reported that there is, and there is evidence of, declining village level participation. This was attributed to planning fatigue, which is the result of a planning cycle that is viewed as too frequent and too repetitive by the community members and which does not yield tangible benefits in form of projects or services going to villages.

4.2.6. Influencing Policy Reforms And Implementation That Support Effective Decentralisation

Finding 5: There is sufficient evidence to support the conclusion that this component of has contributed to enhancement of decentralised development planning in Uganda.

In all districts visited, the project has been appreciated for making the District Planning Units vibrant and able to serve as nerve centres for development. This was through provision of guidelines, equipment, and skills through training and mentoring and supervision by the centre. The equipment, though some of it is now ageing, was functioning and being used for data analysis and some enterprising planners have acquired additional software to enhance planning.

Consequently, the Quality of planning in all the six districts visited is much better than before DDP II. Village leaders understand the need for participation albeit still in the narrow way of "fighting to get a project for themselves", as opposed to a project that will maximise the project outcomes for the entire locality, even if the project is located in another locality.

4.2.7. Replication Of The Approach By Government And/Or Other Donors Etc

Finding 6: There is evidence that the aspects piloted will be further followed up in future policy designs aimed at deepening decentralization in Uganda.

Already the roles played by these aspects in the 10 years Local Government Sector Investment Plan (LGSIP) are sufficiently visible. DDPII was highly appreciated by both the Ministry of Local Government, and donors in the Decentralised Donor Partners Group (DDPG) for informing the design of the LGSIP.

The evaluation found a very a strong partners' commitment to the LGSIP within the Decentralisation Donor Partners Group which provides further guarantees for replication of the partnership started in the DDPII. In addition, it was found that effective people's participation is regarded as a key strategic component of the fight against poverty in Uganda. Participation is a prior action in the PRSC as well as being a key policy benchmark in the PEAP Results Matrix.

4.2.8. Sustainability of Results

Finding 7: As indicated in finding 6 above, the results of the participation component have already been deemed sustainable by their inclusion in policy documents.

Furthermore, within the broad policy frameworks, there is evidence that the key donors would be willing to consider support for sustainability. In addition, the results of the pilot have been extensively documented through monitoring visits and studies of best practices. Some of the best practices included outsourcing of revenue collection to the private sector, storage of detailed local courts' judgements and generation and storage of village socio-economic data. Where outsourcing of revenue collection has worked, it has worked very well, but the experience has not been uniform.

4.2.9. Factors Affecting Successful Implementation and Results Achievement

Finding 8: A number of factors have affected the implementation of the component in a positive way but challenges remain.

The *positive influences* include: the visible policy commitment to participation through decentralisation; existence of participatory mechanisms at all government levels; the very positive role played by the MoLG in implementing the component; sensitization of the people on the need for them to participate in planning; the fact that people are beginning to see some benefits of participation at the community level, albeit not as much as expected; and monitoring and documentation of lessons and issues emerging from the pilot. *On the challenges side*: Lower Local Governments still find many of the concepts carried by the HPPG to be alien; the guides were also criticized for lacking adequate provisions for monitoring and evaluation issues; the HPPG was not available in local languages; the planning cycle reflected in the HPPG was found to be too repetitive and contributing to planning fatigue.

4.2.10. The programme and the Development Management Programme (DPM)

Finding 9: The DPM programme currently being piloted in 8 districts by the MoLG and the UNDP, some of which are also DPPII districts, has yielded some results on decentralisation that are difficult to ignore in a successor programme to DDPII.

4.3. Local Revenue Enhancement

The intermediate objective of the local revenue component of the DDPII was “*to improve the mobilisation and generation of sustainable local revenue through enhanced capacity of local governments and their supporting institutions*”. To achieve this, the component targeted a number of results including i) *Mechanisms for enhanced policy exchange on local revenue generation established*; ii) *Operational guidelines for revenue collection systems produced and introduced to LGs*; iii) *Local capacity for Professional property Assessment and tax collection enhanced*; iv) *Gender sensitive communication strategy designed and implemented*; and v) *Public and private sector partnership for revenue mobilisation and generation enhanced*. Three end-of-project outcomes were specifically targeted by the Revenue Enhancement Component. These included, i) an increase in the number of local governments with revenue increases over the project period; ii) decrease in the gap between expected and collected revenue; and iii) an increase in tax recovery

rate.

4.3.1. Overall Component Findings

The component had mixed results and, of the four components, it was the most problematic. The intermediate objective of the component was achieved to a large degree, and so were the targeted results. However, the end of project targeted results were not achieved and neither was poverty reduction. Part of the explanation for this lies outside the programme and part of it is to be found within the focus of the programme design, which focussed largely on revenue collection only without attention to production base. Lessons learned are largely replicable and some are already finding their way into policy but a great deal will depend on external factors outside the pilot programme such the general thrust of the decentralisation policy and its linkages with enhancing the economic basis of revenue.

4.3.2. Progress in terms of timely achievement of results

Finding 1: The immediate objective of the component was achieved to a large degree, and the targeted results were also achieved. The exception was the end-of- project outcomes, which were not achieved.

Mechanisms for enhanced policy exchange on local revenue generation established

The DDPII was commended by representatives of donor agencies and the GoU, interviewed by the evaluation team, for enabling an active involvement of key national agencies in policy exchange focusing on local revenue mobilization and consolidation. The involvement was made possible via the Local Revenue Enhancement Coordination Committee (LRECC), which is an inter-ministerial forum and which works in close relations with a wide range of partners including donors, NGOs and research organisations. From its minutes, it was evident that the LRECC discusses relevant policy issues concerning local revenue generation such as graduated tax compensation, and strengthening property tax,

The LRECC played key roles in the preparation of a new bill which aims at introducing new revenue sources for local governments and which, at the time of this evaluation, was going through parliament. However, the LRECC has remained a project forum and there have not been any serious steps to integrate it into a more regular structure. Secondly, the effect of the increased national discourse in terms of translating into tangible benefits on the ground is yet to be seen. In addition, the compensation for revenue lost as a result of graduated tax abolition in 2005 is still inadequate. All local governments have received less than 50% of their former collections from this source.

Operational guidelines for revenue collection systems produced and introduced to LGs

Innovative practices, such as outsourcing on local revenue generation and collection to the private sector have been adopted by local governments. There is also visible effort by both higher and lower local governments to broaden revenue base by adopting new sources. In addition, both higher and lower local governments have embraced the practice of preparing Local Revenue Enhancement Plans, using skills and guidance provided by the LGFC and ministry of local government under this DDPII component. Consequently, the analysis and planning for revenue enhancement initiatives in the DDPII Districts visited were found to be of high quality. An overall

effect is that, in many local governments, the number of local revenue sources has increased. However, the total yield from these sources has not been proportionally progressive.

Local capacity for professional property assessment and tax collection

There is progress in introducing property tax as a new source of revenue for local governments. A new property tax Act was passed by Parliament representing a crucial step and progress with regard to legislation. The Act, including accompanying regulations and guidelines for valuation has been circulated to all local governments.

Further, the Ministry of local government has identified and short-listed private valuers to assist selected pilot local governments in conducting baseline property valuation exercises to raise the necessary data. Funds have also been granted to these local governments to support the process. However, despite being a viable alternative, the new property tax still faces a number of challenges including i) Local governments not having adequate capacity to undertake baseline valuation and maintaining updated lists of properties and their values; ii) Property owners not fully sensitized on the tax, meaning that high resistance to the tax is still foreseen, iii) a strong discontent, which mainly stems from the fact that the national government, through the Uganda Revenue Authority, also collects income tax from the same property owners, which was viewed as “double taxation”; iv) Property tax not being widely applicable in rural local governments as there are too few taxable properties; and v) high proneness to political pronouncements.

Gender sensitive communication strategy designed and implemented

A number of sensitization workshops and exchange visits for local governments were conducted by the LGFC with the objective of sensitising the local governments on the gender dimensions of local revenue enhancement. As a result, there is a high level of participation of councillors in revenue mobilisation programmes in all districts visited and in some local governments revenue mobilisation committees have been established comprising both councillors and civil servants. Radio talk shows targeting taxpayers, and especially women taxpayers, and public gatherings have been used in a number of districts visited to mobilise taxpayers, and these have been addressed by both politicians and civil servants. In addition, gender responsive messages have been used in revenue mobilisation leading to a high recognition of who plays what role in revenue generation. There is evidence of awareness in minutes of local governments and in the local revenue enhancement plans of local governments and action at the local government level, with regard to involvement of women in revenue collection and generation. Under the best practices, for example in Sironko, this has resulted in revenue enhancement.

Enhance public and private sector partnership for revenue mobilisation and generation

Use of public–private partnership in revenue mobilization and collection has been widely adopted by all local governments, though with mixed results. In a few cases, especially in cases where the influences of politics and corruption have been minimal, the strategy has worked well, for example, in Ntungamo district. However, in the majority of cases, this strategy has produced negative results and many local governments have resorted back to direct collection.

4.3.3. The End of Project Outcomes

Finding 2: The outcomes were largely not achieved. A general evaluation of the level of project achievement on the three end-of-project outcomes reveals a rather low score on most of them. Overall, of the four DDPII components, LRE was the most problematic as reflected by a high level of frustration in local governments.

Generally, local revenues in all districts visited has been on a declining trend both pre and post abolition of graduated Tax (apart from the two exceptional cases of Sironko District and Ntungamo Town Council). Evidently, all the efforts to implement the various revenue best practices in local governments have been *necessary* but *not sufficient* to substantially boost local revenue generation. The situation is more critical at lower local government level.

The rate of realization¹ of revenue remains low as seen from all districts and lower local governments visited. The best performance was found in Kabale district with close to 99% realization in 2005/6, though analytically, this was more of a special-circumstance case than a normal trend. Trends analysis indicates a big fall in both revenue expectation and realisation after 2005. The trend is a measure of the effects of political pronouncements and other external shocks on local revenue collection. Even in Sironko district, which has largely been regarded as a success case in the project, the rate of realization of local revenue, despite reflecting a positive trend, did not reach 60%.

Throughout the entire project period, local revenue has accounted for a declining proportion of total income in all programme local governments. Without exception, local revenue constitutes between 1% -5% of Higher Local Governments budgets with central government transfers remaining the major and growing source of local government funding, implying a widening gap between local revenue and central government grants.

Most central government transfers remain largely inaccessible to lower local governments despite central government commitment to a deeper financial devolution via the Fiscal Decentralisation Strategy. *Lack of operational and technical capacity in lower local governments continues to be the main hindrance for a deeper decentralization of sector funds to this level. Hence, sustainable local revenue remains a key question for a deeper Decentralisation in Uganda.*

4.3.4. Alleviating Programme-Relevant Dimensions Of Poverty

Finding 3: Overall, the component has had limited impact, if any, on poverty eradication. This is because, by design, the component was made to focus on revenue collection and management, and not on productivity and income generation.

All efforts and innovations have been on maximizing collection rather than promoting production. This has targeted low income traders (market vendors, bicycle transporters, petty village traders, etc) instead of middle-income property owners, without adequate efforts to *“feed the cow before*

¹ Reflecting the relationship between expected and collected revenue

*milking it*² In addition, some of the local revenue sources undertaken by local governments have been criticized for not being environmentally positive.

4.3.5. Influencing Policy Reforms and Implementation That Support Effective Decentralisation

Finding 4: The existence of the Local Revenue Enhancement Coordination Committee (LRECC) and the discourse that has taken place there-of have been regarded as a positive stride in bringing local revenue on the top of the policy agenda and dialogue at the national level.

There is advanced national discussions on sustainable local revenue and the Ministry of Local government has tabled in Parliament a bill intending to operationalise new sources of revenue for local governments. These developments are partly attributable to results of the DDP11 pilot.

4.3.6. Replication of the approach by Government and/or other donor, etc

Finding 5: The results of the pilot played a key role in informing the design of the LGSIP, in which enhancing local revenue is an intervention priority area for improving service delivery in local governments.

There is also a strong partner's commitment to the LGSIP within the DDPG which provides some guarantees for replication of the partnerships, such as those practised in DDPII. The Local Economic Development (LED) that was picked up by the DDP2 during its closing year has attracted strong government attention and has already been put high on the policy agenda. The evaluation found that existing technical and administrative capacity at the district level is sufficient to support a programme for enhancing income generation at the household level.

However, the level of implementation of revenue enhancement plans in programme districts is generally low, casting doubts on replicability.

4.3.7. Sustainability of Results

Finding 6: There are strong indications that the pilot results will be sustained through both government and donor efforts.

4.3.8. Factors Influencing Results Achievements

Finding 7: A number of factors have influenced the achievement of programme results positively, most of which relate to the timely undertaking of the project activities. However, as pointed out earlier, the development objectives of enhancing revenue and alleviating poverty have not been achieved. The explanation for this is to be found in the component design and external factors.

Externally the results have been affected positively by such factors as: a very strong will on the part of local government officials to engage in local revenue enhancement activities; a policy guidelines; a supportive legal framework; existence of local revenue enhancement plans as one of the performance indicators. Abolition of graduated tax in 2005 increased momentum in local

² A phrase used in the DDPII Best Practices Study report

EXECUTIVE SUMMARY

governments to find new alternative sources of revenue to replace it. Externally, the component worked against a number of shocks key among these being political pronouncements, general poverty and corruption. At the programme level the results were positively affected by such factors as: involvement of the LGFC; the focus on gender inclusiveness which led to a high recognition of the vital role of women in revenue generation; the involvement of local government institution as executing agencies for best practices has increased local ownership. At the same time, some design shortfalls have had negative influences over the component results. The key ones were: the component concentrated on collection as opposed to both productivity and collection; the component concentrated on capacity building leaving out direct support to local government to effectively implement the capacities acquired; most Local Revenue Enhancement innovations were perceived to be regressive since they focused on low income tax payers; there was inadequate policy advocacy at the national level.

4.4. Gender Mainstreaming

The intermediate objective of the Gender Mainstreaming component was *to promote equitable participation of women and men in shaping development directions and choices as by the Constitution of 1995 and the Local Government Act 1997.*

4.4.1. Overall Component Findings

With reference to achievement and related delivery of inputs and activities, the component has attained its Immediate and Development Objectives.

Finding 1: Progress in terms of timely achievement. The component achieved the results in a timely manner.

Capacity of the MoGLSD enhanced to achieve a more coherent policy environment for Gender Mainstreaming

The gender mainstreaming component enabled the process and content finalisation of the National Gender Policy and the Action Plan for the National Gender Policy. The National Action Plan on Women which had been formulated and used since 1998 was audited and its implementation strengthened through developing guidelines and disseminating them. In all the districts which were visited, planning has taken into consideration the Gender policy provision for ensuring that decision making levels are occupied by 30% women. Within the Programme Coordination Unit, gender mainstreaming was done in terms of capacity building for the MoGLS. However, the district staff and local leaders would prefer the gender training programmes be decentralized and controlled from the district. The capacity of the MoGLSD to make timely funding to the district planned activities was also found to be a challenge.

Gender mainstreamed in areas of planning, budgeting, implementation, monitoring and evaluation

Gender Planning guidelines were formulated and distributed by the MoGLSD which were used in training and practical application of gender mainstreaming in planning, implementation and monitoring. The evaluation established that these have been used in local governments, in ways that complement the Harmonised Planning Guidelines. There was evidence of gender responsive

development plans at various local government levels.

Gender budgeting guidelines were also formulated and disseminated to local governments. In all districts visited, gender analysis as well as gender budgeting were integral parts of approved plans and approved budget framework. However, in all districts, there were challenges noted in transforming the plans and budgets into practical projects and activities on time, if at all. Monitoring and evaluation were also inadequate.

Furthermore, in three of the six districts visited, the activities which show gender as an integral part of the plans and budgets are only found in the Gender division which is within the Community Development Department of the district without a further strategy of integrating them in the different sector departments. In all, districts where already existing sector-gender guidelines are used to complement the gender guidelines of the DDPII, success has been realized. Examples are the water sector³ in Arua, Roads and works sector⁴ in Kayunga and Jinja.

Local Capacity of gender key actors in gender analysis and gender mainstreaming increased

Training was undertaken for various groups within local government including the technical committees at local council five, sub-county level, sector teams at district level and women councils. Evidence of capacity was illustrated by the existence of Gender analysis matrices in the Parish plans. However, in most cases, there was still need to turn the analysis into gender specific programmes. *On the whole, gender was being considered as a key priority concern in district plans and budgets as well as in management processes at local government level.*

Institutional mechanisms to support gender mainstreaming improved

Institutional structures for supporting the process and sustenance of gender mainstreaming actions have been set up. These include the Uganda Gender Forum (at National level) and Gender Forums at local government levels, Women Caucus, Gender Focal points (at sector level/ministries). A Gender Mainstreaming Task Force was also established to work with the ministry on technical reviews, guidance. The gender forum, as well as the Women Caucus, which includes the Women Councils, are working well, as evidenced in regularity of meetings and their general advocacy activities at the local levels. But none of the district visited had started incorporating the financial and human resource needs into the district budget to enable sustainability after the end of DDPII, though they have promised to do so. Furthermore, there were no visible efforts to create synergies amongst the various groups of the vulnerable members of society.

³ The water sector had already developed gender and water guidelines from the Ministry level. These were then combined with the gender guidelines provided by the MoGLS in ways that the staff found it easy to make gender an integral part of their plans and budgets. They were then able to translate such plans into actual activities.

⁴ The Ministry of Transport and works had already developed gender guidelines in the road sub-sector through funding from Danida and other donors. These guidelines were used at District level to provide the sector specific gender content which was then related to the Gender guidelines in planning and capacity building, which had been provided by the MoGLSD.

4.4.2. Alleviating Programme-Relevant Dimensions Of Poverty

Finding 2: There was some indirect evidence that part of this component has enabled capacity building for the empowerment of the poor, as well as women, in ways that can enable economic and social rights to be considered as key priorities in poverty alleviation strategies.

Budget allocation for enabling increased access to economic resources that address the different needs of women and men has been undertaken in most of the districts which the evaluation team visited. Economic and security related activities were being considered as priority needs in all the districts in ways that reflect poverty reduction concerns.

4.4.3. Improving access to infrastructure and services

Finding 3: Capacity building in gender mainstreaming has facilitated increased access to knowledge-related services and improved planning for improved access to resources at the local government level.

The capacity built at local government level through equipment and skills enhancement has enabled planning and advocacy tools to be utilised in ways that have enabled gender to be a priority in budgeting. Although results are not yet visible, the future has promises of increased access to infrastructure and services that address the different needs of females and males.

4.4.4. Achieving more equitable participation and distribution of benefits across gender, ethnic and socio-economic groups

Finding 4: The component succeeded in increasing participation through ensuring that the capacity building activities involve both women and men. However, there was little evidence to show that the component has facilitated distribution of benefits as yet.

The policy and rule related provisions in the national constitution, the Local government Act, as well as the National Gender Policy, enabled participation and benefit sharing to be priority concerns in the DDPII. There were efforts to achieve equitable participation by both genders. However, cultural perspectives were reported to have presented challenges to women in that they would be present at meetings but would be unwilling to speak, especially if their views did not agree with those of the men. Furthermore, even in cases where they were present and able to reflect on their needs, the benefits were not yet visible due to the short duration of the pilot programme. The gender component also created an entry point to gender mainstreaming in other components of the DDPII. The evaluation did not focus on ethnic and social economic groups.

4.4.5. Improving management of natural resources.

Finding 5: Capacity building for gender mainstreaming helped the staff at district level to pay attention to plans and activities in ways that ensure gender is an integral part of natural resources management

Gender and natural resource management are now seen as key issues to be included in the planning, environment, health and works departments of the districts visited. Local government planning that dealt with natural resource management at lower local councils, also included gender

as a priority, mainly in planning. *However, actual activities that combine gender and natural resource management are yet to be developed in most of the districts visited.*

4.4.6. Influencing policy reforms and implementation that support effective decentralisation. The component has influenced policy reforms

Finding 6: The skills as well as the policy documentation that have been developed and disseminated within the funding of DDPII, have enabled the MoLG to strengthen its ability to lead, coordinate and guide gender mainstreaming in the country (documentation includes the review and revision of the National Gender Policy, and the National Action Plan on Women).

This has facilitated ways through which different actors in decentralisation have been able to use gender mainstreaming as a tool for influencing policy reform. The institutional mechanism created through this component, have been instrumental in influencing policy reforms and implementation at local government level as well as within the district planning system.

4.4.7. Replication of the approach by government and/or other donors

Finding 7: The government has effectively committed itself to replicate best practices of gender mainstreaming, through implementation of the National Gender Policy as well as the National Action Plan on women.

DDPII enabled the process of finalising the revision of the National Gender Policy as well as auditing and revising the National Action Plan on women. The policy has a budget and is already being coordinated by the MoGLSD. The Ministry of Local Government has also made gender a component of the performance monitoring tool.

In terms of the donors, the Decentralization Development Partner Group, indicated to the evaluation team that they are glad about the “piloting initiatives” which UNCDF takes and were willing to consider “an innovative and bold” proposal on a number of strategic areas. This response was not limited only to gender issues, but was a common theme in many aspects of the project.

4.4.8. Sustainability of results

Finding 8: Likely sustainability in the longer term of systems, impact on policy and replicability, and in terms of benefits at the community level: The results of the pilot are sustainable, especially in terms of skills and commitment but the financial sustainability needs strengthening. There are also factors that might have negative effects on the sustainability.

The strengthening of the relationship between the MoGLSD staff and the district staff that was developed in the pilot has enabled creation of follow-up plans and proposals that can address the gaps in the programme in ways that can keep the two partners working together. The capacity built through skills acquisition is being sustained through continuous utilisation of the Information, Education and Communication materials that were provided by the MoGLSD. Kabale district for example, has initiated a system where each department at the district has a staff designated as a gender focal person.

The evaluation noted that leadership and advocacy skills provided through the gender structures, such as Gender Forums have strengthened the capacity of districts through influencing policy decisions. However, incorporation of such capacity into local government financing system has not yet been realized. This threatens sustainability of these institutional structures after DDPII.

4.5. Strengthening the Administration of the Local Courts

The objective of this component was: To strengthen the administration of the Local Council Courts in order to improve the administration of local justice, thereby promoting good governance at the grassroots level. The expected outputs were: local council courts strengthening strategy developed and disseminated; operational guidelines for local courts proceedings introduced and tested; capacity of local Government for justice improved; community members sensitized on roles of and responsibilities of Local Courts system of local justice.

4.5.1. Overall Component Findings

We concur with the Mid-Term evaluation that, of the four programme components, this was the most successful. The justice sector had not received much attention before the programme, therefore, the component was ground breaking; it achieved its overall objective; the outputs have been delivered; the results are easily and cheaply sustainable because the courts are seen as an integral element of society and state evolution. Like all the other components though, the courts face a number of challenges, the most important of which is the demand for training that the component has generated.

4.5.2. Results Achievement

Finding 1: Progress in terms of timely achievement: This component has achieved its overall objectives in a timely manner. Our findings, therefore, concur with those of the monitoring reports and the Mid-Term Evaluation.

- Local Council Court Strengthening Strategy developed and disseminated: This strategy was developed towards the end of 2003 and translated into five local languages. The strategy revolved around the development of the local council's operational Guides and a Training Manual for trainers on how to use the Guide.
- Operational guidelines for Local Council Court proceedings introduced and tested: The Guides were developed and tested, translated into 9 local languages and 40,000 copies distributed to local council courts in the six districts where this component was being piloted. The guides are comprehensive and cover such aspects as; areas of court jurisdiction, court proceedings, record keeping and financial management,
- Capacity of Local governments for local Justice improved: This has been achieved through training. The training strategy was a district based TOTs programme. The trainers would then train local council courts officials. The TOTs Manual was produced and in 2004, 36 TOTs were trained, and they, in turn trained just over 36,000 local council court personnel between January and June 2004. The trainees came from 3,675 local council courts in 80 sub counties, 360 parishes 3200 villages in the six districts. The training of the local council officials would last two days per group.

- Community members sensitized on roles and responsibilities of Local Council Court System of local justice: This was done through radio programmes that were broadcast for 66 days in tandem with the training of the local council officials.

Our field work found evidence that the component has not only achieved its objectives but has also had a positive impact. The courts are active and enjoy public support largely because they are viewed not in the narrow sense of conducting litigation but in the wide sense of promoting social harmony through arbitration, reconciliation and conflict management. They are thus playing a key role in promoting local good governance and good citizenship.

4.5.3. Alleviating Programme-Related Dimensions of Poverty

Finding 2: The courts have facilitated poverty alleviation in a general sense, though not necessarily in any particular sense.

The courts are cheap and, therefore, affordable to the poor; are mostly inclined towards arbitration rather than imposing fines, thereby making them more attractive to the poor because the poor fear fines; are less feared by the poor because of their less formal approach to issues; and they take less time than formal courts to deliver judgment, thereby, releasing the poor to organize their livelihoods. In summary, we were told that the courts are “pro-poor” by virtue of the types of cases they hear and their procedures.

4.5.4. Access to services

Finding 3: The courts have improved access to judicial services at the local level and also at the district level.

The cases coming before the courts are increasing; the cases are of the type that would take long to be heard by the formal judicial system because they are many in number and, on the surface, “not urgent”; the high number of cases is decongesting. Due to cases being taken up at the local level, the formal judicial system has been freed up to deal with more serious cases. This has also increased access to judicial services in the formal system, in that serious cases are now being heard more expeditiously.

e) Achieving more equitable participation and distribution of benefits across gender, ethnic, socio-economic groups

Finding 4: The courts have, to some extent, facilitated more equitable participation in the delivery of judicial services, especially across gender lines.

Any local resident can afford to bring a case before the courts. Further, the Local Council Courts Act, 2006, has formalized what was already being practiced by the courts in requiring women friendly procedures. The overall effect is that they have brought women into the indigenous justice system, which in all African societies, is a male domain.

4.5.5. Management of natural resources

Finding 5: Analysis of the types of cases coming before the courts shows that the courts have not yet managed significant achievement in the management of natural resources but have the potential to do so.

New areas of community jurisdiction such as management of community forests and wetlands are likely to emerge in the future, thus providing the courts with a role in the management of natural resources.

4.5.6. Influencing Policy Reforms That Support Effective Decentralization

Finding 6: The courts have influenced some policy reforms that have an effect on decentralisation. The local courts component informed the formulation of the 2006 Local Council Courts Act, especially in the redrafting of the Act.

The Act which took five years to get through, creates the legal basis for the courts and also details all the elements of the courts such as; establishment and composition of the courts; operations of the courts, including territorial and legal jurisdiction; rules of procedure; remedies and appeals. From a societal perspective, the courts have now become so entrenched in society that it is difficult to conceive of a society-based decentralization without them.

4.5.7. Replication by Government and Other Donors

Finding 7: The government has effectively decided to replicate the local courts component by institutionalizing the lessons learnt through the pilot but no donor has firmly committed itself to support the replication

With regard to donors, at least one development partner – the UNV Human Rights Project- has incorporated materials developed under the local courts component into its activities in four districts. Austria, which supports only this component of DDPII programme, is interested in the courts' roles in reconciliation in northern Uganda where fighting has been going on for a number of years.

4.5.8. Sustainability of results

Finding 8: The results of the pilot are sustainable financially and socially though there are several factors that might have negative effects on sustainability.

The local courts component was the least funded of the four components. Thus, even in the districts where the component was piloted there are numerous unfinished activities including, extending the training to more officials, making the guides more widely available in local languages, offering refresher training, etc. However, the pilot results are sustainable because, the legal and societal institutional frameworks are already there, the demand is there, the components' major activity is fairly cheap to provide and the government has already included the courts in the major policy documents.

4.5.9. Donor support

Finding 9: No specific finding was made

We did not make any specific finding on specific donor support for the sustainability of this

component as such, except for Austria which supported only this component and which has an interest in seeing replication take place in the northern part of the country. However, a number of donors, including the Netherlands and DANIDA support the Justice, Law and Order Sector which also supports the courts. The courts could also be supported using the LGSIP as a vehicle, now that they are included in the LGSIP

4.5.10. Appropriateness of UNCDF exit/further engagement

Finding 10: It would be inappropriate for the UNCDF to exit from this component at the moment mainly because:

The component is the most successful of all the four components and, therefore, the one likely to be most successfully replicated and sustained for the reasons cited above. Therefore, the UNCDF should be available to provide the catalyst for further innovations in the replication process.

4.5.11. Factors Affecting Successful Implementation and Results Achievements

Though the component ran into both positive and negative factors, internally and externally, on the whole, the courts have enjoyed many positive influences, the most important of which is the wide societal support. *On the whole, the design has facilitated rather than hindered results achievements.*

4.6. Partnership and Strategic Positioning

4.6.1. Overall Component Findings

The evaluation observed that capacity building was, and still is, a critical aspect of Uganda's decentralization process. Government has considered capacity building in a broader framework whereby a number of initiatives have been undertaken to address capacity gaps in the decentralization process.

The Capacity Building Grants (CBG), which is a component of the LGDP2; the Support to MoLG capacity by DFID, DANIDA and the World Bank; the Support to Decentralization in Uganda (SDU), which is funded by USAID, etc., are some of the major initiatives that were running at the time of designing DDPII. The validity of UNCDF's strategy in supporting capacity building in the second DDP was therefore assessed in relation to these other capacity interventions taking place in the country and it has been found that UNCDF's choice to concentrate on addressing the missing links in a broader capacity building framework was highly relevant. Such missing links included providing support to LGs to access the key tools and guidelines they need to operationalise participatory planning, revenue enhancement initiatives, and Gender mainstreaming; mobilizing inter-agency cooperation to facilitate effective participation by different actors; and development of grassroots institutions like courts, which had not been targeted by any of the other capacity building initiatives, etc.

5. LESSONS LEARNED

Overall, a number of policy and project management lessons have been learned from the DDPII.

The major ones are:

- the importance of partnerships among the different levels of government and between the government and the development partners in policy-oriented development work;
- the effectiveness of intra-governmental collaboration, between ministries and between local governments and central government;
- the need for “policy champions” such as the MoLG in the DDPII;
- the need for a “collaboration champion” among the donors such as UNCDF and MoLG;
- the effectiveness of goodwill shown by the GoU in translating pilot results into policy; and
- the importance of tapping into already existing institutions and practices.

The big cautionary lesson though is that unless people see the need for programmes and benefit directly from them, planning fatigue will result. Therefore, before a successive cycle of planning is introduced, benefits from the previous cycle must be evident to the people.

A further key lesson learned is that programme assumptions should be as realistic as possible, especially assumptions to do with the projected investment resources, as opposed to pilot resources.

6. RECOMMENDATIONS

6.1. Programme Specific

- Overall Recommendation. Given that: the programme has achieved virtually all the intended outputs; the results of the pilot are sustainable; there is general enthusiasm to have the pilot results replicated; that the institutional and policy environments are supportive of replication, *we recommend that the UNCDF continue to pilot either the same or a modified programme in the context of the new policy initiatives as detailed in the LGSIP.*
- We recommend that the partnership model piloted under the programme continue to be used, with the UNCDF taking the lead in developing the programme concept and marketing it to potential partners. With its vast experience in local development and decentralisation, the UNCDF has a comparative advantage in this.
- We recommend that for replication and sustainability, the UNCDF and the potential partners continue supporting the same programme components but also incorporate in the new programme, emerging cross cutting issues, such as HIV/AIDS
- We recommend that a new programme should be designed around the context of local economic development (LED) and that the design deliberately establish links between each of the components and LED.
- We recommend, again for sustainability, that any new programme continue utilising the piloted programme management model because it has worked well, but at the same time, modify those design aspects that have had a negative effect on programme delivery and reinforce those aspects that have had a positive effect on results delivery.
- We recommend that additional programme design features be added in any new programme with the aim of giving a bigger role to local governments in the programme design and management.
- We recommend that the design of any new programme should put more accent on internal features, which the programme can correct on an on-going basis, than on anticipating external impacts, which the programme can do little about.
- We recommend that the UNCDF attempt to source more programme funding to avoid some components of any new programme being under funded.
- We recommend that the UNCDF secretariat in Uganda be strengthened in order to facilitate speedier programme management.

6.2. Component Specific

Assuming that a new programme would include the piloted components, we make component-specific recommendations, covering national policy, future programme design, programme content, and recommendations on possible roles for the UNCDF and other partners in a successor programme. These are too numerous to be summarised here but they all arise from the challenges observed in each component.