The Republic of Uganda
Kasese District Local Government

TECHNICAL & FINANCIAL FILE

KASESE DISTRICT POVERTY REDUCTION PROGRAMME (KDPRP)

UGANDA

DGDC CODE: NN 3003196
NAVISION CODE: UGA 06 010 11

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ABBREVIATIONS

AAMP	Area-Based Agricultural Modernisation Programme
ADF	Allied Democtratic Front
ACAO	Assistance Chief Administrative Officer
BFP	Budget Framework Paper
BTC	Belgian Technical Cooperation
CAO	Chief Administrative Officer
CBO	Community Based Organisation
CDO	Community Development Officer
CSO	Civil Society Organisation
DDP	District Development Plan
DEO	District Education Office
DFID	Department for International Development (Britain)
DPO	District Planning Officer
DPSF	Decentralisation Policy Strategic Framework
DTPC	District Technical Planning Committee
EIA	Environmental Impact Assessment
FDS	Fiscal Decentralisation Strategy
FGD	Focus Group Discussion
HRD	Human Resource Development
HPPG	Harmonised Participatory Planning Guide
IEC	Information Education and Communication
IFMS	Integrated Financial Management Information System
IPF	Indicative Planning Figure
JARD	Joint Annual Review of Decentralisation
KDLG	Kasese District Local Government
KDPRP	Kasese District Poverty Reduction Programme
KRC	Kabarole Research Centre
LED	Local Economic Development
LG	Local Government
LGDP	Local Government Development Plan
LGSIP	The Local Government Strategic Investment Plan
LLC	Lower Local Council
LLG	Lower Local Government
LOGICS	Local Government Information and Communication System
MoFEP	Ministry of Finance and Ecomomic Planning
MoLG	Ministry of Local Government
MSDP	Model Sub-County Development Programme
MTEF	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services
NIMES	National Integrated Monitoring and Evaluation Stategy
O&M	Operations and Maintenance
OPM	Office of the Pime Minister
PAF	Poverty Action Fund
PDC	Parish Development Committee
PDM	Participatory Development Manual
PEAP	Poverty Eradication Action Plan
PPDA	Procurement and Public Disposal of Assets
PPPS	Public Private-Sector Partnership Strategy
PRM	Poverty Resource Monitoring
PRSP	Poverty Reduction Strategic Plan
SACCO	Savings Credit Cooperative Organisations
SFG	School Facilities Grant
SNV	Dutch Volunteer Service

SWAp	Sector Wide Approach
TA	Technical Assistance
TPC	Technical Planning Committee
TFF	Technical and Financial File
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shilling
UNCDF	United Nations Capital Development Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development
WB	World Bank

SUMMARY PROJECT DESCRIPTION

- DGDC ref : **NN 3003196**
- Navision Code BTC : **UGA0601001**
- Partner institution : **Ministry of Local Government**
- Estimated start up date : **November 2008**
- Estimated duration : **4 years**
- Contribution of Uganda : **The district and LLG's budgets**
- Contribution of Belgium : **4,042,715 EUR**
- Sector and sub-sector : **Local governance & local development 43040**

Kasese District Poverty Reduction Programme supports the process of decentralisation by contributing to the strengthening of Kasese district and lower local government authorities' capacity to improve service delivery to the population. It is a sequel to the Kasese District Rural Community Development Programme (Dec.2001- Jan 2006). KDPRP will build upon this Phase 1 Programme but its modalities and focus change in order to ensure that it impacts on incomes and on the poorest of the poor. It is based on the idea that local, elected authorities have a comparative advantage in designing, managing, supervising and monitoring local development measures and initiatives aiming at alleviating poverty. In addition to an important organizational and institutional capacity development component that will focus on areas such as participatory planning and budgeting, financial management, resources mobilisation, public/private partnership for service delivery , accountability and monitoring, the project will also make available a small and reliable unconditional grant to Kasese District Council and the 22 sub-counties of the district to be used on non-wage activities according to development plans and the approved budget. Block grants made available to support the district and the sub-counties during three consecutive financial years will enable Kasese local authorities to practically improve their management of infrastructures and public service provision to the communities of the districts thereby increasing their legitimacy.

1 ASSESSMENT AND SITUATION ANALYSIS

1.1 Current situation

Uganda's long term strategic vision and current national Poverty Eradication Action Programme (PEAP) both lay emphasis on the eradication/reduction of poverty through sound economic management, enhanced production, competitiveness and incomes, security, improved governance and human development.

Uganda's decentralization policy aims to devolve power, improve good governance, ensure popular participation and enshrines the principle of subsidiarity: development issues should be addressed at the point where they are most felt by the various local government levels.

The Poverty Eradication Action Plan (PEAP), the Decentralization Strategic Policy Framework and Local Government Strategic Investment Plan (LGSIP) all call for more emphasis on wealth creation to provide proper balance to the expansion of government services. The goal remains poverty eradication.

In February 2005, Belgium and Uganda signed a cooperation programme incorporating a second phase of support to Kasese focused on sustainable socio-economic development as articulated in Uganda's PEAP. In December 2006 a Specific Agreement was signed for the Kasese District Poverty Reduction Programme.

Kasese District has been steadily developing its capacity to implement poverty focused development through increasing skills and competence in participatory planning and the design of district strategies for human resource development, revenue enhancement, operations and maintenance and the public private-sector partnership. Some of these strategies still need to be operationalised. Kasese has performed well in the last two Annual Assessment of Local Governments indicating that management systems are gradually being strengthened.

Kasese District has made considerable progress in Phase I in developing its own strategies, plans and policies. These will form an important basis for KDPRP. As part of the second Phase such policies should be periodically reviewed and revised to improve their quality and coherence as well as ensuring that they adapt to the changing national and local context. Some of the key areas are:

- The rolling three year District Development Plans (DDP) are now prepared using the Harmonized Participatory Planning Guidelines. Though these are not implemented with uniform quality throughout the district1 they represent a genuinely participatory process with active involvement of citizens at the grassroots.
- There is a Capacity Building Plan and draft Human Resource Development Policy. The former needs to be linked to the objectives of the DDP.
- A Revenue Enhancement Strategy has been developed and passed by Council.
- An Operational and Maintenance Policy has been prepared.
- A Public Private-Sector Partnership Strategy (PPPS) was launched in 2007.

Local economic development (LED)[2] is now a priority in national policy as stated in both PEAP and LGSIP. UNCDF, which has implemented such a local development approach, has been supporting a selection of districts to pilot this approach and proposes to continue and expand this support in the District Development Programme KDPRP. Kasese should be able to gain useful insights and skills by maintaining close contact with this programme. LED acknowledges

[1] Some of this lack of uniformity is related to skills and commitment but also relates to the vacancy of some key posts in LLGs such as some parish chiefs as well as the lack of operational budgets at LLGs.

[2] A development approach based on local initiatives and planning, and implemented by local authorities accountable to their constituencies

that while significant emphasis has been put on service delivery, not enough focus has been given to local economic development. There is a need to put in place strategies and actions that stimulate local economic development and enhanced household incomes by:

(a) supporting local government to create conducive environments for private sector development, including reviewing tax regimes, licensing, land transactions, tendering, and public-private partnerships

(b) providing support to private sector activities that lead to investment and employment

(c) helping to extend the participatory approach to productive sectors and

(d) empowering communities to undertake development activities and

(e) supporting public-private partnership in local economic development.

LED has the potential to increase local incomes and enhance local revenue bases[3]. The four main pillars of LED: enterprise, locality, community and governance are briefly described in paragraph 3.1.13 of the formulation report.

In addition to normal central government support, Kasese District receives assistance through a number of donor programmes. Among the more significant are:

- Support to district local government capacity building from SNV;
- European Union funding for civil society to enhance the participatory planning processes through poverty resource monitoring and also to strengthen their capacity to hold different levels of government accountable;
- Local savings and credit groups as well as individuals receive services from HOFOKAM, Five Talents, IKONGO, Kabarole Research Centre and Pride. These in turn receive support from a variety of sources;
- Various programmes to support agricultural production, processing and marketing have supported the private sector in Kasese.

1.2 Coherence with Evaluation Findings of Phase I

The table below reviews issues identified in the evaluation of Phase I. It describes how they are addressed in KDPRP in order to ensure that the same issues do not re-occur.

Coherence with Evaluation Findings from Phase I		
Area	**Issue identified**	**Approach in Phase 2**
Planning	Mixed capacity of PDCs and LLG levels, and limited space for debating options.	Capacity building of PDCs and other LLGs among priorities for KDPRP (should include ongoing process-mentoring of LLGs by District). LLGs to be given IPFs within which to make their plans and budgets.
	Very low participation of local communities, CSOs and private sector in planning processes.	Timely planning to be ensured (must not coincide with peak agricultural seasons); to work with CSOs to mobilize communities at village and parish level for planning; feedback of planning processes to communities to be enhanced e.g. through displays of resources allocated in public places; staff to be trained in facilitating private sector partnerships.

[3] Local Government Sector Investment Plan (LGSIP) 2006-2016 pp.14-45

Coherence with Evaluation Findings from Phase I		
Area	**Issue identified**	**Approach in Phase 2**
	No systematic formula in place for allocating resources among LLGs.	Resource allocation to be guided by well defined and agreed parameters; during allocation of resources LLGs will consider population; degree of accessibility; level of development, performance in previous projects; status (town or rural LG).
	Lack of harmonisation of some programmes with national strategies.	District guidelines to be harmonised with national sectoral guidelines to standardize approaches.
	Pre-cost benefit/effectiveness and environmental impact assessments not taken into account during planning.	Training to be provided for EIA and cost benefit analyses; to be used for all major investments; provision to be made for investment servicing costs – 15% of LLG & District budget.
	Operational and maintenance budgets especially for high-cost infrastructure are too low.	Further investments in high cost infrastructure to be conditioned on assurance of O&M budgets and functionality of existing investments.
LED	Increased access to rural markets has had a direct impact on production, and subsequently impacted positively on household incomes.	Institutional links to be forged with large scale produce buyers and processors in order to assure market stability.
	Increased access to social services such as safe water and health units has led to increased time for productive activities.	Only investments that promise sustained high rates of economic return or with a direct link with increasing household and LLG incomes should be prioritized; EIAs and social audits will inform future investments.
	Benefits, adoption and multiplication of crop and animal improved varieties has been poor; inadequate technical support offered to farmers.	Future investments in the productive sector to consider all aspects of the value chain; production, processing, marketing, etc. Adaptive research on new varieties to be conducted before promotion. In-kind agricultural credit to be provided and intensive agricultural extension services to be offered – in partnership with the private sector or credible CSOs.
	Low investment in LED.	40% of total resources for LLGs & the district to be allocated to LED activities.
	Inappropriate timing of delivering procured agricultural inputs; sometimes poor quality of procured inputs.	Working with and through micro-finance institutions to manage agricultural input-credit to be explored as an option to district-level tendering.
	Inappropriate beneficiary selection for productive inputs.	The handout/government non-repayable credit modality will be abandoned. Participation to be based on commercial terms in order to avoid the role of government to be an input provider.
Poverty Focus	Inadequate delivery of service to rural areas; benefits of development interventions not significant in some communities.	More resources to be allocated to LLGs - 65% of the total available budget for LLGs against 35% at district. However, LLGs that lack capacity to manage their budgets may have funds administered at district level; Prioritization and approval of projects to be done at LLGs, with increased technical guidance of district and LLG extension staff – all within broad planning guidelines.
	Many production projects did not focus on the poorest of the poor; there was limited participation and involvement of the marginalised in the planning process.	A reserve fund to be set aside for the disadvantaged (15% of total LLG & District Development Fund). Implementation to be more labour intensive as a strategy to raising incomes of the poor.

Coherence with Evaluation Findings from Phase I		
Area	**Issue identified**	**Approach in Phase 2**
	There has been no documentation of baseline information, nor any analysis of poverty profiling in the district.	Poverty profiling will be one of the activities conducted during the preparatory period. The profiling will form the basis for defining the marginalised in a meaningful way in the context of Kasese.
Capacity Building	Training did not address real issues; there was too much emphasis on formal education rather than skills building; training also mainly benefited high level administrators at district level and not implementers; decisions on capacity building were made at district level with no clear criteria used. People trained are not in a position to put acquired skills to use/practice; no impact analysis has been made on staff trainings.	Future training to be informed by skills gaps in implementing strategies for KDPRP. Emphasis to be on training "frontline" staff – including local community structures. Minimum 6 % of the overall programme (and maximum 24% of the District Development Fund for both LLG as district together) budget to be allocated to capacity building (divided 50:50 between district and LLG). Capacity Building to be fully integrated in the HRD plan; the plan will provide a complete package for capacity building including post training facilitation and assessment; Technical assistance to focus on technical support to project implementation rather than on financial management; areas of support to include strengthening of systems, development of guidelines, and strengthening the capacity of LLGs for planning and implementation.

1.3 Description of Relevant Institutional Framework

It is envisaged that KDPRP will utilise and strengthen existing institutional frameworks. Key institutions which are critical to KDPRP include:

- Local Government Finance Commission
- Ministry of Local Government Inspectorate
- The Local Councils at each level which are responsible for policy and strategy
- The Technical Planning Committees at each level of local government
- The Contracts Committee
- Line Ministries
- Office of Auditor General

1.4 Applicable Legislation

The following are key legal provisions governing planning and procurement of local authorities.

Planning

Article 190 of the Constitution of Uganda, 1995, and The Local Governments Act, Cap 243, Section 35, (3) require District Councils to prepare comprehensive and integrated development plans incorporating the plans of LLGs for submission to the National Planning Authority, and Lower Local Governments to prepare plans incorporating plans of lower local councils in their respective areas of jurisdiction.

Procurement

The procurement of goods and services in Local Governments is guided by the Procurement and Public Disposal of Assets Act (PPDA) 2003 and the Local Government Act CAP 243 of the laws of Uganda. Section 92 of the Local Government Act CAP 243, provides that a contracts committee shall, in respect of the District Councils and Administrative units within the District, perform the functions specified in sections 27 and 28 of the PPDA 2003.

Accountability

Section 90A provides that In accordance with section 64 of the LG Act the CAO shall be the accounting officer in charge of the District and shall be accountable to the District Council for the funds in the District council, similarly section 90A(3) provides that the TC shall be the accounting officer in charge of a city, Municipal or town council

Technical support by Government ministries

Under section 96 it is provided that, for the purposes of implementation of national policies and adherence to performance standards on the part of the LGs, Ministries shall inspect, monitor, and where necessary offer technical advice, support supervision, and training within their respective sectors

Coordination guidance, monitoring and inspection

Section 95 of the LGs Act provides that the Ministry responsible for LGs shall be responsible for the guidance, inspection, monitoring and coordination of LGs to ensure compliance with the provision of this Act and any other law

Budgeting

Local Government budgetary powers and procedures are provided in section 77 of the LG Act CAP 243 of the Laws of Uganda. It provides that LGs shall have the right and obligation to formulate, approve and execute their budgets and plans provided the budgets shall be balanced.

Section 77(4) requires LGs budgets to reflect all revenues to be collected or received by the LG, and to be appropriated for each year. And section 77(5) provides for a local Government budget for the ensuing financial year to always take into account the three-year development plan.

2 STRATEGIC ORIENTATIONS

2.1 Guiding principles

Parties agree to respect following guiding principles for the implementation of the project:

- The programme will tally entirely with the Ugandan long term strategic vision and current Poverty Eradication Action Programme (PEAP). Both lay emphasis on the eradication/reduction of poverty through sound economic management, enhanced production, competitiveness and incomes, security, improved governance and human development.

- The intervention supports the Uganda's decentralisation policy which aims to devolve power, improve good governance, ensure popular participation and enshrines the principle of subsidiarity: development issues should be addressed at the point where they are most felt by the various local government levels.

- Kasese District has been steadily developing its capacity to implement poverty focused development through increasing skills and competence in participatory planning and the design of district strategies for human resource development, revenue enhancement, operations and maintenance and the public private-sector partnership. Some of these strategies still need to be operationalised. Kasese has performed well in the last two Annual Assessment of Local Governments indicating that management systems are gradually being strengthened. A recent report of the regional Auditor should confirm this positive appreciation.

- Other donors are supporting complementary activities in the district in the field of CSO strengthening, local government capacity building, micro-finance, agriculture and private sector support.

- The programme will be implemented according to the principles of the Paris Declaration on Aid effectiveness (2005), in particular with respect to ownership, harmonization and alignment of aid. It will be fully integrated into the district and lower local governments development plans. Implementation procedures will be fully aligned. Special care shall be taken to harmonize and coordinate the activities with the other donors' interventions.

2.2 Intervention strategy

Kasese District Poverty Reduction Programme intends to support the process of decentralisation by contributing to the strengthening of Kasese local authorities' capacity to improve service delivery to the local population. It is based on the idea that local, elected authorities have a comparative advantage in designing, managing, supervising and monitoring local development measures and initiatives aiming at alleviating poverty.

In addition to an important organizational and institutional capacity development component that will focus on areas such as participatory planning and budgeting, financial management, resources mobilization, public/private partnership for service delivery, accountability and monitoring, the project will also make available small and reliable unconditional grant to Kasese District Council and the 22 sub-counties of the district to be used on non-wage activities according to development plans and the approved budget. Block grants made available to support the district and the sub-counties will enable Kasese local authorities to practically improve their management of infrastructures and public service provision to the communities of the districts thereby increasing their legitimacy.

The programme will be a 4 year intervention, 3 phases can be distinguished:

- A preparatory inception phase: (the first 9 months – from November 2008 to July 2009)
- Implementation of the activities: 3 years coinciding with the District's and LLG's rolling development plans: financial years 2009/2010 to 2011/2012
- Closure: last 3 months

2.3 Beneficiaries

The principal beneficiaries will be the ordinary citizens of Kasese with a focus on the marginalised. Additionally the technical staff and councillors of the district and LLGs will receive capacity building in various forms. Also through the programme the Ugandan Ministry of Local government and other donors will be supported in their efforts to strengthen local government sector policy dialogue. A more detailed description of these beneficiaries is given under 3.5

2.4 Responsibilities

For Uganda the Ministry of local government is the administrative and technical controlling entity of the programme. The Ministry of Finance and Economic Planning is the financial controlling entity. The district council and staff is responsible for the implementation of all the programme’s management functions.

For Belgium the Directorate General for Development Cooperation of the Federal Public Service of Foreign Affairs, Foreign Trade and Development Cooperation – DGDC is the controlling entity. DGDC has mandated the Attaché for Development Cooperation at the Embassy of Belgium in Kampala. The Belgian technical Cooperation – BTC as executing agency is responsible for the implementation, follow up and daily management.

2.5 Location

The programme is located in Kasese district. It can make use of all management systems at district for the implementation of its activities

3 INTERVENTION FRAMEWORK

3.1 Objective of the Intervention

General Objective

KDPRP is intended to support Kasese District to achieve its vision of “A poverty free society by 2025”. The concept is to work entirely within Kasese District and national systems, simultaneously focussing the available resources in order to increase impact and sustainability.

During the Joint Commission of 1st of February 2005, the Indicative Development Cooperation Programme between Uganda and Belgium agreed on a new phase of the Kasese District Programme with “concentration only on the highest priorities for sustainable social economic development".

In this context it is proposed that **General Objective** of the existing Phase I be retained in a slightly amended form:

Incomes of the population especially the most disadvantaged improved in a sustainable manner

This general objective expresses the District's vision, reflects the national PEAP and “Prosperity for All” concern to put more focus on activities directly raising household incomes of the poor and summarises the districts nine strategic objectives. The only change from phase I is the omission of the word “rural” before population. This is because it has been agreed that poverty also exists among Kasese’s urban populations and that town councils should benefit from resource allocations along with rural sub-counties.

The **Specific Objective** will be:

The Kasese Local Authorities’ Capacities for Improved Service Delivery and Local Economic Development Strengthened

The proposed KDPRP will thus build upon Phase I. Its modalities and focus changes in order to ensure that it impacts on incomes and on the poorest of the poor. These two areas were identified as weaknesses under Phase I.

District Plan Objectives

The current District Development Plan 2006/07 – 2008/09 contains 9 strategic objectives designed to move towards a poverty free society. These are:

1. To identify and collect sufficient resources to ensure that service delivery standards are met;
2. To provide quality education to all levels;
3. To provide adequate and accessible health services to the people of the district;
4. To avail quality community based services to all people of the district according to their needs;
5. To ensure the provision of adequate and quality infrastructure in the district;
6. To ensure food security in the district and the effective marketing of agricultural produce (consideration is being given by the district to revising this to “improved food security and household incomes);
7. To improve democracy and accountability in the district local government;
8. To ensure effective management and sustainable utilisation of natural resources;
9. To strengthen the district capacity to deliver its mandate.

The foregoing objectives are subject to ongoing review and revision. One may observe that several are excessively focused on a service without showing how that service links to poverty eradication. It may be advisable to tailor them more towards that objective during future planning reviews since services can with equal ease be focused on the middle classes, as opposed to the poor, if objectives are not clear.

3.2 Results

In order to focus support of KDPRP on sustainable increases in income especially for the poor it is proposed that the results lay emphasis on a sub-set of the district's strategic objectives (paragraph 3.1.6 above) which are most relevant to raising incomes.

The four results proposed are the following:

1. **Prioritized investments in the District and Lower Local Government Development Plans are implemented by block grants to the District and LLGs which are flexible but emphasize local economic development, the environment and poverty focused activities;**

2. **Local revenue generation and collection improved in a sustainable manner that balances the need for local economic development with the need for resources required to meet service delivery standards;**

3. **The district capacity to deliver improved services and poverty alleviation strengthened while improving democracy and accountability in the district local government;**

4. **The lower local government capacity to deliver improved services and poverty alleviation strengthened while improving democracy and accountability in their respective jurisdictions.**

Clearly the first result area has a bias towards strategic objectives 6 and 8. The second result is simply a restatement of strategic objective 1 emphasizing the relationship of revenue and the economic base.

The last two results reflect strategic objectives 9 and 7. They only differ in that capacity building is to be focused on areas supportive of the first two result areas whereas objectives 9 & 7 are general. The district and sub-county level results are separated because past experience in Kasese and other Uganda districts suggest that:

- Without a reserved budget for the lower local governments most capacity building would focus on the districts;
- If capacity building funds for lower local governments are passed directly to sub-counties the effectiveness of expenditure is reduced because commonalities, synergies, economies of scale and quality control are lost.

So the proposal is for these last two results to be managed at the district but for the resources to be pre-allocated between the two levels during the planning process with a maximum of 12% of the Belgian support to the District Development Fund (DDF) going for each of the two results (i.e. 24% in total).

3.3 Activities

Result 1:	**Prioritised investments in the District and Lower Local Government Development Plans are implemented by block grants to the District and LLGs which are flexible but emphasise local economic development and poverty focused activities**

Activity 1: Develop annual work plans and corresponding budgets based on the rolled District and LLG Development Plans

It is proposed that the district and each LLG be given a specified budget allocation (IPF) on an annual basis for three fiscal years commencing 2009/10. This, because the last seven months of support of fiscal year 2008/09 would be required to plan the utilization of this budget.

The distribution of the resources will be 65% to the LLGs and 35% to the District as per current Local Government Policy in relation to own revenue. (KDPRP is like local revenue in so much as it is outside of the sector MTEF). Furthermore it is believed that funds managed and spent at LLGs will have greater impact on the poor and on the LLG local economy.

The allocation of the LLG resource-envelope will be guided by the prevailing allocation formula used in national programmes like LGDP where the main factors are currently population and land area. In consultation with the Steering Committee, the Council could consider a more pro-poor allocation formula after the poverty profiling exercise in the preparatory period. Factors which could be considered in such a formula include:

- Lagging in services (coverage data in key services such as water, health etc)
- Conflict affected (size and duration of population displacement)

Such an innovation, if it took place, should be viewed as a national pilot. At present the DTPC does not feel that such equalisation of the grant formula is desirable.

The planning process would be the normal process commencing at village and parish and based on the Harmonised Participatory Planning Guidelines and the Participatory Development Management Module. Where the quality and level of participation in the planning process is still assessed to be weak, this will be strengthened either through result 4 or other support available to the district such as LGSIP. It is acknowledged that under current local revenue constraints participatory planning has suffered. Another role of KDPRP, like the Bundibugyo Integrated Development Programme, could be to assist national level decision makers to evaluate the costs and benefits of participatory planning and consider how its funding could be protected in future. KDPRP will differ from Bundibugyo in that Bundibugyo has a specific BTC budget line for participatory planning whereas KDPRP expects Kasese Council to make appropriate allocation in the annual budgeting process from the DDF.

Lower Local Government Planning

The planning for the LLG fund will be based on the principle that the amount allocated annually to a particular LLG is a block grant to be used to meet investment priorities. It is proposed that the following conditions apply to the grants:

- Investments must tally with mandate areas of the LLGs;
- Salary and operational costs could not be funded, but:
- A maximum of 5% of any investment could be used for investment servicing costs to be defined in a manner consistent with local government policy but including design, studies etc; a further 5% for retooling and 5% for monitoring each defined as per prevailing local government guidelines (currently LDGP);
- Investments must follow existing national and district guidelines (see also next point);

- A minimum of 15% of the funds must be spent on investments directly benefiting the marginalised (as defined after poverty profiling);
- A minimum of 40% of the funds should be spent on Local Economic Development in order to build up the economic capacity of LLGs to improve the economic future and the quality of life. The definition of these activities should be precised and agreed by council and should be well disseminated to LLGs. They can include all sort of investments to improve the local business climate.

  The District and the LLG development plans will clearly propose specific activities related to the local economy. These activities will be based on the local economic development strategy of the Uganda Ministry for Local Goverment, which should become an integral part of the planning process and which will address priorities issues and target scarce resources.

  The strategy will be defined through a process in which public, business and non-State actors will work together to create better conditions for local economic growth. This planning process should follow different steps:

    - Conducting a local economy assessment, which will include the mapping of the economic actors and opportunities (natural resources, industries, chain of distribution, products, economic infrastructures, etc.);
    - Identification of private and socio-economic initiatives;
    - Identification of weaknesses and needs in terms of socioeconomic development process;
    - Creating a vision and developing coherent goals and objectives.
- A minimum of 15% of the funds should be spent on pro-active environment protection, rehabilitation or land reclamation activities.
- The last three conditions should be subject to review after one year, to assess whether they are meeting the objectives of ensuring that investments raise household incomes and address the needs of the marginalised without being overly restrictive of the budget. It should be noted that the 15% for the marginalised or the environment can be part of the 40%: e.g. if funds were spent on adding capital to a local SACCO focusing on the marginalised this would be counted in the 40% minimum; or if funds were spent on conserving fish stocks this would be both environmental and LED.

None of these minimum targets represent a maximum ceiling. They have been suggested because stakeholder's believe that past experience shows that the planning systems does not often deliver optimal volume of investments in these area despite their high social returns. The experience of KDPRP will help to demonstrate whether such indicative allocations are useful and effective in meeting national and local development goals. The target allocations should be reviewed to assess their usefulness in meeting District Plan objectives and may be revised by the Steering Committee.

It is also reconfirmed that further investments in high cost infrastructure in social sectors are conditioned on assurance of O&M budgets and functionality of existing investments. The O&M budgets are most likely to be financed through affordable community/private sector managed user fees (e.g., in the case of water) or through local revenue for the maintenance of district and sub county infrastructure (e.g., in the case of health infrastructure)

The planning process must be iterative with the District providing support to the LLGs in a responsive and supportive manner. This means that initial planning guidelines need to be clear and that the technical review of LLG proposals by Departments should appraise carefully issues like viability, profitability, cost benefit and adherence to guidelines. In respect of the latter the basic principle should be adherence to existing national guidelines but the District may wish, within their power mandate, to add additional conditions. For example the District may wish to ensure the sustainability of service delivery infrastructure by insisting that the following conditions are in place before additional investments are agreed by a LLG:

- Existing user committees operational and fulfilling obligations;
- Prior investments fully staffed;
- Major outstanding maintenance on existing infrastructure prioritised;
- The LLG is not above the service level or coverage target of the district;
- Value for money and cost effectiveness;
- Sub-Sector not already adequately supported by other local or national investment programmes.

If investments are rejected by Technical Departments during the planning process because they fail to meet guidelines then the LLG can re-programme its grant to alternative investments. In this way planning becomes an active and rational dialogue. The LLG is free to decide the number of investments to be made up to a limit set by the total value of the grant. They would also be free to collaborate with other LLGs and/or the District in pooling investments on joint projects.

In respect of LED projects guidelines would ensure that adequate attention is provided to profitability, market linkages and partnership with appropriate sections of the for-profit private sector. Within the bounds of existing legislation LLGs would be free to cost share or invest in the private sector in pursuit of a common goal consistent with the poverty eradication and goal of the district. In other words such investment would have to demonstrate the potential to improve the incomes of ordinary or poor households. If required KDPRP may seek clarification from GoU on this specific legislation or instigate a pilot on how LGs may cost share/invest in the private sector.

District Planning

The planning for the District Fund would largely follow the same principles. This would include the 15% minimum for the marginalised and the environment and 40% for LED.

The investments identified by the District are likely to fall into four categories:

- Unfunded priorities from LLGs;
- Investments with wide-benefits to the whole district;
- Cost share investments where the district launches an initiative which LLGs can buy into (a current example could be the proposed horticultural development strategy) or where the district decides to support one or two LLGs to complete a large investment beyond the means of that LLG;
- Local revenue enhancement programmes of an investment nature (Result 2)
- Capacity building (Results 3 & 4).

As can be seen from these categories selection of district investments will again require an iterative process of dialogue between the district and LLGs are well as between council and the technical departments.

Activity 2: Implement and Monitor Activities Stated in the Annual Work Plans

Implementation of activities in the annual work plans will be the responsibility of the District Technical Departments, town councils and sub-counties. Normal local government procedures and regulations will be followed in respect of tendering, technical standards and financial accountability.

The foregoing should not preclude the District and LLGs, within the law and the district's new Private Public Partnership Strategy, from encouraging both the for-profit private sector and civil society organisations (CSOs) to participate in competitive selection processes. In some activities it may be appropriate to impose a requirement for co-investment or cost sharing.

The actual management of funds and tendering may be managed by the District on behalf of the LLGs or delegated, subject to existing law, to the LLGs. If opting for a strategy of delegation, the Steering Committee may decide to require certain pre-conditions which demonstrate the capacity of the LLG, as has been the case with LGDP.

District and LLG technical staff have a primary responsibility in supervising the implementation. Councillors at each level are also expected to play their allotted role in monitoring the implementation. In developing and strengthening accountability systems it is important that roles are both clear and well distributed and that accountability is downward to beneficiaries as well as upward to supervisors and funders.

The District may decide to penalise LLGs or Departments which are slow or fail to utilise the resources at their disposal within the time limits set for the implementation. For example in accordance with financial regulations an investment which has not been committed before the financial year may lapse together with the budget allocation of the implementing authority. LGDP has piloted the concept of bonuses for local authorities with above average implementation performance. The District may also wish to adopt such a strategy to encourage good performance. But care must be taken to ensure that rewards and sanctions are only used when implementers have sufficient powers to control the implementation process.

Result 2: Local Revenue generation and collection improved in a sustainable manner that balances the need for local economic development with the need for resources required to meet service delivery standards

Activity 1: To implement prioritised local revenue enhancement strategies using resources in the District Development Fund

The long term sustainability of investments and services depends crucially on developing a strong local revenue base. Without strong local revenue the district remains highly vulnerable to fluctuations in funding levels from central government and donors. Certain areas of expenditure such as local councillor costs, critical to strong democracy, some forms of operations and maintenance (chronically under-funded by central government) are impossible or very hard to fund from other sources despite their importance.

As with all results to be supported from KDPRP, priorities should be identified through the normal planning process based on the district's revenue enhancement programme.

A strong and growing local revenue base can only exist if there is a strong and growing economy. This means that items for support must balance immediate revenue generation ambitions with possible negative impact on the economy. Where there is an economic activity which is yielding substantial revenue, revenue raising activities should be accompanied by support programmes which can promote the activity and ensure its sustainable growth. An example might be the need for the district to balance taxation on fish production and trade with measures to support lake fish stock conservation and to promote fish farming and trading.

Setting priorities for revenue-raising will inevitably be part of the local political debate but other key considerations in setting priorities should be investment in strategies that offer the highest return in a sustainable manner. The current Revenue Enhancement Strategy should be refined to include estimates of likely revenue increases for a given measure. Areas where existing taxes can be collected more efficiently or compliance rates improved should be given due consideration for cost effectiveness. There may be examples, as suggested in the Strategy, where rate reductions may yield increased revenue through greater compliance. If activities which have vague benefits such as tax education and sensitisation are implemented at all it should be on a small pilot basis initially with careful measurement of any attributable revenue uplift. Mobilisation/tax education activities should be piloted first to assess their impact on revenue collection before being generalised.

It is recommended that funding for Result 2 be provided for out of the District Development Fund for several reasons:

- This provides maximum flexibility for the district;
- A dedicated line item might promote over investment in this area when additional interventions with a positive return are not available;
- The district will probably be able to access alternative funding for this area since it is one of the priority investments in LGSIP.

Result 3: District capacity to deliver improved services and poverty alleviation strengthened while improving democracy and accountability in the district local government

Activity 1: To implement prioritised capacity building activities using resources in the District Development Fund

Capacity building as it is used here is a comprehensive term that includes training, systems development and equipment. It must also be emphasised that capacity involves having adequate operational budgets. These are to be provided from local revenue and thus there is a strong linkage between results 2, 3 and 4.

The basic principles which will be used in achieving this result will include:

- Harmonisation of support to capacity through development of one integrated Capacity Building strategy and plan and incorporation of both HRD and non-HRD related elements in the District Development Plan;
- Funding from the District Development Fund in total is not to exceed 12% of the Belgian contribution to the DDF and could be less especially if additional funding is available from alternative sources such as LGSIP, other national programmes or alternative donors.

The following are some examples of possible areas which could be supported. They are not intended to contradict the principle of integration in the DDF through the normal planning process. So in one sense they are illustrative. Several are also LGSIP priority investments, which may receive support from that source. Nevertheless most are considered extremely important in laying a firm foundation for KDPRP. The formulation mission as marked (preparatory phase = PP) against those activities which should be completed before the investment programme starts in 2009/10 (Year 1):

- Poverty assessments and profiling and definition of the marginalised (PP) (Appendix 6.6 for Short Terms of Reference);
- Participatory planning down to parish and village level (PP);
- Operationalisation of private sector public sector partnerships;
- Operationalisation of Local Economic Development and dissemination of concept (LED)
- Review and re-focusing of the Capacity Building Strategy (PP)
- Review and re-focusing of the Revenue Enhancement Strategy (PP)
- Incorporation of cross cutting issues like HIV/AIDS and gender into planning;
- Environmental impact assessment;
- Accountability systems including downward accountability and improved communication of resource flows and performance (PP);
- Reporting processes including raising the standard of district reporting to meet BTC requirements without parallel reporting, improving re cord keeping and finding means of

integrating separate systems such as the health and education MISs into the unified LOGICS (PP);

- Establishment of financial management systems for BTC harmonised with district management systems (PP)
- Pre-investment analysis including cost benefit and cost effectiveness (PP).

Including the capacity building support from total KDPRP budget within the District Development Fund, is felt to balance flexibility (it may be possible to use LGSIP funds for several activities and thus use more funds for direct investment) while at the same time it ensures that this key area is not neglected when pressure of resource allocation makes it tempting to cut “soft expenditures” rather than “hard investments” in infrastructure.

Result 4: The lower local government capacity to deliver improved services and poverty alleviation strengthened while improving democracy and accountability in the LLGs

Activity 1: To implement prioritised capacity building activities using resources in the District Development Fund

The narrative used for Result 3 applies equally for result 4. Several of the activities mentioned above would involve sub-county as well as district capacity building especially areas like participatory planning, reporting, dissemination of LED concepts and downward accountability systems.

Capacity building may include ordinary citizens as well as civil servants if that skills development is meeting a public good such as training health staff for remote LLG facilities.

The resource allocation proposed is also a maximum of 12% of the Belgian contribution to the DDF.

The separation of the District and LLG capacity building allocations was explained in detail in paragraph 3.2.4. The current Capacity Building Strategy allocates 12% to skills development to both the district and LLG level, 20% to career development and 30% discretionary (to be used on any of the foregoing). It may be sensible to re-think these percentages in the light of additional funding under KDRDP and other actors. It might be sensible to put a maximum percentage to be spent on career development. In terms of achieving the first two results of KDPRP general skills development and systems strengthening will be more critical than individual career development.

3.4 Indicators and Means of Verification

The logical framework in chapter VII outlines indicators and means of verification for the general and specific objectives, and for the four key result areas.

The indicators have been developed in such a way that allows for effective monitoring and evaluation of the programme.

While it was possible to quantify indicators of some key result areas, the absence of authentic benchmarks on parameters such as current levels of local capacities, coupled with inadequate clarification, at district and LLG levels, of key strategies and paradigms made it difficult to attach numerical values to some indicators in the logical framework. The preparatory phase will include processes that aim to articulate specific concepts, such as LED. It will also focus on establishing capacity levels and gaps among district and LLGs, and promote understanding of poverty patterns through poverty mapping and profiling, among others. This will enable the programme to develop specific targets that will form the basis for monitoring and evaluation.

3.5 Description of Beneficiaries

The population of the Kasese District is estimated at a little over 600,000 with the majority of households dependent on non-salaried employment: mainly subsistence agricultural, livestock or small scale fishing.

The Majority

It is expected that the majority of the population will benefit from KDPRP. This is because since the majority of funds will be expended at the LLG level, the impact of improved services and infrastructure will directly benefit all the citizens.

While small scale producers earning their livelihoods from the natural resource base through agriculture, livestock or fishing, this income is supplemented wherever possible through other activities like petty trading.

In almost all cases livelihoods are under threat as the resource base fails to keep up with increasing demands on it. This is reflected in agriculture by fragmentation of landholdings, their reduction in size per household and diminishing soil fertility. Agricultural production on the plains is vulnerable to drought because the area lies in the rain shadow of the Ruwenzori Mountains. On the two main lakes, George and Edward, fish stocks are falling as a result of fishing with small mesh nets and illegal boats. The urban poor are generally dependent on casual labour and petty trading. In almost all cases, to develop a multiplicity of crops and/or income sources is one of the principle risk reduction strategies even with larger more prosperous farmers. Environment issues are clearly important though it is often hard or impossible for the individual to prioritise environmental conservation in the struggle to survive.

Poverty is multi-facetted. Incidences of serious illness and attendant costs of treatment/ attendance to patients are often quoted as instrumental in driving a family into poverty. The level of education was found to be strongly correlated with those able to exploit the natural resources successfully, both directly and by enabling a person to accumulate capital from a non-farm occupation. Poor access to road transport impacts negatively on producer prices and access to services. Distance to water can be a major drain on the family's labour resources.

The poor have developed a number of strategies to overcome some of their problems. Examples include:

- A growing number of individuals are joining savings and credit groups as a means of insuring themselves against crisis situations, and also to identify and utilise sources of small capital for diversified economic activities;
- Where possible, producers are trying to create linkages to produce buyers and/or processors in order to create a more stable market, sometimes also to generate support in improving crop quality4
- Since farmers view organic farming as a solution to reduced soil fertility, this movement is growing;
- In order control illegal fishing and regulate their affairs, Beach Management Units have been formed.

The proposed strategy of KDPRP is supportive of beneficiary strategies in the following ways:

- Activities and priorities will be set by beneficiaries through the participatory planning process;
- Investments may address any dimension of poverty, with an emphasis still remaining on economic development and environment for sustainability and self-reliance;

[4] The initiative often comes from the buyer/processor side.

- By emphasising bottom-up planning it is hoped that support will be channelled to activities where groups and localities have comparative advantage and which build on existing skills and survival strategies[5].

Control of the resource envelope by the LLGs and their constituents should ensure that initiatives from the technical departments and district authorities need to seek for voluntary buy-in from beneficiaries. This should reduce the risk of "white elephant" projects imposed from above without adequate understanding of the beneficiaries' environment and micro-economics.

The Marginalised

It is a key part of the overall objective of KDPRP to impact on the lives and incomes of the most disadvantaged. This focus was not achieved in the first Phase and so a number of specific measures are proposed to ensure KDPRP does not repeat the omission:

- The District will undertake poverty assessment and profiling to better understand the nature, categories and specific problems of the poor in Kasese District (with support from results 3 and 4 or from LGSIP)
- Based on the above profiling, technical departments and planners at all levels will be challenged to listen to the needs of the marginalised and ensure their incorporation in participatory planning processes;
- A number of resource allocation strategies are specifically designed to be pro-poor:
  - The majority of resources are to be programmed at LLG level;
  - 15% of development fund resources at both the district and LLG will be reserved for activities focused on the marginalised;
- In line with its new Private Public Partnership Strategy, the District will encourage CSOs, with comparative advantage in working with the marginalised, to engage in the planning process and to offer their services competitively to implement programmes.
- In advance of the poverty assessment it is possible to highlight some of the marginalised groups:
  - Populations living in very remote areas of the district;
  - The landless and those with very small landholdings;
  - Those with restricted access to natural resources because of proximity to the national parks;
  - People with disabilities;
  - People living with HIV/AIDS;
  - Unemployed landless youth and street children in urban centers;
  - Women who are very under-represented in some LLGs and lack rights over joint income and assets.

Other Beneficiaries

Another category of beneficiaries will be the technical staff and councilors of the District and LLGs who will receive capacity building in various forms, thereby enhancing skills and improving working conditions.

The Ugandan Ministry of Local Government will be equally be a beneficiary because the project will provide opportunities:

- To pilot local initiatives which could provide lessons at a national level;

[5] Phase I production activities tended to reflect imported ideas and initiatives which did not always proved profitable or appropriate to the micro-environments in which the beneficiaries lived.

- To monitor more closely the impact of evolving national decentralization strategies and intervention on a district's capacity to fulfill its mandate;
- To feed the forgoing lessons into the national policy debate centered on the JARD and other budget support mechanisms.

4 RESOURCES

4.1 Human resources

The Programme Advisory Unit staff will comprise the technical assistant who will be recruited internationally and contracted by BTC Headquarters and, if deemed necessary, a programme assistant. The programme assistant will be recruited in Uganda by BTC. The technical assistant should have a background in organisational development and public administration. The profile in the job description of the technical assistant includes the following features:

- Wide experience of providing capacity building in a programme context
- Experience with local government administration, local government reform or decentralization policies;
- Experience with some or all of the following areas of focus particularly in the context of local administration: local economic development; public private partnerships; programming with marginalized groups; accountability systems;
- Capacity to serve as advisor and trainer for political leaders and administrative staff at various levels of the political system including national level;
- Preferably practical experience from similar work in Uganda or in other Anglophone African countries;
- Knowledge and/or experience in participatory planning and budgeting techniques for local government
- Fluency in English

It is envisaged that the technical assistant will support various management and financial systems, build capacity in fund management. He/she will only supervise the systems.

The programme assistant should have a background in public sector management and administration and theoretical or practical experience with public administration and in particular local government administration. The programme assistant should preferably also be able to serve as trainer. He or she should have good command of the local language. The programme assistant will cooperate closely with the technical assistant, will assist with all issues related to the management of the programme and will refer to the technical assistant. To ensure complementarity final TOR for the programme assistant should be further developed by BTC when the TA has been identified.

The financial management will be done by the Kasese District Chief Finance Officer, if needed supported by the programme assistant. The accountant has to be well versed with local government's procedures required for proper accountability.

4.2 Material resources and services

Equipment is owned by Kasese District Local Government immediately after supply if this equipment is within the district management category. The District is immediately responsible for its operational and running costs. However, running costs will only be provided by the programme for equipment used for programme activities. The equipment within 'BTC management' is the sole responsibility of BTC. Maintenance and operational costs of other capital investments within the activities carried out by the programme will be covered by the district and sub-counties budgets.

4.3 Financial resources

The programme will be co-financed by the Government of Uganda and the Government of Belgium. The Belgian contribution amounts to **€ 4,042,715**. The contribution by the Ugandan Government and Kasese District Local Government will be through consolidated grants (Poverty Action Fund (PAF) and Local Government Development Programme (LGDP), local revenue and in kind contributions. Because exact amounts are not yet known for the coming financial year it is very difficult to quantify the Ugandan cash contribution. As Kasese district fulfils all conditions for receiving these grants, it may be expected that the total amount of these and other grants will increase. In addition, it is also expected that the local revenue generation, shall also increase.

Kasese District Local Government, however, contributes in kind to the programme as well by guaranteeing that all key personnel will be in place and their salaries paid (including the salary of the programme manager). In addition, it will provide the Programme Management Unit with sufficient office space within the district administration headquarters and as stated earlier, Kasese District Local Government will ensure maintenance and operational costs of equipment and infrastructure.

The distribution of resources over the four-year time period of the project should be in line with the district's priorities reflected by its rolling development plan and by the result areas focused by the project.

The proposed investment in KDPRP is likely to be at least UGX 7.5 billion over three years after excluding project management costs. This per annum expenditure of UGX 2.5 billion compares with 2006/07 district budget figures of :

- A total budget of UGX 22.2 billion (one year of the Belgian contribution would be equivalent to 11% of this budget)
- Local revenue of UGX 0.35 billion (Annual BTC project budget is UGX 2.5 billion)
- A non BTC capital budget of UGX 2.7billion[6] (meaning that the BTC project budget almost doubles the districts annual investment budget).

These figures show that BTC support will form a very large input to the district over the next few years in comparison with other resources. This is clearly a challenge to sustainability. Even if investment expenditure does not need to continue at the same level (which it might need to do given continued high population growth) certainly operations and maintenance expenditure will need to rise in line with an increased base of social infrastructure.

It is for this reason that KDPRP is emphasizing increasing the economic base of the district and revenue enhancement. It is a further reason why it is strongly recommended that further investment in social infrastructure be conditional on the functioning and maintenance of existing systems. It should be noted for example that the Water Department estimates existing accumulated major rehabilitation and maintenance work in that sector to stand at some UGX 500 million.

This will require an annual review by the technical assistant of the local capacity to support functioning and maintenance expenditures, which will be included in the normal reporting to the steering committee. If this capacity turns out to be too weak, the project will propose to the steering committee to reallocate a part of the investment funds to other needs. Appropriate alternative investments to consider in this regard may include:

- Enhancing the LG's institutional capacity to sustain this type of investment;
- Invest in Community based management of operation and maintenance approaches in line with national sector policy;

[6] This may slightly understate the amount because some non-wage national conditional grants may contain an element of investment spending.

- Investigate the opportunities for engagement in public-private partnerships to manage the investments where appropriate;
- Redistribution of funds to sectors which have shown the capacity to sustainably manage their investments. At the same time the capacity of weaker sectors can be further developed. This will facilitate the possibility of further investments in these sectors in the latter period of the programme.

Financial viability will be one of the aspects covered during review of individual proposed investments particularly in respect of investments designed to raise household incomes. Skills in this form of analysis are currently weak and training in this area should be covered in the capacity building fund. Also the district may need private sector assistance in assessing “risk” in LED investments. A committee may be formed for LED investment appraisal which may include people from the banking and economic professions.

The abolition of the Graduated Tax created a huge financial gap leading to serious constraints with regards to service delivery in local governments. The “Local Governments Amendment Bill 2007”, which was passed by Parliament in 2008 amends the Local Government Act (Cap 243) and replaces the abolished Graduated Tax while providing for additional taxes to be levied, charged and collected by the local governments.

Cfr Appendix 6.3 for the programme budget and revenue performance and projections of the district.

5 IMPLEMENTATION MODALITIES

5.1 Management modalities

As stated in the Specific Agreement, KDPRP will be implemented in co-management i.e. a representative of the Ministry of Local Government will be the programme director while the BTC Resident Representative in Uganda will be the co-director of the programme, together they will be responsible for the management of the EURO account. The Chief Administrative Officer of Kasese district will be the programme manager and the technical assistant appointed by BTC will be programme co-manager. Together they will form the project management and they will be jointly responsible for technical, administrative, budgetary and accounting management of the programme.

The co-management modality is different from the traditional jointly managed intervention in that the role of the co-manager/technical assistant plays a supervising rather than a strictly implementing role with regard to release of funds and reporting on accountability. He still has reporting and accountability responsibilities in the co-management arrangement but his main functions should be to provide capacity building in support of results 2, 3 and 4. The necessity for and role of the technical assistant will be reviewed after two years. The technical assistant will only supervise the various management and finance systems as explained in more detail under 5.3

5.2 Legal framework

The international technical assistant will be recruited and contracted by BTC Headquarters as per Belgian rules and regulations, while local staff and expertise under regie management will be appointed by the BTC Resident Representative in Uganda as per Ugandan rules and regulations.

Public tendering follows Ugandan law and regulations for goods, services or works within the 'co-management' budget lines. Items within 'BTC management' will be procured according to Belgian rules and regulations.

5.3 Implementation and follow-up structures

Programme Management

As stated in section 5.1 the CAO as programme manager together with the technical assistant as co-manager will be responsible for execution of the programme as described in the Specific Agreement. They will form the Programme Management (PM). They will report to the Steering Committee.

Planning

Article 190 of the Constitution of Uganda, 1995, and The Local Governments Act, Cap 243, Section 35, (3) require District Councils to prepare comprehensive and integrated development plans incorporating the plans of LLGs for submission to the National Planning Authority, and Lower Local Governments to prepare plans incorporating plans of lower local councils in their respective areas of jurisdiction.

Section 77 (2) of the same Act requires local governments to always accord national priority programme areas preferential budget outlays.

The plan and budget preparation process has to be consultative and participatory in order to ensure ownership to both the process and the approved budget allocation (IPF). A systematic process of prioritisation of programmes and expenditures, which is based on informed choices, must take place.

The full council must be at the centre of the process so as to avoid monopolised and biased prioritisation and expenditure choices and sufficient time must be reserved for participation and dialogue between relevant stakeholders and for public hearings.

The planning process at the lower local government level is to be guided by the Harmonised Participatory Planning Guide.

It is very important that the implementing mechanism supports and reinforces the participatory planning modality in such a way that beneficiaries remain in control of decisions regarding their resource envelope. This does not mean that they necessarily have to manage the procurement process. However, all activities need to be transparently conducted and need to recognise that implementation focuses on the realisation of beneficiaries' plans.

Open dialogue and exchange during the planning process and a pro-active communications strategy is essential. Constituents need to be kept informed regarding resource allocation, approval of plans and the overall progress of implementation. Such process will create an atmosphere conducive to demonstrative accountability.

In respect to the planning of programme activities, BTC resources will become part of the resource envelope available to the district and LLGs in accordance to the conditions described in section 3.3.

The resources will be programmed as part of the normal bottom up annual planning process in accordance with HPPG. This will involve iterative dialogue and technical back-stopping between LLGs and the District Technical Planning Committee (DTPC).

By the end of the process, District plans will be passed by the District Council indicating the funding source for each activity and hence those items to be funded by BTC. In case of a District Council rejecting an LLG activity proposed for funding by BTC, the resources thereby uncommitted may be re-programmed by that LLG according to its other unfunded priorities.

The Steering Committee (role and functions discussed below) will be required to review and approve KDPRP annual workplan and budget. The primary function of this review will be to ensure that agreed policies and principles have been followed in the planning and budgeting process. Following the same principle described in the previous paragraph, any item disallowed as inconsistent with programme policies will thereby create a resource envelope available to the effected local authority for re-programming during the budget year as a supplementary budget.

Throughout the planning process the technical assistant will actively participate to the dialogue, advise on policy and capacity building issues relevant to the programme's specific objective and expected results.

Procurement

The procurement of goods and services in Local Governments is guided by the Procurement and Public Disposal of Assets Act (PPDA) 2003.

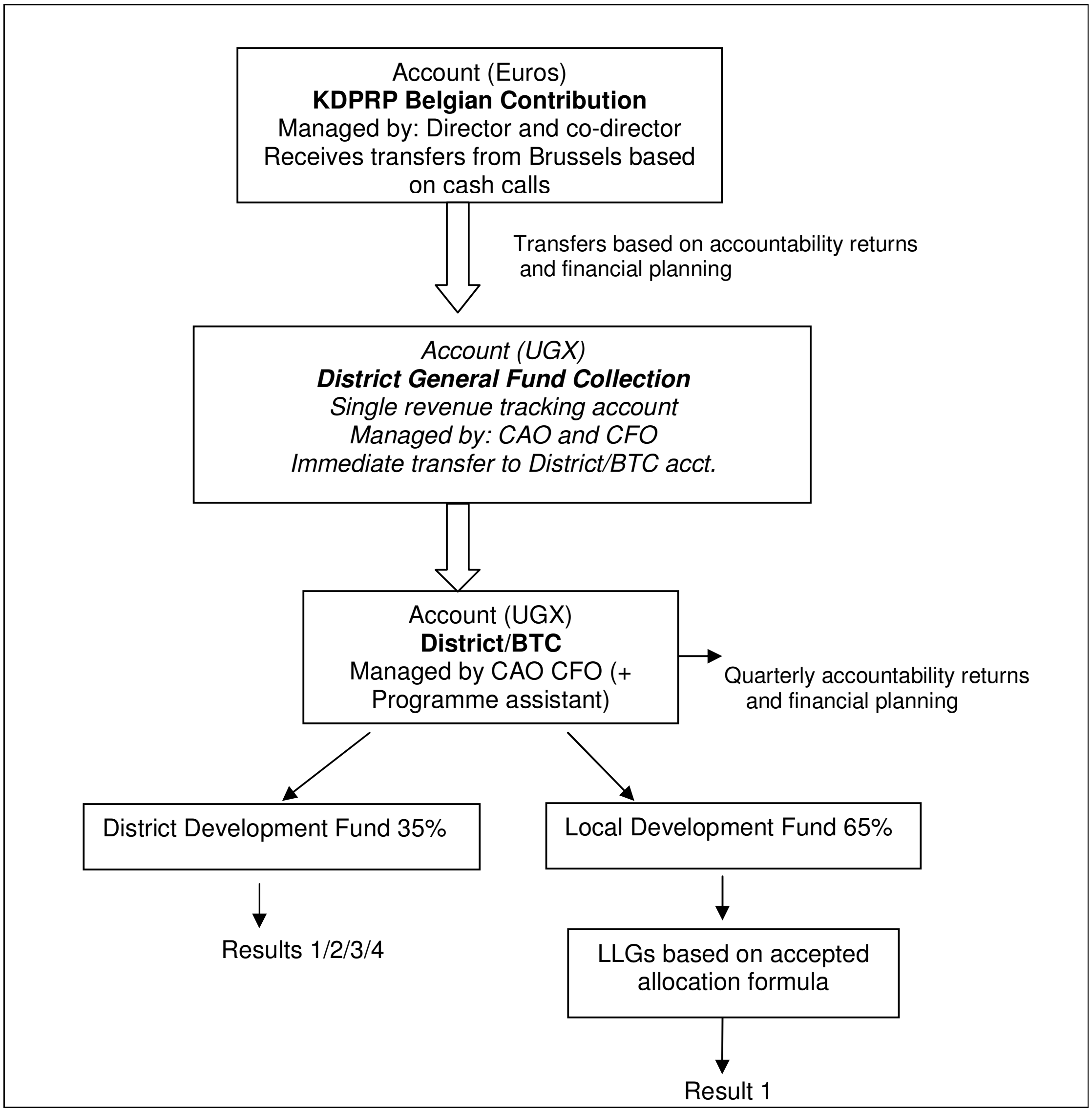
In the event of evaluation of procurement of goods, services or works, a temporary evaluation committee is selected by the Procurement and Disposal Unit to carry out evaluations for their supply. A user department may be represented.

For each procurement requirement, heads of user departments liaise with the Procurement and Disposal Unit on all matters relating to the procurement. In addition, the user department is responsible for contract management, once a contract is signed.

The technical assistant will participate to all procurement procedures in the following way:

- Advise on preparation of tender dossiers by the district,
- Advise and act on relevant BTC requirements,
- Participate as a voting member to the evaluation committee,
- Monitor procurement procedures and implementation of contracts,

Financial management and reporting



Regarding the financial implementation of the programme, the following has been agreed by both parties:

Kasese District Local Government will open a specific account entitled ‘Kasese District Poverty Reduction Programme – Belgian Contribution’ in EURO at a commercial bank, for receiving the contribution in cash of Belgium through BTC. The director and co-director will jointly sign on this account.

BTC shall provide the EURO account mentioned in previous paragraph with instalments in function of the degree of realisation of the cooperation activity, and on the joint demand of the director and the co-director of the programme. In case needs arises for replenishment of the account a so-called cash call by both the director and co-director to BTC Headquarters should be sufficient taking into account that all proper accountability has been done as described later in this section.

The district management will open a District/BTC Ugandan Shilling account in a local commercial bank to pay for the programmes' expenditure, which are chargeable to the programme's budget. This account shall be replenished by the EURO account, via the District General Fund Collection Account, in line with the state of progress of the programme, based on quarterly justification of expenditure. This District/BTC account will be jointly operated by the CAO and Chief Finance Officer (CFO). It is strongly recommended that the programme assistant also has signatory authority on this account. The District General Fund Collection Account is a single revenue tracking account collecting all incomes of the district, it is an intermediate non spending account. Transfers from this account to the District/BTC Account will be implemented immediately.

Transfers from the EURO account to the District/BTC account cover the co- management expenditure chargeable to the District Development Fund and the Local Development Fund.

Transfers to the District/BTC account chargeable to the DDF and LDF will be implemented on the basis of the District's and subcounties' annual workplans and budgets as they result from their development plans. The conditions for all transfers are the approval of the respective annual work plans and budgets and of the narrative and financial reports on the execution of previous instalments by the Steering Committee.

The CAO and CFO shall ensure the conformity of the presented expenditure, bills and claims with the terms of reference and within their operative regulations. After verification they write 'for services rendered' or for goods received in conformity' on the bills and claims to be paid, in absence they join their comments at the intention of the director and co-director of the programme. In case a problem cannot be solved at this level, the Ministry of Local Government can coordinate local government issues according to the Local Governments Act 1997, article 96 and 98 (2) (a).

The quarterly justification of expenditure will adopt the format of a quarterly accountability return. This accountability return along with the quarterly financial planning will be prepared by the district CFO. Before approval they are examined and reviewed by the technical assistant and co-signed jointly by the CAO, CFO and the technical assistant. They should follow Ugandan regulations and should reach MOLG and the BTC Resident Representative not later than the 15th day of the quarter after which the accountability was made.

The format of the quarterly accountablity return should enable BTC to monitor output performance related to KDPRP's specific objective and expected results as described in section 3.3 of the TFF. This format and the one for the financial planning will be prepared and approved during the preparatory phase by the district with advice of the technical assistant. In order to ensure accurate cash flow planning it should distinguish expenditure from outstanding obligations and commitments. In order to facilitate ex post auditing BTC may decide, for a limited or the entire project period, to maintain FIT recording at district level in parallel with the district accounting tools.

Sequencing of instalments: Within the approved annual District and LLG workplans and budgets a first instalment will be made to cover the planned expenditure for the first quarter, subsequent instalments will depend on the quarterly accountability returns and financial planning reports prepared as described above.

If budget execution delays at district level cash calls may be suspended. The district needs to be able to report at any moment on the BTC contribution balance available and not committed or paid yet.

The procedures for spending follow the Ugandan rules and regulations as stated for Local Governments and the budget of programme.

In order to strengthen ownership and accountability at subcounty level, the above described financial arrangements may apply to LLGs. Depending on a number of criteria LLGs may qualify to take up their own financial responsibility. Among these criteria are: the LLGs management capacity, the outcome of regular assessments (Annual Assessment of Minimum Conditions and Performance Measures for Local Governments, MOLG) and relevant performance with other similar programmes (LGDP, NAADS). The Steering Committee will decide on possible additional criteria and the qualification of possible selected LLGs. In this case the district will transfer the LLGs resources to the LLG account to the extent of their budget allocation.

The Steering Committee

The principal role of the Steering Committee is to ensure that the Programme follows the policies and principles contained in the technical and financial file and also to maximise the learning at national level from innovations and challenges arising in the course of implementation. The Steering Committee should not appear to involve itself in operational decisions within the programme because this reduces beneficiary control over resource management. It also makes it more difficult to generalise lessons learnt to other local authorities in Uganda where no such Steering Committee exists. The detailed functions of the Steering Committee will therefore be:

- To examine and approve the formulation document with the Technical and Financial File (TFF) before its approval by both parties.
- To review and approve the annual work plan, projects to be financed and budget.
- Review and approve proposals to change the budget (within the total programme budget):
- Programme design, policies and procedures described in the TFF to improve effectiveness of implementation;
- Revisions and reallocation within budget lines.
- To appraise progress based on six monthly progress reports.
- To appraise internal and external audit reports and other monitoring reports.
- To approve the final report and close the programme.

The Steering Committee will meet at least twice a year, preferably during June/July and December/January.

It is proposed that the Steering Committee membership should include:

- A representative from the Ministry of Local Government (Project Director, chair);
- A representative of the Ministry of Finance, Planning and Economic Development;
- The Resident Representative of BTC, also Project Co-Director;
- One elected representative of Kasese District Local Government;
- One elected representative of a rural LLG within Kasese District;
- One representative of civil society organisations in Kasese District;
- One representative of the private sector in Kasese District;
- The Chief Administrative Officer and the technical assistant as co-opted non-voting members.

The Steering Committee will decide by consensus. The Programme Management will act as the Secretariat for the Steering Committee. Each Steering Committee meeting shall be minuted and its minutes duly signed by the authorized members. During the first Steering Committee meeting the two proposed representatives of civil society will be approved, this first meeting will also nominate the key SC members authorized to sign the SC minutes.

5.4 Reporting, auditing, monitoring and evaluation

Reporting and monitoring will be an integral component of implementing the programme. It will be carried out at different levels: community, lower local government and district level. It will use the normal systems of local government both technical and political. Key Performance Indicators listed in "Annex II: Common Results Matrix" of the LOCAL GOVERNMENT SECTOR INVESTMENT PLAN (LGSIP) 2006-2016 will be used to measure progress during annual progress reporting and mid-term and final evaluation (see appendix 7.7).

In addition, CSOs will be encouraged to carry out independent monitoring to enhance efficiency and accountability. The programme can consider funding capacity building of CSOs for that purpose.

Coordination of the findings of monitoring processes by different actors at various levels will be ensured through the implementation of an integrated M&E strategy by the District Planning Unit, with clear reporting and monitoring guidelines and formats.

The HPPG forms the basis for the planning system, but those guidelines give relatively little emphasis to the monitoring process or guidance on how it should be carried out. This is an area where Phase II could be used to pilot some innovative monitoring strategies which could influence national practice.

Short, medium and long-term targets at the different levels will be set based on collectively owned annual work-plans and then displayed in strategic public places alongside resource allocations.

Simple and highly illustrated monitoring formats will be designed to be used by local communities (probably facility management committees) based on key indicators of programme success. This is another area where the programme could fund CSOs.

Weekly community monitoring will be ensured and monthly reports will be compiled and discussed during monthly village review meetings.

The programme will encourage communities to collaborate with CSOs in undertaking monitoring; as CSOs conduct independent poverty resource monitoring, synergies could be built to reinforce the two systems.

On a quarterly basis, monthly village-level progress and financial reports will be reviewed by LLGs, facility user committees and extension staff, in light of the set targets and indicators. In the same fora, CSOs conducting independent poverty resource monitoring will be requested to present their findings and further lessons drawn.

Sector heads will write monthly reports based on regular field monitoring visits and on reports submitted by communities to LLGs. These reports will be submitted to the CAO. Day to day audit will be the responsibility of the district's Internal Audit Department. This can be financially supported by the programme in terms of capacity development and improved implementation of the mandate of the Department and can have long-term benefits as the district will have information to provide to its communities through its Public Accounts Committee (PAC). In turn this can enhance acceptance of local revenue generation as the community may feel that their taxes are being spent more appropriately.

The steering committee will hold bi-annual and annual programme reviews based on half-year and annual progress and financial reports compiled by the CAO and the technical assistant.

Reference during these reviews may also be made to some sample LLG reports and CSO poverty resource monitoring reports.

Three or six months after the first transfer to the District/BTC account BTC will carry out an external audit to verify the adequate and appropriate functioning of the administrative and financial procedures and reporting at district and subcounty level.

A mid-term programme review will be held after two years of programme implementation. This independent exercise, led by an external evaluator, will aim at drawing lessons from the progress made and at refocusing programme strategies to the objectives for the remaining years. The mid-term review will be executed following the procedures developed by BTC

An external audit will be carried out by a credible audit firm, and will coincide with the mid-term review. The external audit has to evaluate the financial and administrative procedures of the district and subcounties and the compliance with the conditions of the KDPRP intervention framework. The BTC representation is delegated by the Steering Committee to carry out the relevant tender and select the audit company. The external auditor has to be a certified independent company based in Uganda. The audit report has to be sent to the Steering Committee as well as to the BTC direction.

Poverty profiling will be carried out during the preparatory phase. Apart from laying the foundation for targeting pro-poor interventions, this will help to define poverty indicators which are seen as meaningful and relevant in the different zones of Kasese. These indicators can also contribute to the baseline and evaluation survey processes.

Given the specific objective of the programme, to strengthen Kasese local authorities' capacities for improved service delivery and local economic development, key indicators of programme success will include those relating to quality of service delivery and access to basic services. It is therefore proposed that during the preparatory phase, as a baseline, a capacity assessment will be made and the capacity building will be reviewed.

5.5 End-of-programme preparation

The programme will have a lifespan of four years. The Steering Committee decides on the closure process six months before the end of the programme.The district management in consultation with the technical assistant will submit a final narrative, technical and financial report to the Steering Committee. The Steering Committee will meet not later than one month before the end of the programme in order to examine and approve the final draft report of the programme according to BTC regulations.

The aim is, through capacity building, to have developed a sustainable system of management, which can operate independently with the occasional technical assistance from MoLG. It is thus crucial to develop a system of reliable assessment of the quality of capacity building initiatives.

An external end evaluation will be carried out to evaluate the achievements of the programme. The Steering Committee will ensure that an end evaluation will be carried out through which it can draw lessons for others and/or future programmes.

After having fulfilled the requirements to end the programme, the signatories to the two accounts will officially close the accounts.

Equipment purchased within the 'co-management' budget lines will be property of Kasese District Local Government. However, equipment under 'BTC management' remains BTC property and will be handed over to Kasese District Council at the end of the programme.

6 TREATMENT OF CROSS CUTTING THEMES

The integration of important cross cutting themes in KDPRP is achieved by a mixture of strategies:

- The current definition of the marginalised used by the district lays emphasis on gender, disability, HIV/AIDS status and other forms of marginalisation. It is expected that the act of setting a 15% minimum investment level will greatly empower such groups as well as raising the general level of awareness and debate around these issues;

- A similar impact is expected in respect to the environment from the same mechanism. Furthermore, capacity building activities are expected to include the development of staff skills in environment impact assessment such that this is part of the normal investment appraisal process in the district;

- Existing Local Government planning guidelines emphasise many cross-cutting issues including those just mentioned in the last two points but also general issues of good governance and accountability

Security and good governance are pillars of PEAP and a cornerstone for LED. The issue of security is particularly strongly felt in Kasese because of recent history during the ADF rebellion. KDPRP should contribute to this area through the transparent allocation of resources to all parts of the District and no doubt there will be some security enhancing investments in improving access to remote areas as there were in Phase 1.

It is worth re-emphasising the importance pre-environmental impact assessments before approval and implementation of all socio-economic investments. This is because environmental degradation is such a critical issue in the district. Some of the key factors that will be considered in assessing the viability of an investment will include its impact on soil and water conservation, afforestation, and on how land degradation is addressed. While capacity is remains weak in the district in this area, it may be an areas for collaboration with relevant CSOs.

Gender is a major issue in Kasese. Women still constitute the majority of the marginalised because of traditional beliefs and attitudes. Women in general do not have control over productive resources although they still provide the bulk of labour at household level. Women still have lesser opportunities for secondary education as evidenced by an attendance record of 37% female and 63% male during 2005. This is further evidenced by the low numbers of females engaged by both the formal and informal sectors.

The 15% reserve for the marginalised is still small put in this gender context. One promising LED investment area would be in the form of supporting small saving and credit groups whose membership are mainly women. It may be advisable to carry out capacity building for the Planning Department in gender analysis of the budget both generally and in respect of the DDF. If affirmative action towards women remains weak after the first year of the project then this issue could be re-emphasised in the investment guidelines of the 2^{nd} and 3^{rd} years.

Gender - indicators will be defined by the poverty assessment and profiling study and will be added to the logical framework to be monitored throughout the intervention.

7 APPENDICES

7.1 Indicative implementation calendar

It is assumed that Q4 coincides with the last two months of 2008, Q1 with the first 2009 quarter and Q2 with the second 2009 quarter plus the month July. Year 1 would be fiscal year August 2009/ July 2010, etc. Q3 being the months September till November of 2012.

PROPOSED TIME LINE

ACTIVITY	Q4 2008	Q1 2009	Q2 2009	Y1 2009/2010	Y2 2010/2011	Y3 2011/2012	Q3 2012	Responsability
Preparatory Phase								
Support from Bundibugyo in launching integrated planning based on HPPG	X							BTC / KDLG
Recruitment of Technical Assistant	X							BTC / KDLG
Harmonisation of financial procedures		X						KDLG/TA/PA
Development of Implementation Guidelines		X						KDLG / TA/PA
Dissemination and Orientation on Guidelines		X	X					District & LLG
Kasese Poverty Profiling Study & develop agreed definition of marginalisation		X						KDLG/CSOs
Review and plan strengthening of accountability systems including downward accountability			X					KDLG/CSOs
Deepen risk analysis, assumptions and mitigation measures of TFF	X	X	X					
Reporting processes, record keeping reviewed and strengthened			X					KDLG/MOLG
Development of Programme Communication & Assessment Strategy		X	X					DTPC

ACTIVITY	**Q4** 2008	**Q1** 2009	**Q2** 2009	**Y1** 2009/2010	**Y2** 2010/2011	**Y3** 2011/2012	**Q3** 2012	**Responsability**
Implementation Phase								
Result 1: Prioritized investments DDP& LLGDPs Plans are implemented								
Activity 1: Develop annual work plans & budgets based on the rolled DDP and LLG plans based on HPPG	X	X	X	XXXX	XXXX			TPCs
Prep: Training in pre-investment analysis including cost benefit and cost effectiveness and poverty profiling exercise		X	X					KDLG/TA/PA
Integration of Programme Funding into LG Development Plans / Estimates		X	X					KDLG DTPC / TA/PA
Activity 2: Implement & Monitor Activities in the Annual Work Plans				XXXX	XXXX			DTPC / TA/PA
Result 2: To develop local revenue generation and collection in a sustainable manner								
Prep: Review and re-focusing of the Revenue Enhancement Strategy		X	X					
Activity 1: To implement prioritized local revenue enhancement strategies using resources in the District Development Fund				XXXX	XXXX			KDLG / FAD
Result 3: To strengthen district capacity to deliver improved incomes and poverty alleviation while improving democracy and accountability in the DLG								
Prep: Capacity assessment to establish baseline and refocus capacity building strategy and plans		X	X					KDLG/TA/PA
Prep: plan operationalisation of private sector			X					KDLG/TA/PA

ACTIVITY	**Q4** 2008	**Q1** 2009	**Q2** 2009	**Y1** 2009/2010	**Y2** 2010/2011	**Y3** 2011/2012	**Q3** 2012	**Responsability**
public sector partnerships								
Prep: operationalisation of LED concept		X						KDLG/TA/PA
Activity 1: To implement prioritized capacity building activities using resources in the District Development Fund				XXXX	XXXX			KDLG / HRD / TA/PA
Result 4: To strengthen LLG capacity to deliver improved incomes and poverty alleviation while improving democracy and accountability in the LLGs								
Prep: Capacity assessment to establish baseline and refocus capacity building strategy and plans		X	X					KDLG/TA
Prep: plan operationalisation of private sector public sector partnerships			X					KDLG/TA/PA
Prep: operationalisation of LED concept		X						KDLG/TA/PA
Prep: strengthening HPPG and disseminating implementation guidelines	X	X						DTPC
Activity 1: To implement prioritized capacity building activities using resources in the District Development Fund				XXXX	XXXX			KDLG / HRD / TA/PA
Programme Evaluation				XXXX			X	BTC/KDLG
Kasese Poverty Profiling Study (follow-up)							X	KDLG/CSOs

7.2 Logical framework

Hierarchy of objectives	Key performance indicators	Means of verification	Critical assumptions
General			
Incomes of the population especially the most disadvantaged improved in a sustainable manner	Poverty profiling reveals reduced vulnerability in the general population the population satisfaction with LG services as defined by IGG survey increased by 5% per annum (indicator 1.2, LGSIP, Service Delivery) Ratio of households below the poverty level Food security situation in the district: ratio of people undernourished (PEAP indicator) Average household expenditures % increase of locally generated revenue in LGs through pay of direct taxes and revenue generating ventures (indicator 5.2, LGSIP LED)	Periodic poverty profiling reports IGG integrity survey District aggregated poverty indicators Poll/survey Household Budget Survey Poverty Status Reports National annual performance monitoring of local governments	Security prevails in and around the district & national economic growth continues IGG survey implemented as planned
Specific			
The Kasese Local Authorities' Capacities for Improved Service Delivery and Local Economic Development Strengthened	% LG meeting service delivery standards (indicator 1.1, LGSIP service delivery) Increased access to public services (LED, water, health etc.) District and LLG DPs execution rate Implementation ratio of the investment component of the budget	District and LLG plans and budgets Quartely progress reports Project evaluations National annual performance monitoring of local governments	Service delivery standards are developed at national level Continous fiscal transfers from central government to Kasese district Regional peace and security Continued central government support for decentralization Adequate guidelines are disseminated by MoLG to facilitate the collection of meaningful local revenue as

Hierarchy of objectives	Key performance indicators	Means of verification	Critical assumptions
			per Bill No. 16, Local Government (Amendment) Bill 2007". (*This bill was disseminated in May 2008.)*
Results			
Result 1: Prioritised investments in the District and Lower Local Government Development Plans are implemented by block grants to the District and LLGs which are flexible but emphasize local economic development and poverty focused activities	District and LLG annual work plans developed and implemented with a minimum of 15% of funds allocated for, and spent on marginalised groups, 15% for environmental protection and 40% for LED growth of private sector investments in Kasese District should increase by 20% per annum (Indicator 6.3, LGSIP, LED. Progress per annum adjusted Increase of % of local revenue relative to investments Gender and environment integrated into 100% of HLG and LLG plans and Budget Framework Papers	District and LLG plans and budgets Progress reports including financial reports Private sector growth surveys/Uganda Investment Authority National annual performance monitoring of local governments	Timely central government fiscal transfers to the district in same or higher proportions Definitions of LED and marginalised are functional in planning and reporting
Result 2: Local revenue generation and collection improved in a sustainable manner that balances the need for local economic development with the need for resources required to meet service delivery standards	Locally generated revenue as a share of LG budget increased by 10% per annum. (Indicator 6.3, LGSIP, Fiscal Decentralization) Adequate support measures that promote sustainable revenue generation are in place	Internal revenue departmental reports Final accounts/LOGFIAS (LGFC) Interviews with revenue generating sources	National policies on revenue generation are conducive to increasing the revenue base at district and LLG level

Hierarchy of objectives	Key performance indicators	Means of verification	Critical assumptions
Result 3: The district capacity to deliver improved incomes and poverty alleviation strengthened while improving democracy and accountability in the district local government **Result 4:** The lower local government capacity to deliver improved incomes and poverty alleviation strengthened while improving democracy and accountability in their respective jurisdictions	A comprehensive HRD strategy and plan developed and integrated into DDPs Improved extension & support services in LED sectors Kasese District Capacity Building Plans meets the national assessment criteria (Indicator 3.4, LGSIP, Admin Decent'ion, adjusted for relevance) % of LGs in Kasese District that have ratified, applied and are implementing the Charter on Accountability and Code of Conduct (Indicator 5.8, LGSIP). Good Governance Increased public accountability of resource allocation and expenditures at all levels	CSO reports on Poverty Resource Monitoring LLG and district progress reports Specific reports on capacity building Community satisfaction score cards National annual performance monitoring of local governments	Central government support to decentralization continues – guidelines, capacity building etc Central government ban on staff recruitment is eased.
Inputs			
Support for District Development Plans Support Lower Local Government Development Plans	35% of total budget & includes the costs for results 2,3 and 4 65% of total programme budget	Transfer remittances to the district & LLGs Annual financial reports	

7.3 Budget and financial Planning - Revenue performance/projections Kasese District

BUDGET Kasese District Poverty Reduction Programme (KDPRP)			DFF	LDF		Execution mode	Total budget
A		**Kasese LG & LLGs capacity and local economic development strengthened**					**3,071,200**
		District Development Fund (DFF) (1) (3)				co-management	**1,075,000**
		Local Development Fund (LDF) (2) (3)				co-management	**1,996,200**
01		*Prioritized investments in District and LLG Dev Plans*					
01	01	Develop annual work plans and budgets based on development plans (5 % of LDF)	0	100,000		co-management	100,000
01	02	Implement and monitor activities stated in the annual work plans (25 % of LDF)	0	500,000		co-management	500,000
01	03	Implement LED (40% of DDF & LDF)	430,000	796,200		co-management	1,226,200
01	04	Servicing costs for investments (15% of DDF & LDF)	160,000	300,000		co-management	460,000
01	05	Reserve fund for the disadvantaged (15% of DDF & LDF)	160,000	300,000		co-management	460,000
02		*Local revenue generation and collection in sustainable manner improved*					
02	01	Implement local revenue enhancement strategies (6% of DDF)	65,000	0		co-management	65,000
03		District capacity strengthened					
03	01	Implement prioritized capacity building activities (12% of DDF)	130,000	0		co-management	130,000
04		LLG capacity strengthened					
04	01	Implement prioritized capacity building activities (12% of DDF)	130,000	0		co-management	130,000
Z		**General means**	**Unit**	**Quantity**	**Amount**	**Execution mode**	**Total budget**
01		*Staff*					*696,000*
01	01	Technical assistant	m/month	48	12,500	regie	600,000
01	02	Programme assistant	m/month	48	2,000	regie	96,000
02		*Investment*					*6,000*
02	01	Office equipment	Year	4	1,500	regie	6,000
03		*Operational expenditure*					*156,800*
03	01	Consultancy services	m/month	4	20,000	regie	80,000
03	02	Maintenance vehicles	Year	4	6,000	regie	24,000
03	03	Operational cost vehicles	Year	4	2,000	regie	8,000
03	04	Maintenance office equipment	Year	4	1,000	regie	4,000
03	05	Office supplies	Year	4	5,100	regie	20,400
03	06	Missions	year	4	1,300	regie	5,200
03	07	Financial cost	year	4	600	regie	2,400
03	08	Telecommunication	year	4	3,200	regie	12,800
04		*Audit and Monitoring and evaluation*					*70,000*
04	01	Monitoring and Evaluation	m/month	2	15,000	regie	30,000
04	02	Audit	m/month	4	10,000	regie	40,000
05	01	*Forrmulation*				regie	42,715
							4,042,715

(1): 35% of total budget less general means to be allocated to results 1 to 4 by district mechanisms

(2): 65% of total budget less general means to be allocated to result 1 by LLG mechanisms

(3): see 5.3 for implementation modalities and follow-up structures, and 3.3 for allocation formula

REGIE	**971,515**
CO-MANAGEMENT	**3,071.200**

Revenue performance and projections Kasese District (UGX)

	2005/2006		2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
	Budget	Realised	Budget	Budget	Budget	Budget	
Local Revenue	315,773,278	333,328,930	349,703,468	381,888,592	420,077,451	462,085,196	
Government grants	21,814,294,360	20,731,041,585	19,929,375,998	21,114,471,947	22,170,192,544	23,278,705,322	
Donors/NGO	6,576,216,955	3,100,689,508	1,847,473,994	796,842,999	636,685,149	878,519,406	
Total (without KDPRP)	28,706,284,593	24,165,060,023	22,126,553,460	22,293,203,538	23,226,955,144	24,619,309,924	
KDPRP (1)					2,500,000,000	2,500,000,000	2,500,000,000

(1) €3.071.200 at exch. rate 2.450UGX/€ or UGX 7.524.440.000 over 3 years

Source: Budget Framework Paper 2007/2008 - 2009/2010 Kasese District

7.4 Terms of reference of the Technical Assistant

In line with the content of the project Technical and Financial File, the technical assistant, who will be based in Kasese, shall be responsible for:

- support the project manager in focusing the capacity building strategy of the district to the strategic focus of the district development plan priorities;
- provide capacity building support in areas within his/her competence and assist the district in sourcing cost effective capacity building services in areas outside of his/her competence area;
- support the participatory planning process through active participation in the dialogue, advice on policy and capacity building issues relevant to the KDPRP specific objective and expected results;
- support the procurement process in the following ways:
  - Advise on preparation of tender dossiers by the district,
  - Advise and act on relevant BTC requirements
  - Participate as a voting member to the evaluation committee,
  - Monitor procurement procedures and implementation of contracts,
- support strengthening of the districts financial management system through review (and approval) of the quarterly accountability return to ensure that they follow Ugandan regulations and meet international accepted standards of public accountability and provision of comments and advice in improving the system;
- support improvements in the district and LLG record keeping and reporting systems including promotion of the integration of separate systems;
- provide a technical input into the preparation of terms of reference for the various studies and capacity building activities subcontracted and ensure their adequate implementation;
- support the district in deepening and extending accountability systems both upwards and downwards to include civil society and the private sector as well as political and executive wings of government;
- provide advice to the district in operationalizing its vision for Public Private Partnerships and local economic development;
- provide input into national local government policy debate regarding issues and systems both new and ongoing by using the knowledge and experience of Kasese District as basis for national learning
- Monitor specifically 1 or 2 relevant national key performance indicators from the logical framework at district level

Profile :

- University degree in Public administration, economics, social sciences or related field
- Wide experience of providing capacity building in a programme context
- Experience with local government administration, local government reform or decentralization policies;
- Experience with some or all of the following areas of focus particularly in the context of local administration: local economic development; public private partnerships; programming with marginalized groups; accountability systems;
- Capacity to serve as advisor and trainer for political leaders and administrative staff at various levels of the political system;
- Preferably practical experience from similar work in Uganda or in other Anglophone African countries;
- Knowledge and/or experience in participatory planning and budgeting techniques for local government
- Fluency in English

7.5 Draft terms of reference of the Programme Assistant

In line with the content of the project Technical and Financial File, the programme assistant, who will be based in Kasese, shall be co-responsible for:

- support the project manager and co-manager in focusing the capacity building strategy of the district to the strategic focus of the district development plan priorities;
- provide capacity building support in areas within his/her competence and assist the district in sourcing cost effective capacity building services in areas outside of his/her competence area;
- support the participatory planning process through active participation in the dialogue, advice on policy and capacity building issues relevant to the KDPRP specific objective and expected results;
- support the procurement process in the following ways:
    - Advise on preparation of tender dossiers by the district,
    - Co-sign the contracts or local purchase orders issued by the district,
    - Monitor implementation of contracts,
- support strengthening of the districts financial management system through review of the quarterly accountability return to ensure that they follow Ugandan regulations and meet international accepted standards of public accountability and provision of comments and advice in improving the system;
- support improvements in the district and LLG record keeping and reporting systems including promotion of the integration of separate systems;
- support the district in deepening and extending accountability systems both upwards and downwards to include civil society and the private sector as well as political and executive wings of government;

Profile :

The programme assistant will cooperate closely with the technical assistant, will assist with all issues related to the management of the programme and will refer to the technical assistant. To ensure complementarity final TOR for the programme assistant should be further developed by BTC when the technical assistant has been identified.

The programme assistant should:

- Have a background in public sector management and administration and theoretical or practical experience with public administration and in particular local government administration, local government reform or decentralization policies;
- Have experience with some or all of the following areas of focus particularly in the context of local administration: local economic development; public private partnerships; programming with marginalized groups; accountability systems;
- Possess preferably practical experience from similar work in Uganda or in other Anglophone African countries;
- Have knowledge and/or experience in participatory planning and budgeting techniques for local government
- Be able to serve as trainer.
- Have good command of the local language and English.

7.6 Terms of reference for the poverty assessment and profiling

Introduction

Kasese District is has as it vision a poverty free society. It has made poverty reduction the centre of its District Development Plan (DDP). It is receiving support for implementation of its DDP from BTC in the form of additional investment resources and capacity building. Kasese is also pilot district for local implementation of the Millennium Development Goals.

Past programmes in Kasese have had similar objectives but evaluations suggest that existing planning processes in practice bypass the marginalised sections of the society. In view of this experience Kasese District has decided to set a minimum level of 15% of investment resources from BTC should be spent on activities focusing on the marginalised. However current understanding of poverty in the district is rather vague. Political definitions include all women and youth as well as other groups like the disabled and those affected by HIV. These definitions are too broad for effective targeting. Similarly economic definitions based a national poverty lines leave most of the district population classified as poor and provide an impossible challenge of assessing family income which is technically complex and not cost effective.

In this context it has been decided to carry out a poverty profiling exercise in Kasese District. The exercise will be rapid and low cost such that it would be feasible to be conducted by the District again in the future from own resources.

Objectives

To understand better the nature and causes of poverty within different zones and livelihood systems of Kasese

To develop a definition of marginalised groups that would assist in programme targeting

To develop profiles of the poor in the contact of Kasese such that periodic profiling (after ever 3 – 5 years) would enable the district to track significant changes in the status and strategies of the poor.

Methodology

The selected contractor would work closely with the District Local Council and especially the District Planning Unit to implement a low cost poverty profiling exercise in the district. The principle steps in such an exercise would be as follows:

1. Stakeholder zoning:

    - Stakeholders agree on the most significant socio-economic geographical zones in the district (likely to include highland, lowland, very remote, urban, agricultural, livestock, fishing). Zoning should separately identify any significantly vulnerable community e.g. squatters in the national park as a separate group.

2. Sample planning

    - Based on the agreed zones and approximate population estimates the team develops an appropriate sampling frame for communities within each zone.
    - The number of sampled communities should roughly reflect the population weight of that zone with very small populations assigned one sampled community.

3. Community poverty mapping

- In each sampled community the team would conduct relevant participatory poverty assessment processes
- These processes might include household mapping, wealth ranking, poverty and under-nutrition analysis, seasonal calendars and other procedures deemed useful in understanding livelihood systems and vulnerability
- The community poverty mapping would identify how the community defines poverty, the principal causes of poverty, the proportion of the population considered to be in extreme poverty and strategies used to overcome or reduce poverty.
- For gender related subgroups indicators will be developed to be integrated for monitoring purposes in the intervention's logical framework.

4. Feed Back and Reporting

- The team would make a presentation of its findings to the district stakeholders preferably involving presentation of the results by the communities themselves
- The stakeholders would agree a definition of the marginalised which incorporates a proportion of the population considered poor at the community level
- The team would document the profiles for each zone in a way that maximises their benefit for development planning and can be reviewed by the district periodically.

7.7 Common Results Matrix of the Local Government Sector Investment Plan (LGSIP) 2006-2016

ANNEX II: COMMON RESULTS MATRIX

VISION: A Local Government system that is characterized by good governance and delivers services to the population in a coordinated and efficient manner.

Thematic Area/Strategic Objective	Key Performance Indictor	Performance Measure				Monitoring and Data Collection			
		Base (2005/06)	2006/07	2007/08	2008/9	Data Source	Method	Frequency	Responsibility
1 **Service Delivery**									
To Increase Efficiency and Effectiveness in Service Delivery by LGs	% LGs meeting service delivery standards		N/A	50%	60%	*Annual Assessment*	Service delivery surveys	*Annual*	*OPM x-sectoral assessments*
	% of population satisfied with LG services (Measured by the "general helpfulness" indicator in the IGG Integrity Survey)	53%	53%	55%	60%	*IGG Integrity Surveys, MoLG/D-SWG surveys*	Expenditure Tracking Surveys, Citizens Score Card	*Annual*	*DEI*
	% of Higher and Lower LGs with functional structures to mainstreaming and co-ordinate HIV/AID in the LG Service delivery system	30%	45%	65%	90%	Annual Assessment Reports	*National Assessment Result. National HIV/AIDS annual review.*	*Annual*	*MoLG, MoH*
	Gender and environment integrated in LG-plans and BFPs	15%	25%	45%	70%	*Annual Assessment*	National Gender Audit	*Annual*	*MoLG, MoGLSD*
	% of households utilising the user committees	60%	65%	70%	80%	*National Service Delivery Survey/D-SWG*	Adoption surveys	*Annual*	*MoLG & Sectors*
	Working framework for joint supervision missions from ministries to reduce overlaps	4%	6%	15%	30%	*Inspectorate and sector reports*	Multisectoral assessments	*Annual*	*MoLG, OPM &sectors*
2 **Political Decentralisation**									
To enhance political accountability in Local Governments	% of councils adhering to established standards	60%	62%	73%	88%	*National LG Assessment*	Adoption survey, National Local Council performance	Annual	*MoLG*
	% citizens satisfied with local council performance	55%	59%	70%	81%	*National Service Delivery Survey/ Household satisfaction survey*	User satisfaction, citizens score card, whistle blowers' reports, Letters of inquiries.	*Annual*	*MoLG*
	% of LGs that are followed up on 70% of their audit queries	60%	64%	72%	82%	*Inspectorate reports. LG PAC reports submitted to Standing Committee of parliament on LG Public Accounts. Letters of response from the Minister responsible for LGs on LG Pac reports.*	Audit performance reviews	*biannual*	*MoLG*
3 **Administrative Decentralisation**									
To ensure efficient and effective local government administrations	% of planned LGSIP policy actions completed	40%	70%	85%	90%	*JARD, LGSIP CRM & PEMCOM reports*	Review of CRM perfomance.	Annual	*MoLG*
	% new structures in MOLG and LGFC filled	N/A	N/A	75%	95%	*Payroll*	Organisational assess.	*Annual*	*MoLG, LGFC*
	% of higher local governments with new structures operational	60%	75%	80%	90%	*LG Human Resource Reports*	Verification missions	*Bi-annual*	*MoLG, MoPS*
	% of HLG, CB plans that meet National Assessment Criteria	70%	74%	82%	90%	*CBG reports, National Assessment reports*	CB reviews, Assessment	*Annual*	*MoLG*
4 **Fiscal Decentralisation and Local Government Public Financial Management**									
To strengthen financial capacity of Local Governments to carry out their mandates	% of LGs meeting LGPFM Assessment criteria	21%	N/A	30	N/A	*Biennial LG PFM Assessment*	Annual LG PFMAs	*Biennial*	*MOLG*
	% of LGs producing timely Final Accounts	70	80	90	95	*National LG Assessment*	From LGFIAS (to be developed)	*Annual*	*MOLG*
	% of LG locally generated revenue as a share of LG Budgets	9%	10%	11%	12%	*Final Accounts/LOGFIAS*	From LGFIAS	*Annual*	*LGFC*
	% of fiscal transfers allocated to non-wage recurrent budget	21%	23%	25%	27%	*National Budget*	Budget Analysis	*Annual*	*LGFC*
	% of fiscal transfers that are conditional and earmarked	78%	78%	73%	70%	*National Budget*	Budget Analysis	*Annual*	*LGFC*
	% LLGs audited with the statutory period.	100%	100%	70%	90%	*OAG Audit reports/LOGICS*	Audit reports	*Annual*	*OAG, MoLG*

ANNEX II: COMMON RESULTS MATRIX

VISION: A Local Government system that is characterized by good governance and delivers services to the population in a coordinated and efficient manner.

Thematic Area/Strategic Objective	Key Performance Indictor	Performance Measure				Monitoring and Data Collection			
		Base (2005/06)	2006/07	2007/08	2008/9	Data Source	Method	Frequency	Responsibility
	%of Districts and Municipalities with functional Contracts Committees	*70%*	*90%*	*100%*	*100%*		Completed audit reports	*Annual*	*AUDGEN*
5 Good Governance									
To ensure citizens exercise their rights and fulfil their obligations with respect to local governance and service delivery	% of LGs implementing National Anti-corruption strategy	18%	23%	32%	42%	National Integrity survey, MoLG inspection report	National Integrity Assessment	*Annual*	*MoLG, DEI*
	% of LGs experiencing institutional dysfunctional due to conflicts**.	10%	8%	6%	4%	MoLG Inspection reports.	Inspection, National Assessment	*Quarterly*	*MoLG*
	% of LGs publicising financial transfers and budgets	70%	80%	90%	95%	National Assessment reports.	National Assessment, Routine Inspection	*Annual, Quarterly*	*MoFPED, MoLG, LGFC*
	% Citizens aware of the roles and responsibilities of LGs	*70%*	*70%*	*80%*	*85%*	*Household surveys. National Service Delivery Survey.*	*Household surveys. National Service Delivery Survey.*	*Annual*	
	%Eligible citizens paying direct local taxes.	*32%*	*38%*	*52%*	*70%*	*Household surveys. MoLG data/LGFC*	Willingness to pay surveys	*Annual*	*MoLG/LGFC*
	% of LGs with functional Human Rights desks	*20%*	*40%*	*60%*	*80%*	*HR Commission Surveys. National Assessment reports.*	NGO/CSOs to Define LG HR proxy	*Annual*	*CSO*
	No. of HLGs with functional CSO networks	*15%*	*24%*	*42%*	*60%*	*Inspectorate Reports, CSO survey reports*	National CSO Surveys	*Annual*	*MoLG/CSO*
	% LGs that have ratified, applied and are implementing the Charter	*20%*	*50%*	*70%*	*80%*	*National Integrity Survey/D-SWG/ULGA surveys*	Adoption survey on chatter	*Annual*	*IGG/MoLG*
	of Accountability and Code of Conduct								
	% Citizens aware of service delivery rights and obligations in key sectors	15%	25%	30%	60%	*User Satisfaction Surveys*	Perception surveys on user satisfaction, citizens score	*Annual*	*UBOS/MOPS.*
	% of Districts with functional Local Council Courts.	70%	75%	80%	90%	*National Assessment and Adoption survey reports*	Adoption survey on Local Council Courts	*Annual*	*MoLG*
6 Local Economic Development									
To create a conducive environment for investment to promote economic development in local areas	% of LGs supporting CDD ventures in their budgets	10%	20%	50%	60%	*LG Reports*	CDD National Review	*Annual*	*MOLG*
	% increase of locally generated revenue in LGs through pay of direct taxes and revenue generating ventures.	9%	10%	11%	12%	*National Assessment reports.*	Willingness to pay surveys	*Annual*	*MoLG, LGFC*
	% growth of private sector investments in LGs.	5%	10%	15%	20%	*Private sector growth surveys.*	*Private sector growth surveys.*	*Annual*	*MoLG, MTTCs sec*
	% of businesses supported through local investment centres	5%	20%	30%	40%	*LED Surveys*	LED surveys	*Annual*	*MOLG*
	% of sub-counties with fully operational Community information systems (to be synchronised with MoFPED targets)	NA	30%	60%	80%	*Economic Development Strategy performance surveys*	*Economic Development Strategy performance surveys*	*Annual*	*MoLG, MoFPED*