

# Local Assessment Report

Local Economic Development for Equitable Growth  
in Gulu and Mbale Municipalities

**Authors:**

Joel Owani

Ronard Mukuye

**Supervision and Coordination:**

Dmitry Pozhidaev, UNCDF Uganda

**Design:**

Design@Bay

**September 2018**

**Copyright © UNCDF**

**All rights reserved**

*The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations, including UNCDF, or their Member States.*

*The designations employed and the presentation of material on the map(s) and graph(s) contained in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.*

# Local Assessment Report

Local Economic Development for Equitable Growth in  
Gulu and Mbale Municipalities

UNCDF, Kampala, Uganda, July 2018  
All rights reserved  
United Nations Capital Development Fund  
P.O. Box 7184  
Tel: +256 32 2200241  
Fax: +254 20 7624 266  
Web: <http://www.uncdf.org/Uganda>

# Table of Content

Page - I	Abbreviations and Acronyms
Page - III	Acknowledgement
Page - IV	Executive Summary

<b>1. Introduction</b>	<b>1</b>
1.1 Background	2
1.1.1 <i>Urbanisation in Uganda</i>	2
1.1.2 <i>Urbanisation and Municipalities</i>	3
1.1.3 <i>The Cities Alliance (CA) Initiative</i>	5
1.2 Objectives of the Report on Local Economic Development for Equitable Growth in Gulu and Mbale Municipality	6
1.3 Overview to Local Economic Development	6
1.3.1 <i>LED in Municipalities</i>	6
1.3.2 <i>Focus on Municipal Level</i>	8
1.3.3 <i>Focus on Equitability and Inclusion of Disadvantaged Groups</i>	8
1.4 Research Methodology	9
1.4.1 <i>Study Design</i>	9
1.4.2 <i>Methods</i>	9
1.4.3 <i>Study Area</i>	9
1.4.4 <i>Study Population and Sample Size</i>	10
1.4.5 <i>Sampling Strategy</i>	11
1.5 Data Collection Methods	11
1.5.1 <i>Desk Review</i>	11
1.5.2 <i>Key Information Interviews</i>	11
1.5.3 <i>Survey</i>	11
1.5.4 <i>Focus Group Discussions (FGDs)</i>	12
1.6 Data Analysis	12
1.6.1 <i>Quantitative Data</i>	12
1.6.2 <i>Qualitative Data</i>	12
1.7 Structure of the Report	12
<b>2. Situation Analysis</b>	<b>14</b>
<b>Gulu Municipality</b>	
2.0 Introduction	15
2.1 History of Gulu Municipality	15
2.2 Urbanisation in Gulu Municipality	15
2.3 Gulu Municipality: An Economic Profile	16
2.3.1 <i>Poverty</i>	17
2.3.2 <i>Contribution to National GDP</i>	17
2.3.3 <i>Drivers of Competitiveness within Gulu Municipality</i>	17
2.3.4 <i>Financing the Municipal Council</i>	18

2.3.5 Land Ownership in Gulu Municipality	19
<b>Mbale Municipality</b>	
<b>3. Findings</b>	<b>23</b>
3.0 Introduction	24
3.1 Respondent's Socio-Demographic Characteristics	24
3.1.1 Gender and Age Characteristics	24
3.2 Household Characteristics	25
3.3 Nature of Economic Activity	25
3.4 Business Characteristics	26
3.4.1 Age of Business	26
3.4.2 Business Expenditures	26
3.4.3 Business Location	26
3.4.4 Business Sector Activity	27
3.4.5 Business Assets	28
3.4.6 Business Monthly Income	28
<b>4. Access to Public Goods and Services</b>	<b>30</b>
<b>Gulu Municipality</b>	
4.1 Summary Assessment of Access to Public Goods and Services	31
4.2 Solid Waste Management	32
4.3 Access to Water Services	33
4.4 Access to Grid Electricity	35
4.5 Access to Security	37
4.6 Access to Education Services	38
4.7 Fire Protection Services	38
4.8 Access to Affordable Health Care	39
4.9 The Environment	39
4.10 Street Lighting and Other Services	40
<b>Mbale Municipality</b>	
4.11 Solid Waste Management Services	43
4.12 Access to Electricity	45
4.13 Access to Water	47
4.14 Access to Sanitation Services	49
4.15 Access to Sewerage Services	51
4.16 Access to Security	52
4.17 Access to Fire Protection Services	53
4.18 Access to Public Space	54
<b>5. Key Actors and their Relationships</b>	<b>56</b>
5.1 Solid Waste Management Services	57
<b>6. Linkage of Public Goods and Services to Local Economy</b>	<b>60</b>
6.1 Introduction	61
6.2 Market Structures	61
6.3 Commodity Markets	62

6.4 Labour Markets	63
6.5 Land Markets	63
6.6 Financial Markets	63
6.7 Infrastructure and Business Performance	65
6.8 Municipal Partnerships with the Private Sector	65

## **7. Provision of Pseudo-public Goods and services** **67**

### **Gulu Municipality**

7.1 Enterprise Support and Access to Finance (Equity and Debt)	68
7.1.1 <i>Challenges to Access Steady Financing</i>	68
7.2 Business Development Services	70
7.2.1 <i>Type of Business Development Services</i>	70
7.3 Community Associations	71
7.3.1 <i>Uganda Women Empowerment Program</i>	71
7.3.2 <i>Youth Livelihood Program</i>	71
7.3.3 <i>Access to Other Types of Financial Contributions</i>	72
7.4. Mbale Municipality: Access to LED and Private Sector Support Services	72
7.4.1 <i>Access to Financial Services</i>	72
7.4.2 <i>Access to Training/BDS</i>	75

## **8. Institutions and Regulation Arrangement** **77**

### **Gulu Municipality**

8.1 The Tax Regime	78
8.1.1 <i>Challenges of the Tax System</i>	79
8.2 Regulatory Burden and Business Registration	80
8.3 Land and Construction Regulation	80
8.4 Land Procedures (Including Time and Procedures to get Building Permits)	81
8.5 Mbale Municipality: Institutions and Regulations	82
8.5.1 <i>Business Registration</i>	82
8.5.2 <i>Taxation</i>	82

## **9. Opportunities for LED** **83**

### **Gulu Municipality: Opportunities for LED**

9.1 Introduction	84
9.2.1 <i>Tax Reform</i>	85
9.2.2 <i>Land Administration Systems</i>	85
9.2.3 <i>Partnerships and Collaboration</i>	85
9.2.4 <i>Turning Tragedy into Opportunity</i>	85
9.2.5 <i>Diaspora Re-integration</i>	85

9.3 Infrastructure Upgrading	86
9.3.1 Construction of Logistics Hub and the Great North Road	86
9.3.2 Gulu Airport	86
9.3.3 Gulu Central Market	86
9.3.4 Road Infrastructure	86
9.3.5 Pece Stadium	86
9.3.6 Industrial Parks	87
9.3.7 Standard Gauge Railway	87
9.4 Upgrading Human Capital	87
9.4.1 Demographic Dividend	87
9.4.2 Active and Engaged Local Municipal Leadership	87
9.5 Supporting Local Firms	87
9.5.1 Establishing Value-chains	87
9.5.2 Physical Development Plan	88
9.5.3 Regional Trade	88
9.6 Mbale Municipality: Opportunities for LED	88
9.6.1 Community Participation in Municipal Planning Systems	89
9.6.2 Socio-economic Planning Systems	91
9.6.3 Physical Planning Systems	92
9.6.4 Municipal Development Forum	93
9.6.5 Ongoing Infrastructural Development Programme	93
9.6.6 Existence of Business Associations	94
9.6.7 Anticipated Transformation of Mbale Municipality into a City	94
9.6.8 Existence of Markets	95
9.6.9 Physical Location of Mbale Municipality	96
<b>10. Gender and Local Economic Development</b>	<b>97</b>
<b>Gulu Municipality</b>	
<b>11. Challenges to Local Economic Development</b>	<b>102</b>
11.1 Introduction	103
11.2 Mbale Municipality: Challenges to LED	106
<b>Gulu Municipality</b>	
<b>Mbale Municipality: Challenges to LED</b>	
<b>12. Conclusions and Recommendations</b>	<b>109</b>
12.1 Conclusions	110
<b>Page - 112</b>	<b>Broad Recommendations</b>
<b>Page - 113</b>	<b>Specific Recommendations to Gulu Municipality</b>
<b>Page - 117</b>	<b>Specific Recommendations for Mbale Municipality</b>
<b>Page - 119</b>	<b>Annexure</b>

## List of Tables

<b>Table 1:</b>	Urban Centers by Type, Census Year & Population	3
<b>Table 2:</b>	Urbanization Challenges and Opportunities in Uganda	4
<b>Table 3:</b>	Population Profile of Gulu Municipality	9
<b>Table 4:</b>	Selected Socio-economic Characteristics	16
<b>Table 5:</b>	Proportion of Revenue Collection (UGX)	17
<b>Table 6:</b>	Administrative Unit of Mbale Municipality	21
<b>Table 7:</b>	Business Location by Division, Gulu	26
<b>Table 8:</b>	City Level Mandates and Responsible City Institution/Authority	41
<b>Table 9:</b>	Satisfaction Level with Public Goods and Services, Mbale	42
<b>Table 10:</b>	Mbale Municipal Long-term Services Strategy	55
<b>Table 11:</b>	Access to Financial Loans, Gulu	69
<b>Table 12:</b>	Access to Business Development Services, Gulu	70
<b>Table 13:</b>	Membership to a Business/Community Association, Gulu	71
<b>Table 14:</b>	Low recovery of YLP Funds in Gulu Municipality	72
<b>Table 15:</b>	Percentage of Survey Participants having Land Titles, Mbale	75
<b>Table 16:</b>	Land Ownership in Gulu Municipality	81
<b>Table 17:</b>	Challenges Faced when Engaging with the Leadership/Service Providers, Mbale	91
<b>Table 18:</b>	Mbale Municipal Long-term Economic Strategy	92
<b>Table 19:</b>	Gender and Land Title Ownership, Gulu	100
<b>Table 20:</b>	Problem Affecting Business Growth and Development, Mbale	108

## List of Figures

<b>Figure 1:</b>	Municipalities and Local Economic Development	7
<b>Figure 2:</b>	Gulu Municipality: A Sector Profile	18
<b>Figure 3:</b>	Trend in Expenditure per Person: Gulu Municipality Vs Gulu District	19
<b>Figure 4:</b>	Types of Land Ownership by Municipality Parish	20
<b>Figure 5:</b>	Map of Mbale Municipality Showing Divisions	21
<b>Figure 6:</b>	Trend of Population for Mbale Municipality (2002-2014)	22
<b>Figure 7:</b>	Age Groups and Gender, Gulu	24
<b>Figure 8:</b>	Source of Household Income, Gulu	25
<b>Figure 9:</b>	Monthly Business Expenses, Gulu	26
<b>Figure 10:</b>	Business Sector Coverage, Gulu Municipality	27
<b>Figure 11:</b>	Business Type and Sector of Business Activity, Gulu Municipality	27
<b>Figure 12:</b>	Capital Asset Ownership, Gulu Municipality	28
<b>Figure 13:</b>	Monthly Income and Type of Economic Activity, Gulu Municipality	28
<b>Figure 14:</b>	Summary Assessment of Access to Public Goods, Gulu	31
<b>Figure 15:</b>	Level of Access to Public Goods and Services, Mbale	42
<b>Figure 16:</b>	Method of Solid Waste Disposal, Mbale	43
<b>Figure 17:</b>	Satisfaction of Citizens with Solid Waste Management, Mbale	44
<b>Figure 18:</b>	Mbale Composite Plant	45
<b>Figure 19:</b>	Citizen Challenges in Accessing Electricity, Mbale	46
<b>Figure 20:</b>	Household Source of Water, Mbale	47
<b>Figure 21:</b>	A Water Point in Kiteeso Cell, Northern Division, Mbale	48
<b>Figure 22:</b>	Citizen Challenges in Accessing Water, Mbale	48
<b>Figure 23:</b>	Mbale, Multifunctional Facility Constructed by NSDFU in Northern Division	50
<b>Figure 24:</b>	A Water-borne Toilet in Industrial Division, Mbale	50
<b>Figure 25:</b>	Level of Citizen Satisfaction with Sanitation Services, Mbale	51
<b>Figure 26:</b>	Lagoons for Liquid Waste Collection in Industrial Division, Mbale	52



<b>Figure 27:</b>	Citizen Satisfaction with Street Lighting Services, Mbale	53
<b>Figure 28:</b>	Citizen Satisfaction with Fire Brigade Services, Mbale	54
<b>Figure 29:</b>	Location of Citizen Economic Activities, Mbale	54
<b>Figure 30:</b>	Interaction of Key Actors for LED	57
<b>Figure 31:</b>	An Interaction of Four Markets	61
<b>Figure 32:</b>	Financial Service Providers	64
<b>Figure 33:</b>	Service Provision and Effect on Business Performance, Gulu	65
<b>Figure 34:</b>	Sources of Business Financing, Gulu	68
<b>Figure 35:</b>	Main Challenges for Accessing Loan, Gulu	69
<b>Figure 36:</b>	Types of Business Development Trainings, Gulu	70
<b>Figure 37:</b>	Household Remittances in Gulu, 2014	72
<b>Figure 38:</b>	Source of Loans for Business Financing, Mbale	73
<b>Figure 39:</b>	Sample Pass Books used in Village Savings and Loans Associations	74
<b>Figure 40:</b>	Provider of Training/BDS Services, Mbale	75
<b>Figure 41:</b>	Trends in Local Revenue in Gulu: 2013/14 – 2016/17	78
<b>Figure 42:</b>	How Citizens Participate in Municipal Planning, Mbale?	89
<b>Figure 43:</b>	Citizen Satisfaction Level with Engagement with Municipal Leadership, Mbale	90
<b>Figure 44:</b>	Mbale Central Market	95
<b>Figure 45:</b>	Percentage of Vacant Positions in Gulu Municipal Council, 2016	103

## Abbreviations and Acronyms

<b>BDS</b>	Business Development Services	<b>SACCO</b>	Savings and Credit Organization
<b>CAO</b>	Chief Administrative Officer	<b>SDGs</b>	Sustainable Development Goals
<b>CDS</b>	City Development Strategy	<b>SDI</b>	Slum Dwellers International
<b>CSO</b>	Civil Society Organisations	<b>SMEs</b>	Small and Medium-sized Enterprises
<b>CBO</b>	Community Based Organisation	<b>TSUPU</b>	Transforming Settlements of the Urban Poor in Uganda
<b>CUF</b>	Community Upgrading Fund	<b>UAAU</b>	Urban Authorities Association of Uganda
<b>DFID</b>	Department for International Development	<b>UBOS</b>	Uganda Bureau of Statistics
<b>DLB</b>	District Land Board	<b>UNCDF</b>	United Nations Capital Development Fund
<b>EPSDC</b>	Eastern Private Sector Development Centre	<b>ULC</b>	Uganda Land Commission
<b>FCA</b>	Future Cities Africa	<b>URSB</b>	Uganda Registration Services Bureau
<b>FGD</b>	Focus Group Discussion	<b>UWEP</b>	Uganda Women Empowerment Program
<b>GKMA</b>	Greater Kampala Metropolitan Area	<b>UWESO</b>	Uganda Women Efforts to Save Orphans
<b>IEER</b>	Institutional Enabling Environment Report	<b>VSLA</b>	Village Savings and Loans Association
<b>IUIU</b>	Islamic University in Uganda		
<b>JWP</b>	Joint Work Programme		
<b>LAR</b>	Local Assessment Report		
<b>LCs</b>	Local Councils		
<b>LG</b>	Local Government		
<b>LED</b>	Local Economic Development		
<b>MC</b>	Municipal Council		
<b>MDF</b>	Municipal Development Forum		
<b>MDS</b>	Municipal Development Strategy		
<b>NDP</b>	National Development Plan		
<b>NGO</b>	Non-Governmental Organisations		
<b>NSDFU</b>	National Slum Dwellers Federation of Uganda		
<b>PSUP</b>	Participatory Slum Upgrading		

# Acknowledgement

The Consultants would like to thank the mayors, municipal councillors, local government officials, NGOs, donors and other civil society organizations who kindly gave us their time and provided us with information and their views.

We also acknowledge all the ordinary men and women in the two municipalities who generously responded to the survey. Members within the Focus Group Discussions were very articulate in the concerns they expressed and the input they provided to enrich this report. In particular, we are very grateful to National/Municipal stakeholders and donors for their comments and feedback.

We also want to thank Mr. Dimitry Pozhidaev, UNCDF for guiding this process from the onset. Your technical support and guidance will forever be appreciated. I also commend the different partners from the Ministry of Lands, Housing and Urban development, the Ministry of Gender and Labour and Ministry of Water and Environments for their collective engagement and comments on some outputs of this work.

The consultant(s) also sincere gratitude to the research team: Field Mobilizers and Research Assistants (Otine Denis, Luroni Rosemary, Chris Okullu, Richard Ogwal, Semanda Twahabin musa, Madoi Francis W, Nabukonde Daphine and John Kiwungulo for their tireless effort in guiding the data collection and field work in both Gulu and Mbale municipality. Special thanks go to Municipal Authority for valuable comments and critique.

Finally, a big thanks goes to the communities that responded. Our hope is that the findings of this report can actually transform lives through structured worked very hard in completing the focus group discussions in record time.

# Executive Summary

The Cities Alliance established a Joint Work Programme (JWP) to respond to the equitable economic growth challenge. The JWP aims at supporting growth trajectories characterised by inclusion, equity and environmental sustainability in cities. The JWP focuses on supporting equitable access to public goods and services by all citizens as well as formal and informal businesses in cities. The JWP is initiating an Equitable Growth City Campaign in two municipalities in Uganda, namely: Mbale and Gulu. The campaign complements the JWP's globally oriented components by producing evidence-based policy recommendations through a locally driven process, building on existing city-level partnerships to engage local authorities and stakeholders in setting priorities and recommending actions necessary to foster equitable economic growth in the city. The initiative is aimed at supporting the promotion of equitable access to public goods and services through focus areas adapted to the specific needs and context as defined by city stakeholders in Mbale and Gulu respectively.

This Local Economic Development for Equitable Growth Report is contextualised by insights derived from the Institutional Enabling Environment Report (IEER) for Gulu and Mbale municipality that appraised the municipality's political and governance framework, its legal responsibilities and powers that include the allocation and usage of public space. The IEER identified two priority areas upon which to develop a Local Economic Development framework for Gulu Municipality. These were:

- a) **Public Goods and Services provided by the Municipality:** A broad range of public goods and services is relevant for promoting LED and effective public space/land management. However, many of those are delivered by the central government and are outside the municipal remit. Hence, the focus was on:
  - i. Services for which the municipality is currently responsible,
  - ii. Services which are currently delivered by the central government but potentially may be devolved to municipalities, and
  - iii. Services which will continue to be delivered by the central government but which municipalities can/should influence by either offering complementary services or through advocacy efforts.
- b) **Equitability and inclusion of disadvantaged groups:** This aims at ensuring that as many people as possible enjoy the fruits of municipal economic growth especially among those groups that do not benefit from economic growth sufficiently enough in economic trends, such as women, young people and residents of informal settlements. These groups often live on the fringes of the local economy but are directly affected by the quality of public goods and services provided by the municipality.

This Report provides a situation analysis of the provision of public goods and services within Gulu Municipality and was informed by a survey that set out to determine the scope and quality of services provided by the municipality with a special focus on those areas where traditionally disadvantaged groupings live and operate. More specifically, the survey set out to examine the social-economic outcomes of the mainly urban poor within the municipalities by providing an assessment of what hinders them from a more equitable participation in economic growth and how public goods and services can be made more gender-responsive for inclusive growth.

Field work and data collection commenced in November 2017 using Standard Questionnaires, Focus Group Discussions across different carefully selected locations within the municipality and targeted interviews with Key Informants. Development of the questionnaire tools and interview schedules was guided by interactions with stakeholders and the Gulu Municipality IEER Report. In Gulu Municipality, Bardege and Pece divisions were selected due to their high concentration of informal settlements and slum dwellings while Northern and Industrial Divisions were selected following the same criteria. A sample of 120 respondents from these divisions was selected to participate in the survey using simple random sampling techniques.

## Key Observations, Findings and Recommendations for Gulu Municipality

Findings in Gulu showed that disadvantaged groups mostly had access to primary education services followed by medical services. Food inspection services were the least accessible by the disadvantaged groups. Piped water and electricity were accessed by 10% and 9% of the respondents respectively. The highest expenditure was on electricity while the least average expenditure was on solid waste management services.

### Summary of Access to Municipality Services, Gulu Municipality

Municipal Services	Percentage Access to Public Goods and Services	Average Monthly Expenditure (UGX)
Primary education services	13%	165,683
Public medical facilities	12%	13,311
Piped water	10%	33,610
Community access roads	10%	0
Grid electricity	9%	182,849
Security	9%	156,230
Solid waste management services	8%	13,185
Public toilets	7%	77,905
Fire brigade services	6%	0
Drainage services	5%	33,000
Street lighting	4%	0
Walk ways	4%	
Food inspection services	3%	150,000

Although these communities are connected to piped water supply networks for instance, reliability, sustainability and affordability remain poor. As shown below, electricity disruption occurs between 2-3 days for almost half (47.42%) of disadvantaged groups while a two thirds (66.6%) had to wait for upto a month to resolve a sanitation crisis. A third of respondents fixed blockages by themselves (see below).

### Summary of Reliability of Key Municipality Services, Gulu Municipality

		Reliability of Service	Percentage
Reliability	Sanitation	One Week	33.33%
		One Month	66.67%
	Fixing of blockages	Myself	33.33%
		Others	66.67%
	Electricity supply disruption	Daily	7.22%
		2-3 days	47.42%
		Weekly	19.59%
		Monthly	4.12%
		No disruption	21.65%

		Reliability of Service	Percentage
Reliability	Water supply disruption	Daily	7.89%
		2-3 days	23.68%
		Weekly	9.65%
		Monthly	9.65%
		No disruption	49.12%

Results show that service delivery for the urban poor is still a challenge owing to the nature and socioeconomic characteristics that disadvantage these segments of the population. Whereas the municipality has one of the highest population densities among Uganda's municipalities, poverty and marginalisation are also increasing.

#### Payment Frequencies for Taxes, Rates and Dues, Gulu Municipality

Frequency of Payment	Less than UGX. 50,000	UGX. 50,000-UGX. 100,000	UGX. 150,000-UGX. 200,000	Above UGX. 200,000	TOTAL
Daily	87.50%	8.33%	4.17%		100%
Weekly	100%	0	0	0	100%
Monthly	85.71%	7.14%	7.14%	0	100%
Annually	52.83%	28.30%	5.66%	13.21%	100%

The local tax system has resulted into negative tax compliance and various forms of tax avoidance. Although 83.4% reported that either pay for business licences and/or other market dues, the sectors of transportation and production reported the least tax compliance. Harsh tax officials accounted for a third of all challenges faced in collection of taxes. Payment of taxes, licenses and/or dues mainly occurs daily, weekly or monthly. However, these payments are generally less than UGX50,000 which reflects a high transaction/collection cost. Payments above UGX200,000 are paid annually by only 13.21%. This has affected revenue collection and ultimately the municipality's contribution to GDP (the proportion of revenue from Gulu municipality contributed only up to 0.47% of national revenue collected). In addition, 62.3% of businesses are registered although businesses in manufacturing and transportation account for the least number of registered businesses. Whereas it took less than a day for about half of the businesses, it took 8.3% of the businesses more than a month to to renew their licenses and registration in Gulu Municipality. Most (80%) of these business were operating on the street.

The drivers of the local economy are mainly trade or commerce; a demographic dividend arising from a youth-bulge (65.9% of the municipality residents above 18 years are engaged in some work); strategic location that straddles major transport routes and an enhanced public infrastructural profile. Municipal service delivery to informal settlements (these settlements 21% of the total area) is still a challenge. The municipality is also hosts the gulu regional referral hospital and public University that attracts students from across the country. Most of the business in informal settlements are in mid-infancy and fall within the micro-enterprises category.

Financial intermediaries in the formal sector still consider those from disadvantaged groups as 'risky'. Barriers to access including high interest rates have further isolated these groups. The private sector in the municipality is generally scattered and has not explored benefits of agglomeration. Only a third (33.3%) of respondents in Pece had received a loan compared to 40.68% in Bardege division. Respondents engaged in manufacturing and transporting accounted for 2.27% of those who had received a loan. Capacity building on business development has been extended to only 35.65% and largely undertaken by NGOs. The dis-ownership of land has also stifled local investment. Most of the land is private and the municipaliy authorities have limited leverage on how land assets and public spaces within the municipality are used (e.g. only 18.45% of marginalized groups have a land title).

The key opportunities to LED identified in this review arise from the existing partnerships and collaboration that the municipality has; tourism; vibrant diaspora for reverse investment; infrastructure upgrading; Gulu Central Market as a hub for economic activity and the human capital. Other opportunities relate to futuristic projects identified in the National Development Plan but for which the municipality will play host. These include the Construction of Logistics Hub and the Great North Road, Gulu Airport, Standard Gauge Railway and industrial parks. The key challenges relate to human resource deficits within the municipality structure; an absence of appreciation of LED within the structure of the municipality and other funding challenges.

The assessment concludes that marginalized groups in Gulu municipality have limited bargaining power when it comes to demanding for better municipal services. The unit cost of extending certain public services to these communities is higher owing to the absence of other auxiliary services. For instance, extending fire support services to these communities is hampered by poor access roads. The absence of regularised system of land ownership and tenure and other cultural nuances further isolate them from gainfully participating in the municipality. The municipality also is often a powerless arbiter since it also does not have public spaces to offer these groups. The absence of a clear obligation for universal provision of services like water and electricity often leaves the marginalised groups outside formal sector development. Market imperfections in the delivery of public services have excluded disadvantaged groups from gainfully engaging in economic activities. The transformation of Gulu Municipality to city status has the potential of increasing the available opportunities although the municipality hasn't adequately prepared disadvantaged groups for this transformation.

In Gulu, the assessment recommends that the municipality ought to develop a Revenue Plan which will help streamline resource allocation and revenue generation for sustainable and inclusive growth. Strengthening and regularising the MDF should strengthen accountability and civic participation in achievement of LED outcomes. LED capacity building of all stakeholders identified should be undertaken for wider ownership and participation. The municipality should engage the private sector especially in tackling those issues that are relevant to marginalised communities within the municipality.

### **Key Observations, Findings and Recommendations for Mbale Municipality**

1. There is limited access to public goods and services which constrains local economy. Access to water and electricity was better than other goods and services.
2. Main areas of dissatisfaction with public goods was mainly drainage, solid waste management, street lighting and fire brigade.
3. High cost of utilities notably electricity and water were a big concern. The cost affects
4. High outage of electricity was found to be a critical constraint to business operations
5. Limited access to financial services with 37% of participants reporting having ever accessed a loan majority borrow from microfinance voluntary savings and loans associations.
6. The findings have revealed that most businesses are on the street and open spaces (over 40%). This underpins the importance of public space in supporting informal businesses.
7. Low access to training/ BDS with access level of 27 indicating a big gap for BDS services. Majority had accessed BDS from NGOs (53.3%).
8. There limited citizens participation in the planning process. Even those who participate are mainly at the level of identifying local priorities.
9. Cities Alliance has been instrumental in supporting informal settlements through the TSUPU programme and slum dwellers international.
10. Opportunities for LED found include; presence of Mbale MDF, business associations such as Taxi operators' associations, Bus operators' associations, markets vendors' associations and *bodaboda* associations and markets.
11. Constraints to LED include; limited municipal control over utility entities, fiscal constraints, limited linkage between Municipal Council and Private sector, land ownership problems and fragmentation, and divisive politics pitting supporters of the current government and those on the opposition side.

### **Specific Recommendations for Mbale Municipality**

1. There is need for improved delivery of public goods and services notably; network of community access roads, street lighting especially in informal settlements to reduce insecurity and extend working hours for businesses.
2. There should be strengthened collaboration between the Municipal Council and UMEME TO address the problem of high cost of electricity installation.
3. To strengthen/initiate PPP for improved service delivery. Although there are some PPP in services like solid waste, these are weak, and citizens complain a lot about inefficiencies.
4. Open roads and improve on drainage systems in informal settlements to create a better environment for economic activity. Inaccessibility to informal settlements are flooding due to poor drainage were critical issues raised.
5. Strengthen linkage between the Municipal council, business associations, NGOs and community. This could be done through profiling of businesses associations and their needs, improved information sharing and communication.
6. The Municipal Council should improve its downward accountability to citizens to restore trust and effective engagement. It is only through this that the Council will be able to mobilise people for equitable development.
7. It is critical that citizen participation in planning, delivering and monitoring of public goods and services is strengthened. It is critical to engage them in a journey involving decision making such as on investment areas, public spaces and other aspects.
8. Develop strategy for use of public space for informal businesses especially in informal settlements. The findings have revealed that most businesses are on the street and open spaces.
9. Improve assessment and collection of taxes because this was a big concern among citizens. Tax education is needed, discipline of tax officials and improving service delivery for people to understand the rationale for paying taxes.
10. The Municipal council should strengthen the commercial office through increasing the number of staff there and aligning their roles to the LED strategy. Furthermore, a centre for enterprise support and innovation to drive LED should be set up.
11. The Municipal Council should develop targeted interventions for citizens living in informal settlements for example support to solar systems to supplement the efforts of NGOs like NSDFU.

### **Conclusions for Mbale Municipality**

1. Uganda has a conducive environment for local governments to operate and deliver public goods and services. However, Municipal Councils like Mbale lack control over critical services like electricity and water which limits their role in LED via such services.
2. The weak linkage between the community, private sector and municipal council is undermining local economic development. The Municipal council lacks a proactive direction in leading strong partnerships to steer the economy forward.
3. There are serious deficits in delivery of some services like street lighting, access roads, and drainage. These adversely affect citizens especially in informal settlements by reducing working hours, loss of stock and customers.
4. Citizens generally perceive the municipal leadership in negative terms hence limiting positive cooperation. Citizens hardly participate in all stages of planning, rarely get information from the Municipal council and perceive leaders as corrupt.
5. Land tenure systems are still a challenge. With citizens feeling insecure about their ownership of land, and cases of land grabbing being reported, limited investments can be done locally nor attracted from outside.
6. There is high level of unemployment especially among the youth. The youth have been blamed for being the main source of insecurity in Mbale Municipality and especially in the informal settlements. While the government has introduced youth programmes like the Youth Livelihood scheme, it is apparently being abused.
7. There is no clear center for coordination of LED activities. There are fragmented activities undertaken by NGOs, private sector organizations and community associations.

# Introduction

1.1	Background	2
1.1.1	<i>Urbanisation in Uganda</i>	2
1.1.2	<i>Urbanisation and Municipalities</i>	3
1.1.3	<i>The Cities Alliance (CA) Initiative</i>	5
1.2	Objectives of the Report on Local Economic Development for Equitable Growth in Gulu and Mbale Municipality	6
1.3	Overview to Local Economic Development	6
1.3.1	<i>LED in Municipalities</i>	6
1.3.2	<i>Focus on Municipal Level</i>	8
1.3.3	<i>Focus on Equitability and Inclusion of Disadvantaged Groups</i>	8
1.4	Research Methodology	9
1.4.1	<i>Study Design</i>	9
1.4.2	<i>Methods</i>	9
1.4.3	<i>Study Area</i>	9
1.4.4	<i>Study Population and Sample Size</i>	10
1.4.5	<i>Sampling Strategy</i>	11
1.5	Data Collection Methods	11
1.5.1	<i>Desk Review</i>	11
1.5.2	<i>Key Information Interviews</i>	11
1.5.3	<i>Survey</i>	11
1.5.4	<i>Focus Group Discussions (FGDs)</i>	11
1.6	Data Analysis	12
1.6.1	<i>Quantitative Data</i>	12
1.6.2	<i>Qualitative Data</i>	12
1.7	Structure of the Report	12



Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more. Currently, half of humanity today lives in cities and it is estimated that by 2030, almost 60% of the world's population will live in urban areas. At their best, cities have enabled people to advance socially and economically. Goal 11 of the Sustainable Development Goals underlines this reality and seeks to “make cities inclusive, safe, resilient and sustainable”. Nowhere else has rapid urbanisation been evident, than in Africa where the massive population bulge has given rise to “poor megacities”. Urbanisation has created both opportunities and challenges. Whereas urbanisation should generally lead to economic growth, access to jobs, public goods, infrastructure, better healthcare, and poverty reduction, urbanisation in Africa has generally been characterised by urban poverty and the proliferation of slums<sup>1</sup>. Cities have grown without economic transformation, underpinned by a vicious cycle of high fertility, low wages and persistent poverty; congestion, lack of basic services, shortage of adequate housing and declining infrastructure. People coming to the cities to do low productive jobs that do not transform the cities. Urbanisation coupled with unemployment and unplanned settlement has had an effect on the quality and scale of public goods and services like access to fresh water supplies, sewerage and public health services as well as energy consumption.

### 1.1.1 Urbanisation in Uganda

Uganda's rate of urban development is now among the world's highest. The urbanisation level is low at 12 percent; by 2030 it is projected to reach 30 percent, with an urban population exceeding 20 million people<sup>2</sup>. According to the National Population and Housing Census, 2014, the urban population has been increasing overtime from about 1.7 million in 1991 to nearly 7.4 million in 2014<sup>3</sup>. It is estimated that the proportion of people living in urban areas is increasing by an average of 5.1 percent per year with over 60% of Uganda's urban population live in secondary cities. This rapid urbanisation has been largely driven by pull factors which have ‘pulled’ many people out of the rural areas (and agriculture) towards upcoming cities where the formal sector still plays a limited role of absorbing urban labour. The World Bank estimates that the population in Uganda's cities will increase from 6 million to more than 30 million within the next two decades<sup>4</sup>. The economic benefits of urbanisation should result from enhanced business productivity, enhanced resource sharing, quicker and better job matching faster knowledge spill overs, infrastructure access and lower transaction costs<sup>5</sup>. However, the narrative for African cities in general and Ugandan cities in particular has been different. Ugandan cities have “leap frogged” over the industrial phase of development with the service sector driving growth. Moreover, the formal sector had played a limited role in absorbing urban labor with the share of informal work in non –agricultural employment being more than 50%. Urbanisation in Uganda has resulted into shortage of housing. According to the National Development Plan (NDP) II, the need for new housing for Uganda is estimated at 200,000 annually), unemployment, insecurity, strain on the social services including water, health, education, jobs and urban services, as well as impacts on the environment<sup>6</sup>.

<sup>1</sup> World Bank (2015), Urbanisation in Africa: trends, Promises and Challenges, A Report for the Africa Centre for Economic Transformation

<sup>2</sup> Cities Alliance (2010) “Urban on the Agenda in Uganda.” Available at: <http://www.citiesalliance.org/ca/node/1995>

<sup>3</sup> National Population and Housing Census 2014, Uganda Bureau of Statistics,

<sup>5</sup> Barofsky J., Eyerusalem S., and Grabinsky .J (2016), Can Rapid Urbanisation in Africa reduce Poverty? Causes, opportunities, and policy recommendations;

<sup>4</sup>

<sup>6</sup> UN HABITAT (2016), Towards achieving SDG 11 in Uganda: Making cities and human settlements Inclusive, liveable, safe, resilient, productive and Sustainable, UN HABITAT – Uganda Country Program, April 2016

## 1.1.2 Urbanisation and Municipalities

In August 2014, there were 197 urban centres<sup>1</sup> in Uganda as shown in Table. These include one capital city, 22 municipalities, and 174 town councils (excluding the town boards). Table 1 shows the number of urban centres by type and urban population based on the censuses from 1969 to 2014. The urban population increased overtime from about 600,000 in 1969 to nearly three million in 2002, a five-fold increase in 33 years. The period 1991–2014 saw a more rapid increase in the urban population, nearly doubling from three million to over six million.

**Table 1:**  
Urban Centers by Type, Census Year & Population

Index	1969	1980	1991	2002	2014
Number of Gazetted Urban Centres	Na	41	150	75	197
City	Na	1	1	1	1
Municipality	Na	2	13	13	22
Town Council	Na	34	33	61	174
Town Board/Township	Na	4	18	20	Na
Urban Population	634,952	938,287	1,889,622	2,921,981	6,426,013

Source: UN Habitat, 2016

Whereas the number of Municipalities in Uganda increased from 13 to 33 (153%) between 1991 and 2014, the population within those municipalities increased more than five times over (575%) for the same period. The increase in the number of municipalities is informed by the Government's strategy of decentralisation that seeks to bring services closer to the people. It is expected that decentralisation should enable government to better articulate, recognize, interpret and satisfy the needs and demands for public goods and services<sup>7</sup> (Evans 1997; Tandler 1997; Montero and Samuels 2004). Due to municipality proximity to the rural population who by average are the majority in Uganda, the citizens are better positioned to discern more effectively whether or not their local governments are fulfilling their mandates and responding to their needs and development priorities. If individuals are satisfied with their local officials' performance, they may express greater support for the system. However, the character of urbanisation in Uganda's municipalities is generally not guided by policy. The municipalities are dotted by informal settlements which accommodate unemployed people, overflowing garbage skips, and poor sewerage systems, etc. The JWP aims at better understanding and addressing the link between access to public services and economic growth in the city. This improved understanding will be based on an evidence foundation that will allow the Cities Alliance and its partners to provide more effective advice and assistance to Municipal leadership.

<sup>7</sup> Montero, A.P and D.J Samuel (2004), The Political Determinants of Decentralization in Latin-American. Decentralization and Democracy in Latin America. A.P Montero and D.J Samuels. Notre Dame, University of Notre Dame Press

**Table 2:**  
Urbanization Challenges and Opportunities in Uganda

No	Challenges	Opportunities
1.	Insufficient funding to implement urban development plans	<ul style="list-style-type: none"> <li>• Build partnerships for mobilization of local and external resources is required.</li> <li>• Potential development partners will be identified, and a resource mobilization strategy will be developed</li> </ul>
2.	Uncoordinated planning and development leading to uncontrolled sprawling of the major towns	<ul style="list-style-type: none"> <li>• Promoting local economic development and job opportunities from infrastructure and urban development.</li> <li>• Improve coordination among various institutions<sup>8</sup> involved in urban and physical planning to, among others, effectively build on past achievements in sustainably planning urban areas.</li> <li>• Aim to reduce sprawl, enhance densification, mixed land use and prevent development in environmentally resilient cities and towns.</li> <li>• Operationalize the Physical Planning Act, 2010 to support orderly and sustainable Development.</li> </ul>
3.	Youth bulge in urban areas	<ul style="list-style-type: none"> <li>• Engage youth take up urban poverty reduction responsibilities as well as strengthening initiatives in the area of urban youth development and enhancing the capacity of youth and youth organizations to acquire and promote entrepreneurship skills for income generation thereby reducing urban poverty.</li> <li>• UN-Habitat has developed an Urban Youth Centre</li> <li>• Training Manual series that outlines ways to establish and maintain the One-stop Centre and its training programmes.</li> </ul>
4.	Growth of slums and informal settlements, dilapidated housing, and poor sanitation	<ul style="list-style-type: none"> <li>• Implement Housing policy and slum upgrading strategy</li> <li>• UN-Habitat is developing a Global Housing Strategy to the year 2025, mandated by the 23rd Governing Council. Through the “housing at the centre approach”, UN-Habitat encourages states to see housing as a focal point of national urban policies through design of mechanisms to promote inclusive housing finance at national/local levels to bridge the housing gap and contribute to progressive realization of the right to adequate housing for all.</li> <li>• Strengthen capacity of local, central, and regional institutions and key stakeholders in settlement and slum improvement by applying good governance and management approaches.</li> </ul>
5.	High urban risks from buildings	<ul style="list-style-type: none"> <li>• Approve the Housing policy and building codes</li> </ul>
6.	Privatization of urban development real estate dominated without providing for public space and connectivity	<ul style="list-style-type: none"> <li>• Finalize the Real estate law regulating the activities of the sector</li> </ul>
7.	Non-functional and Weak legal normative framework	<ul style="list-style-type: none"> <li>• Review, implement and strengthen the legal and regulatory frameworks for the establishment and management of cities and other urban areas</li> </ul>
8.	Weaknesses in administration, institutions, and overall planning capacity	<ul style="list-style-type: none"> <li>• Develop clear, easily understandable and tailored capacity development tools and approaches to improve local leadership skills,</li> </ul>
9.	Lack of a financial strategy to sustain the urbanization process	<ul style="list-style-type: none"> <li>• Establish local revenue generation mechanisms</li> <li>• Expand public private partnership</li> </ul>
10.	Rapid growth of populations with low levels of economic activity based on inadequate physical and human capital; lack of capacity to generate jobs	<ul style="list-style-type: none"> <li>• Implement the LED policy</li> <li>• Ensure effective regulation and enforcement of standards in the informal sector.</li> <li>• Develop local economic development plans.</li> </ul>

<sup>8</sup> The institutions include the Ministry of Housing, Lands and Urban Development, the Ministry of Local Government, National Environment Management Authority, National Planning Authority and Local Governments

11.	Weak coverage of basic infrastructure services, notably water, energy, and sanitation, which makes it difficult to improve welfare in either urban or rural environments	<ul style="list-style-type: none"> <li>• Implementation of the National Development Plan</li> <li>• UN-Habitat has extensive experience in assisting countries deliver basic services. The agency is focused on urban issues and its experience in undertaking climate change vulnerability assessments and adaptation planning in urban areas.</li> </ul>
12.	Very high-traffic congestion	<ul style="list-style-type: none"> <li>• Implementation of the transport master plan</li> <li>• Implementation of the sustainable urban mobility programme</li> <li>• Promotion of public transport integrated with non-motorized transport, Institutional restructuring &amp; better coordination (e.g. Establishment of Public Transport Agency for GKMA Transport Authority (MATA))</li> </ul>
13.	High road transport fatality rate	<ul style="list-style-type: none"> <li>• Improvements in road safety – particularly for vulnerable road users (pedestrians, cyclists) in urban areas and in “on the way” towns along transit corridors</li> </ul>
14.	Lack of integration of basic services	<ul style="list-style-type: none"> <li>• Integrated Infrastructure and Services Plan (incl. transport, water, sanitation, solid waste etc.) – particularly for towns facing rapid growth (e.g. in the Metropolitan Area, along development corridors)</li> </ul>
15.	Multiple land ownership and urban land for investment.	<ul style="list-style-type: none"> <li>• Need to manage land efficiently, in a decentralized manner, from allocation to disputes resolution, and optimize its use.</li> <li>• Digitize titling system to increase trading of land and minimize fraud.</li> <li>• Implement NLP through LIS Project, which is integrating all spatial and alpha numerical aspects of land administration, land registration and cadastral data managed by the MLHUD; LIS will guide how urban planning and design should precede any development.</li> <li>• Increase availability of and access to serviced land for urban expansion and investment.</li> </ul>
16.	Lack of public space	<ul style="list-style-type: none"> <li>• Protect and conserve public spaces.</li> </ul>

### 1.1.3 The Cities Alliance (CA) Initiative

In recognition of the foregoing challenges facing cities, the Cities Alliance partnership seeks to promote a coherent urban development agenda that recognises stakeholder partnerships for poverty reduction and sustainable development underpinned by vibrant inclusive local economies for both public and private investment. This is consistent with the overarching goal of the Agenda 2030 that seeks to “leave no-one behind” by promoting equitable economic growth, gender equality and partnerships within cities. Through the Joint Work Program (JWP), the Cities Alliance supports local governments, city stakeholders and development partners to produce global knowledge, facilitate policy dialogues, and support city-level diagnostics and policy recommendations to respond to the challenges of inequitable economic growth in those cities<sup>9</sup>. The JWP on Equitable Economic Growth in Cities (2016-2020) focuses on supporting equitable access to public goods and services by all citizens and formal and informal businesses in cities.

As part of its Campaign Cities Initiative in Uganda, the JWP has undertaken to build working partnerships with two secondary cities: Mbale and Gulu. These are two of Uganda’s fastest growing secondary cities owing to their peculiar historical, geographical and economic attributes. These secondary cities have been faced with challenges arising from rapid, unplanned and uncoordinated urbanisation that has often left segments of their population behind and unable to access some of the basic public goods and services.

<sup>9</sup> Cities Alliance TOR for Local Assessment Report

The Local Assessment Report for these cities will provide a rubric of detailed information on key public goods and services and recommendations as to how municipal authorities can best deliver such services to stakeholders within those cities in a manner that is inclusive, participatory, equitable and accountable.

## 1.2 Objectives of the Report on Local Economic Development for Equitable Growth in Gulu and Mbale Municipality

- a) To provide detailed information about public goods and services (their scope, delivery mechanisms and recommendations about service improvements) required to promote equitable economic growth.
- b) Provide a situation analysis and mapping of the city economy in terms of factors, systems and structures related to the provision of and access to public goods.

## 1.3 Overview to Local Economic Development

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area. Equitable access by different population groups, promotes a more vibrant local economy due to improved individual factor endowments, including labour, capital and entrepreneurship. Improved access of public goods and services is a pre-requisite for growth and productivity, enabling cities to benefit from economies of agglomeration and scale. In 2006, through the process of decentralisation, the Government of Uganda promoted LED in order to enhance people's incomes'. This was incorporated in the Decentralization Policy Strategic Framework (DPSF) and the Local Government Sector Strategic Plan Strategic Plan 2013-2023, the Uganda Local Development Outlook (LDO) 2014 and subsequently had it addressed in a chapter on sub-national and rural development within the National Development Plan II<sup>10</sup>.

### 1.3.1 LED in Municipalities

Local economic development in municipalities is incumbent on the level of horizontal cooperation between the local government and local stakeholders. Such horizontal co-operation can contribute to the inclusion of certain groups or sectors to ensure ownership of development outcomes. Based on the LED Policy (2014), LED in municipalities in Uganda can be informed by three broad outcomes as shown in Figure 1.

<sup>10</sup> Local Economic Development Policy, 2014. Ministry of Local Government

**Figure 1:**  
Municipalities and Local Economic Development



However, municipalities in Uganda still have limited capacity to build the kind of partnerships for mobilisation of local and external resources. Even though many municipalities have developed Strategic Plans (including GMC), most of them do not have clear resource mobilisation strategies or explicit roadmaps to attract funding and investment through Public Private Partnerships, engagement with corporate entities, philanthropists and other avenues that can sustainably ground LED. The Planning function within municipalities is generally weak. This has resulted into uncoordinated sprawling and unregulated urbanisation. For instance, poor coordination among national institutions within the municipality planning framework has resulted into unsustainable land usage which has had an effect on the environment and densification. By their nature, municipalities as business hubs have also inevitably attracted a youth-bulge and its associated challenges of unemployment and crime. The resultant poverty levels among urban youth, women and other vulnerable groups have resulted into slums and other informal settlements where access and coverage of social services is low. The limited availability of and access to serviced land for urban expansion and investment has inevitably resulted into land disputes and un-optimised land usage. Thus, the Local Economic Development Report on Gulu Municipality, developed under the aegis of the City Alliance, is meant to interrogate these broad issues on LED and its outcomes on specific segments of the population with the overarching objective of determining an LED roadmap for Gulu Municipality in its transformation into a city.

## Box 1

### Key Questions on LED

- What are the key municipal-level public goods and services that contribute to equitable economic growth / equitable, balanced and pro-poor Local Economic Development?
- How exactly does each of these services contribute to this desired outcome?
- Are these public goods and services delivering the desired type of LED? If yes, how?
- What are the good practices and experiences? If not, why?
- Where are the bottlenecks (specific factors that impact on municipal goods/services? What can be done by the municipality to take good practices to scale and overcome the existing bottlenecks in terms of direct service delivery, service facilitation and enabling as well as advocacy when the critical services in questions are outside missing

Source: LED Inception Report

### 1.3.2 Focus on Municipal Level

Municipal councils derive their mandate for the delivery of public goods and services from the 1997 Local Government Act<sup>11</sup>. According to Second Schedule (Part 2 and 3) of the Local Government Act, city-level mandates can be summarised in the provision of twelve key public services. These are:

- a) Solid waste collection
- b) Water supplies outside the jurisdiction of the NWSC
- c) Clinic, dispensaries, health and inoculation centres
- d) Lighting of streets and public places
- e) Education services (primary, secondary, technical and special education)
- f) Public lavatories and urinals
- g) Fire brigade services
- h) Road construction, rehabilitation and maintenance of roads not under the responsibility of the Government
- i) Cemeteries, crematoria and mortuaries and ancillary service Public halls
- j) Public monuments
- k) Libraries
- l) All decentralised services and activities which include but are not limited to-land administration; land surveying; trade licences; social rehabilitation; street children and orphans; women in development; youth affairs;

Gulu and Mbale Municipalities are on track to being elevated to city status. The National Development Plan II, the second of six five-year plans aimed at achieving Vision 2040, provides for the creation of four cities and proposes the establishment of cities in Gulu, Mbale, Mbarara and Arua and five strategic cities. It is anticipated that upgrading to city status range from creating job opportunities to getting more funds from the central government. City status will also enhance the construction of city roads, garbage collection, building of primary schools and health centres, among others. The Local Government Act 1997 considers a city to be equivalent to a district, which is bigger than a municipality. City status will however require Gulu Municipality to rise upwards of 50 per cent of the revenue it needs for its projects. This calls for re-calibration of revenue management within the municipality that currently relies heavily on central government transfers. The benefits of transformation notwithstanding, several challenges still abound. These relate to the 'agglomeration diseconomies' faced by secondary cities like urban unemployment, slums, crime, pollution etc. Mapping Local Economic Development and equitability within the local municipal economy can smoothen this transition by identifying the key actors and their engagement and contribution.

### 1.3.3 Focus on Equitability and Inclusion of Disadvantaged Groups

Urbanization and its related intensification of extractive activities often leave the disadvantaged groups behind. The local economies are often characterized by consumption-driven mostly driven by relatively small middle and upper class sections of society. Such rapid urbanization also often leaves such marginalized enclaves unable to gainfully participate in profitable economic activities. This LED Report provides an assessment of the obstacles that keep too many from having access to public goods and services, that often the municipality is mandated to provide. Ultimately, LED should aim at strengthening those elements of the local economy that can be accessed by the disadvantaged for more inclusive growth.

<sup>11</sup>IEER Report, Gulu Municipality

## 1.4 Research Methodology

### 1.4.1. Study Design

The study adopted a cross sectional and descriptive research design utilising both qualitative and quantitative approaches of social investigation. The quantitative approach helped generate quantitative data on key aspects of the study including access to basic services. On the other hand, qualitative approach explored study participants' perspectives and experiences about contextual factors that influence business informal and formal businesses, challenges of accessing services, and other governance issues relevant to the study.

### 1.4.2. Methods

The study adopted a cross sectional and descriptive research design utilising both qualitative and quantitative approaches of social investigation. The quantitative approach helped generate quantitative data on key aspects of the study including access to basic services. On the other hand, qualitative approach explored study participants' perspectives and experiences about contextual factors that influence business informal and formal businesses, challenges of accessing services, and other governance issues relevant to the study.

### 1.4.3. Study Area

The study was conducted in Gulu and Mbale Municipalities in Uganda. For Gulu, the Municipality is divided into four divisions; Bardege Division, Laroo Division, Layibi Division and Pece Division. Pece division has the highest population followed by Bardege Division. For each Municipality, data was collected in two Divisions with each having more informal and slum settlements. Approximately 118,490 people, in 23,870 households live in 14 informal settlements in Gulu Municipality. Informal settlements account for 21.4% of land area in the municipality<sup>12</sup>. Consultations were made with the municipal leadership and wards with highest concentration of informal settlements selected as shown in the Table 3.

**Table 3:**  
Population Profile of Gulu Municipality

Municipality	Division	Wards	Number of Households	Total Population
Gulu Municipality	Bardege Division	Kanyogoga	2,720	11,000
		Kasubi	2,300	13,500
	Pece Division	Tegwana	3,500	18,000
		Paweli		

In Mbale Municipality, survey data was collected only from Industrial Division (Namataala and Shaba Parishes) and Northern Division (Namakwekwe and Nkoma Parishes). The selection of these Divisions and parishes was done in consultation with the Municipal leadership which revealed that they (areas) were the most populous and with largest concentration of economic activity. Since the study had a pro-poor orientation, these areas were deemed appropriate. According to the UN-Habitat (2016), informal settlements are on the increase in Mbale Municipality. These include; Kikamba, Barracks, Mutukula, Kiteso, Bulago, Bujoloto cells, Kiduda, Karimojong, Sisye and Muvule wards.

<sup>12</sup> Future Cities Africa Rapid City Resilience Assessment Profiles



#### 1.4.4. Study Population and Sample Size

The study participants were selected at three levels;

**a) National level:** These included Ministries, Departments and Agencies relevant to municipal local economic development such as: Ministry of Local Government, Ministry of Lands, Housing & Urban Development, Ministry of Water and Environment, Ministry of Energy and Mineral Development and Ministry of Finance, Planning and Economic Development. Cities alliance members- DFID, World Bank and GIZ were also consulted.

Ministry/Agency/Organisation	Thematic Areas
<ul style="list-style-type: none"> <li>- Ministry of Local Government</li> <li>- Ministry of Lands, Housing &amp; Urban Development</li> <li>- Ministry of Water and Environment</li> <li>- Ministry of Trade and Industry</li> <li>- Ministry of Energy and Mineral Development</li> <li>- Ministry of Finance, Planning &amp; Economic Development</li> <li>- Ministry of Gender, Labour &amp; Social Development</li> <li>- DFID</li> <li>- World Bank</li> <li>- GIZ</li> <li>- National Slum Dwellers Federation of Uganda</li> <li>- Urban Authorities Association of Uganda (UAAU)</li> </ul>	<ul style="list-style-type: none"> <li>- What is the national policy focus on LED</li> <li>- Support to Municipal Public goods and services</li> <li>- Programmatic interventions on LED</li> <li>- Pro-poor interventions in Municipalities</li> <li>- Gaps in municipal service delivery</li> <li>- Data on municipal public goods/services</li> <li>- Relationship with Municipal Councils (MC)</li> <li>- Financing public goods and services in MC</li> <li>- PPP arrangements for Municipal support</li> <li>- Challenges in supporting municipal councils</li> <li>- Employment creation initiatives in MC</li> <li>- Plans to support MC on public goods and Services</li> </ul>

**b) Municipal level:** At this level, key informants included; Municipal political and technical leadership, Business associations/chamber of commerce, Municipal Development Forums (MDFs), civil society organisations, service providers (electricity, water, financial services, training, etc.), tax authorities, traders (in markets, shops and on street) producers (artisans, small scale industrialists, carpenters, etc.) and District Land Boards representatives

c) Twelve key informants will be selected in each municipality. These together with the respective thematic areas for data collection are presented in the table below.

Respondent Category	Thematic Areas
<ul style="list-style-type: none"> <li>- National Chamber of Commerce- Local office</li> <li>- Mayor</li> <li>- Commercial officer</li> <li>- Town Clerk</li> <li>- Economic Planner</li> <li>- National Slum Dwellers Federation in Uganda</li> <li>- UMEME (electricity provider)</li> <li>- NWSC (water provider)</li> <li>- URA/tax authorities</li> <li>- Microfinance provider/SACCO</li> <li>- District Land Board representative</li> <li>- MDF President</li> </ul>	<ul style="list-style-type: none"> <li>- Role in public goods and services</li> <li>- Spatial coverage of public goods and services</li> <li>- PPP arrangements in place</li> <li>- Community participation</li> <li>- Mechanisms for inclusion of diverse categories</li> <li>- Impact of public goods/services on economy</li> <li>- Training and Business development services</li> <li>- Challenges in delivery of public goods/services</li> <li>- Data availability on economic activity</li> <li>- Recommendations for improved service delivery</li> <li>- Recommendations for private sector growth</li> </ul>

In each municipality, survey interviews and Focus Group Discussions (FGD) were conducted with traders, producers and service providers. These together with the respective thematic areas for data collection are presented in the following table.

FGD Categories	Thematic Areas
<ul style="list-style-type: none"> <li>- Traders- 2 FGDs</li> <li>- Producers- 2 FGDs</li> <li>- Service providers- 2 FGDs</li> </ul>	<ul style="list-style-type: none"> <li>- Access to public goods and services</li> <li>- Affordability of public goods and services</li> <li>- Influence of public goods/services on economic activity</li> <li>- problem you face in running your business</li> <li>- access to training or business development services</li> <li>- taxation impact on business</li> <li>- gender aspects affecting LED</li> <li>- community participation in planning</li> <li>- challenges of accessing public goods/services</li> <li>- recommendations for public goods/services</li> </ul>
Survey Categories	
Traders (in markets, shops and on street)- 60 Service providers- 40 Producers- 20	

### 1.4.5. Sampling Strategy

Municipal councils often have challenges in collecting and managing data on economic activity (for quantitative analysis) including number and types of informal sector workers. Therefore, the study utilised non-random sampling in the selection of study areas and participants. For key informants, attempts were made to ensure representation of key municipal departments as well as community organisations and providers of services critical for local economic development. These were selected using purposive sampling technique.

In collecting survey data, we considered a fair representation of men and women since the two categories may differ in accessing public goods and services, other opportunities and challenges that affect their economic activities. We also ensured that the survey sample comprised of fair representation of economic activity categories hence these included; traders, service business operators and producers/manufacturers. Convenient sampling technique was used in selecting survey participants while ensuring fair representation of gender and nature of economic activity.

Overall, 15 key informant interviews, 117 survey interviews and 8 Focus Group Discussions (FGD) were conducted.

## 1.5 Data Collection Methods

### 1.5.1. Desk Review

This method was used to collect secondary data from literature specific to Mbale Municipality (such as the MDS, five-year development plans, sectoral documents, statistical data, past study reports, budgets, etc) as well as national policies, strategies, development plans and other relevant literature. This provided information on key actors, challenges, opportunities and other aspects on local economic development.

### 1.5.2. Key Informant Interviews

The key informant interviews were conducted with relevant stakeholders at national and municipal levels. These were conducted using key informant interview guides.

### 1.5.3. Survey

The survey was conducted using interviewer-administered questionnaires. Attempts were made to get a fair representation of respondents by gender, Municipal Division and business sector (traders, services and producers/manufacturers). To ensure comprehensive capture of issues affecting LED in the municipalities, the survey comprised of traders (e.g. in markets, in shops and on the street), service providers and producers.

#### 1.5.4. Focus Group Discussions (FGDs)

FGDs were conducted with:

- a) Traders (in markets, shops and on street)
- b) Service providers (transport operators, saloons, hotels and restaurants, service shops, mobile money, etc)
- c) Producers (artisans, small scale industrialists, fabricators, carpenters, etc)
- d) FGDs were conducted using an FGD guide. Separate FGDs were conducted for men and women.

## 1.6 Data Analysis

### 1.6.1. Quantitative Data

Questionnaires from the surveys were edited to check for completeness of data. Quantitative data was entered in the data base developed and analyzed using SPSS/STATA and MS excel. Frequencies were generated, and data presented in tabulated form to allow easy interpretation and analysis. Cross tabulations were carried out for some key variables to understand the relationship between the variables and how they relate to the study purpose and thematic areas. The observed patterns guided report writing.

### 1.6.2. Qualitative Data

The analysis of qualitative data started during the data collection phase. For FGDs and KIs, careful and verbatim transcription of the recorded data was done and supplemented with notes taken during the interview/FGD. The transcripts were reviewed to delineate aspects directly relevant to the objectives of the study. Data from key informant interviews and focus group discussions was analysed using content and thematic techniques. Key quotations were extracted from the transcripts to guide explanations and interpretations in line with the study purpose.

## 1.7 Structure of the Report

This Local Economic Development for Equitable Growth Report for Uganda focuses on Gulu and Mbale Municipalities. The Report provides an overview of LED in these municipalities and an appraisal of the provision of public goods and services within these municipalities and how municipal authorities engage with the small and medium enterprises located therein. The Report also provides an analysis of the provision of public goods and services to vulnerable segments within the municipalities and how the recipients of these services rate the level of service provision. The report is informed by the IEER report on Gulu and Mbale municipality and is divided into Twelve Chapters.

Chapter One provides an introduction of the key issues relating to rapid urbanization within secondary cities and lays the rationale for conducting the Local Economic Development appraisal. It provides an overview of the services municipalities in Uganda are supposed to offer by mandate and how these relate to the inclusion of disadvantaged groups. Chapter Two provides a situation analysis of Gulu and Mbale Municipalities relating to the local economy, contribution to the economy and economic activities. Chapter Three provides general findings from the survey conducted on the different issues relating to the provision of public goods and services in Gulu and Mbale Municipalities. Chapter Four provides an appraisal of access to public goods and services within the municipality with regard to reliability, cost and affordability.

Chapter Five provides the key actors of LED in Gulu and Mbale Municipalities and their interactive relationships that foster inclusive growth. Chapter Six provides the linkage of public goods and services to the Local economy. Chapter Seven presents an appraisal of the provision of other pseudo public goods and services that are not under the direct mandate of the municipality. Chapter Eight presents the role of institutions and the regulatory arrangements that impinge on the delivery of public goods and services. Chapter Nine provides identified opportunities for LED within the municipality. Chapter Ten presents the interaction, role and contribution of gender in local economic development. Chapter Eleven presents the identified challenges to the LED agenda in Gulu and Mbale Municipalities. Chapter Twelve presents the key conclusions and recommendations emerging from the analysis.

# Situation Analysis

## Gulu Municipality

2.0 Introduction	15
2.1 History of Gulu Municipality	15
2.2 Urbanisation in Gulu Municipality	15
2.3 Gulu Municipality: An Economic Profile	16
2.3.1 Poverty	17
2.3.2 Contribution to National GDP	17
2.3.3 Drivers of Competitiveness within Gulu Municipality	17
2.3.4 Financing the Municipal Council	18
2.3.5 Land Ownership in Gulu Municipality	19

## Mbale Municipality

### 2.0 Introduction

Gulu Municipality is the largest metropolis in the northern region of Uganda. It is the commercial and administrative centre of Gulu District and a hub for education, social services, industry, and culture for the greater Acholi region. Despite covering only 2% of the District land coverage (an area of 54.4 km<sup>2</sup>) the municipality has a population density of (2,728/km<sup>2</sup>) and represents one of the fastest urbanising regions in Uganda. According to the National Housing Census Report 2014, Gulu Municipality was ranked seventh largest municipality in Uganda with a population of 149,802 people (increasing from a population of 14,958 in 1980).

### 2.1 History of Gulu Municipality

Colonial administration was established in Acholi land around 1912, it included the present day Gulu, Pader, Kitgum and Amuru Districts with its Administrative Headquarter in Gulu Town. The colonial administrative structure was largely used to enforce the production of the traditional cash crops; cotton and tobacco, and also establishment of Administrative units in the district. After independence in 1962, the colonial structure was inherited and embraced wholesomely. A level of decentralized authority existed in the district but was far from being democratic. The Local Government Act of 1969 had very drastic effects on Gulu district. She lost the most lucrative power of levying and collecting taxes, licenses and dues. This made it difficult to have enough funds to provide services.

In 1970s, the old Acholi district was demarcated into Gulu and Kitgum Districts, though dictatorship and militarism undermined personal security and production that led to a lot of uncertainty and high staff turns over. Throughout the 1970s, no improvement was made on social services in the district, let alone the physical infrastructure. It was a decade of dehumanization and moral decay. In the early 1980s not much was done by Ugandan Government to amend the Local Administration Act of 1969. In the District, Technical Planning Committee was by name and was not very effective. Its mandate to plan and execute projects was largely undermined by lack of authority and finances from the central government. However, through the policy of decentralisation, this has not benefited the District much because of the 20-year long insurgency. The 1992 election attempted to improve the situation but this could not do much because of poor political will and support coupled with insecurity.

### 2.2 Urbanisation in Gulu Municipality

Political instability in north Uganda is one of the factors that led to rapid urbanization of Gulu municipality, in the aftermath of the LRA war. This insecurity and insurgency caused large numbers of people to relocate to urban areas, particularly Gulu town for protection. Gulu Municipality is faced with the challenges of recovery arising from over the 20 years of insurgency that saw the largest proportion of the population displaced to live within Gulu Town and its suburbs. The sprawling and growth of informal settlements has impacted heavily on the efficient and effective delivery of services that have had an effect on aspects of local

economic development. The informal settlements in the municipality cover 3,230 acres of the total 15,073.4 acres of land. This means that a fifth of the total land area is covered by informal settlements. A study<sup>13</sup> has shown that approximately 118,490 people (79%) in Gulu municipality live in an informal settlement. This population of the slum dwellers is distributed into 23,870 households with an average household size of 5 people.

## 2.3 Gulu Municipality: An Economic Profile

According to the 2014 National census, most (55%) of the population of Gulu district lives within the municipality. This is largely explained by migration patterns and rapid urbanisation over the last fifteen years that have attracted more people to the municipality. About half (49.1%) of the population are below 17 years with only 2.6% being over 60 years. In addition, half (51%) of the households are characterised as 'vulnerable'<sup>14</sup> while a similar percentage represent those who were actively engaged in an economic activity. A summary of other socio-economic characteristics is provided below.

**Table 4:**  
Selected Socio-economic Characteristics

Indicator	Gulu District	Gulu Municipality	Percentage
Population	275,613	150,306	55%
<i>Male</i>	134,571	73,205	54%
<i>Female</i>	141,042	77,101	55%
Total Households	55,441	30,573	55%
Households headed by Females, children, older persons)	23,576	12,132	51%
Persons aged 6-15 years not attending school	7,158	2,596	36%
Persons aged 18 years and above who are illiterate	30,762	10,555	34%
Persons with disability	28,056	12,565	45%
Working Persons (Persons 18 years and above who were working)	92,419	47,460	51%
Persons (>10 years) that own mobile phone	79,675	59,022	74%
Persons 18-30 years who use internet	20,497	17,488	85%
Households engaged in either crop growing or livestock farming	39,936	16,222	41%
Households with at least one member engaged in a non-agricultural enterprise	40,751	22,782	56%
Households where any member possesses a bank account	24,152	18,887	78%

<sup>13</sup> Gulu Municipality: Slum Profile Report, by the Slum Dwellers Federation of Uganda (NSDFU)

<sup>14</sup> Households headed by a child, elderly or women

### 2.3.1 Poverty

According to the World Bank, the proportion of the total number of poor people who live in the Northern region increased between 2006 and 2013, from 68% to 84%<sup>15</sup>. Most of the population in the municipality is generally living below the poverty line. Poverty has been attributed to inadequate land/land scarcity leading to low agriculture production; most of the divisions in the municipality are largely peri-urban and do not have adequate land for farming owing to extensive land fragmentation; low levels of education; poor health – HIV, malaria and other ailments; poor health conditions among others.

### 2.3.2 Contribution to National GDP

Gulu is experiencing a Gross Domestic Product (GDP) growth rate of 4.82% (World Bank, 2015). The potential growth of a city or municipality is driven by the type of investment it can attract in the short to medium term. Strategic companies look out for cities that will generate the most GDP growth and have the potential for rapid urbanisation. Cities provide economies of scale, agglomeration, and localisation; they provide efficient infrastructure and services through density and concentration in transportation, communications, power, human interactions, water and sanitation services. Data on the contribution of the municipality's economy to the national economy is not readily available. However, proxy estimates can be derived from the municipality's total revenue potential. Whereas the municipality witnessed growth in local revenue by 161% between 2013/14 and 2015/16 (higher than the national average of 39.8%), the proportion of revenue from Gulu municipality contributed only up to 0.47% of national revenue collected. (See table below).

**Table 5:**  
Proportion of Revenue Collection (UGX)

Entity	2013/14	2014/15	2015/16
Gulu Municipality	20.29 Billion	22.14 Billion	53.03 Billion
Gulu District	0.434 Billion	0.682 Billion	0.677 Billion
National Revenue collection	8,031 Billion	9,715 Billion	11,231 Billion
Contribution to Total National revenue collection	0.25%	22.8%	47.2%

Source: MFPEP (2017)

### 2.3.3 Drivers of Competitiveness within Gulu Municipality

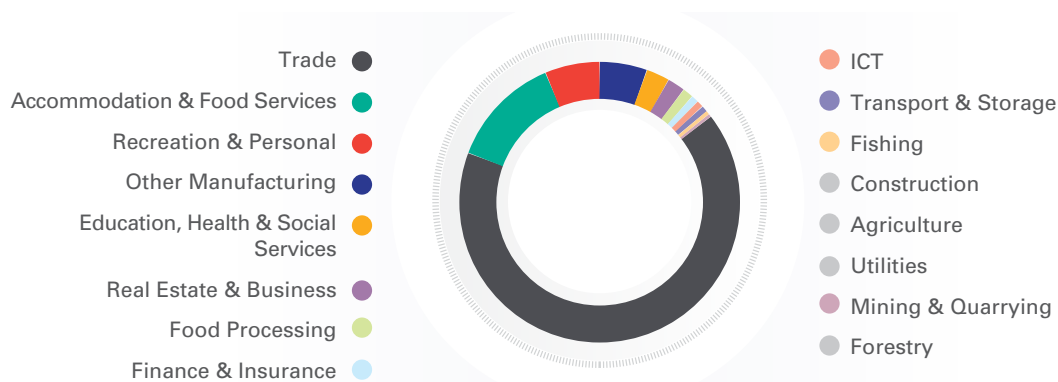
The primary economic driver of Gulu municipality is the human capital. With a vibrant young demographic, the municipality has a demographic dividend in its very active people. According to the National Census Report, 65.9% of the municipality residents above 18 years were engaged in some form of work. Commerce/ trade is the dominant component of the economy followed by the service sector, industry, construction and then agriculture. The majority of the people in Gulu Municipality get their livelihood from commercial activities carried out in terms of wholesales and retail business of different types of merchandise. According to the Census of Business Establishment Report<sup>16</sup>, two thirds of business establishments in the municipality are engaged in trade sector (the sector employs 45% of total employees). The other main secondary activities include accommodation, recreation and manufacturing.

<sup>15</sup> Uganda Poverty Assessment 2016: Fact Sheet

<sup>16</sup> Uganda Bureau of Statistics, 2010/11



**Figure 2:**  
Gulu Municipality: A Sector Profile



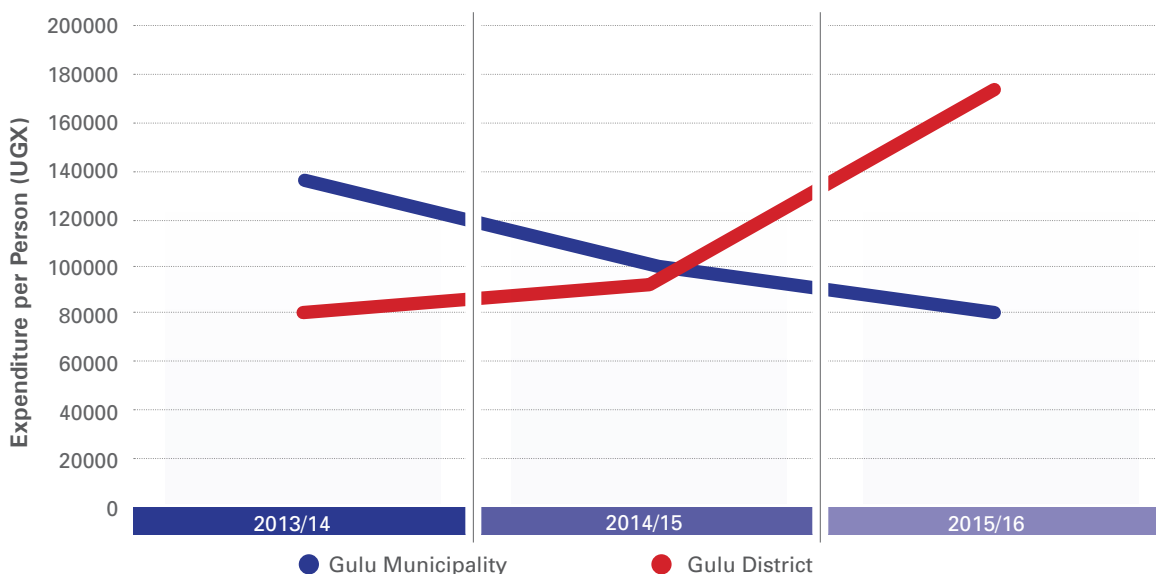
Whereas the business outlook of the municipality is generally characterised by both formal and many informal businesses, other services including banking, insurance, security, hospitality, transport, medical, educational services etc. are also offered. Industrial manufacturing is undertaken by medium sized firms while construction services are provided by private players. Agriculture is also carried out within the municipality albeit on a subsistence basis. Most (53.1%) of households are engaged in either crop growing or livestock farming where they grow food crops like maize (17.8%), coffee (0.1%), beans (22.1%), millet (5.1%), sweet potatoes (18%), matooke (2.3%) and livestock farming (33.2%). Gulu Municipality is also a centre of education tourist destination that offers facilities for tourists visiting several sites within the vicinity like Fort Patiko.

### 2.3.4 Financing the Municipal Council

Gulu Municipal Council (GMC) is financed by grants (Conditional and Unconditional) from the Central Government, donations, transfers from other Government Units and locally generated revenues from taxes, fees, licenses and charges. During 2016, the council received grants totalling to UGX.10,566,607,383 from Central Government, UGX.1,591,334,774 from locally generated revenues, UGX.24,149,422,406 from other Government Units. The total revenue of UGX. 36,307,364,563 constituting 87.7% of its approved budget estimates of UGX.41,381,378,016 was realized<sup>17</sup>. Gulu Municipality revenue base is still narrow due to limited level of economic activities and wide spread poverty among the population. Nevertheless, municipal expenditure per person has been on the increase as shown in Figure 3.

<sup>17</sup> 2016 Auditor General's Report, Ministry of Finance, Planning and Economic Development

**Figure 3:**  
Trend in Expenditure per Person: Gulu Municipality Vs Gulu District



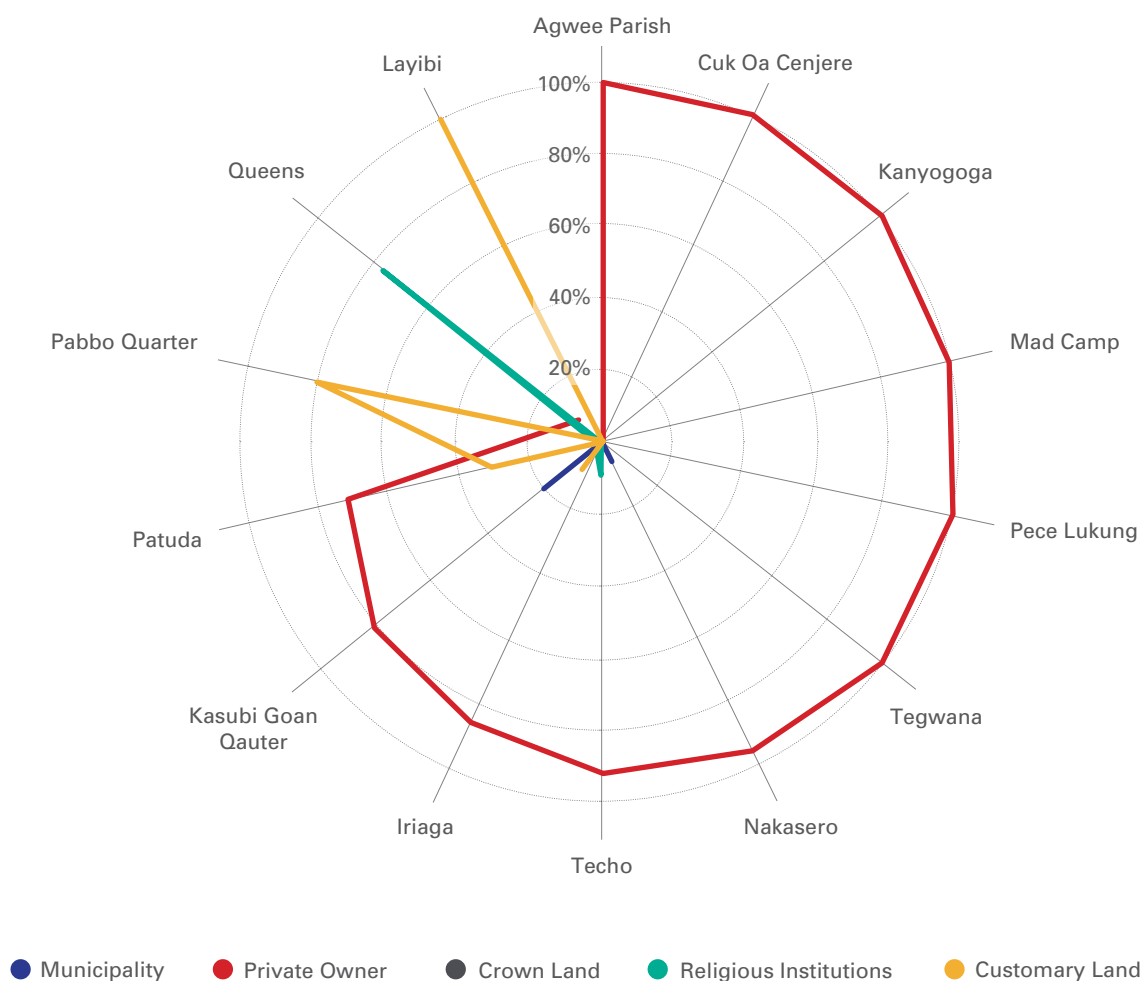
Source: Authors computation

### 2.3.5 Land Ownership in Gulu Municipality

Gulu Municipality has no Land board. The municipal council often clashes with the District Land Board on land allocation. Like other municipalities, irregular land allocations of land by DLBs often creates challenges especially with regard to open spaces. Land-related issues, such as tenure uncertainty and zoning challenges, limit proper land-use planning within the municipality. Even though projects like the USMID have tried to ameliorate this challenges, its still common happenstance. In Gulu municipality, land ownership is overwhelmingly customary tenure system administered by the family, clan, and territorial groups. The informal settlements in Gulu Municipality cover 3,230 acres of the total 15,073.4 acres of land covered by the entire Municipality<sup>18</sup>. As shown below, the most of the land across the different parishes of the municipality is privately owned.

<sup>18</sup> Gulu Municipality Slum Profile Report, A Report for the National Slum Dwellers Federation of Uganda (NSDFU) and ACTogether Uganda

**Figure 4:**  
Types of Land Ownership by Municipality Parish



## Mbale Municipality

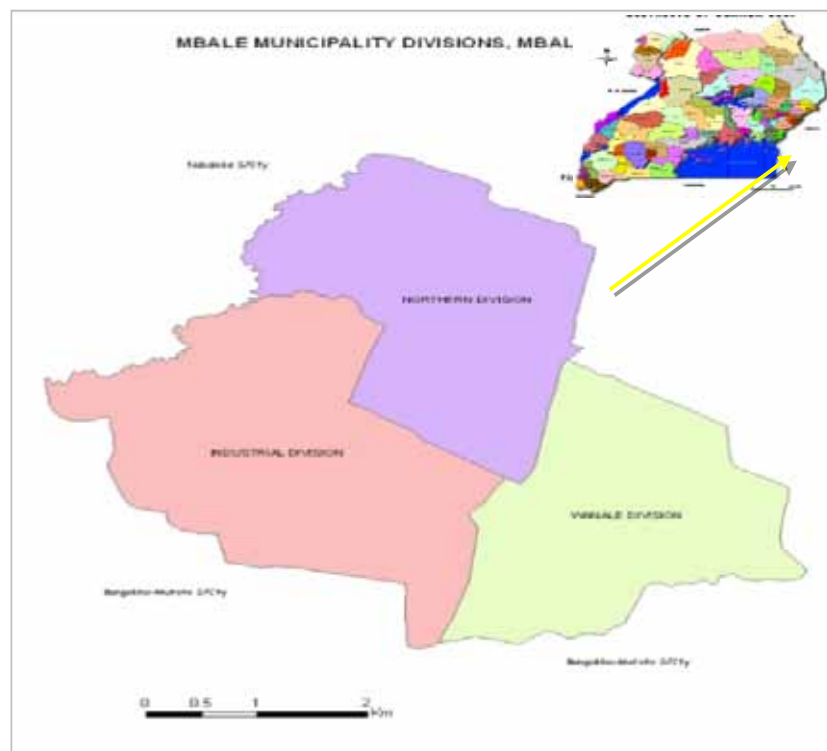
Mbale Municipality is one of the lower local governments in Mbale district located approximately 245 kilometres to the east of Kampala city. It is the location of the district headquarters and is the central town and commercial center. Mbale Municipality hosts 21.4% of the entire district population. The total land area of the municipality is 2,450<sup>19</sup> hectares and the proportion of households living in slums is 19.1%<sup>20</sup>. The Municipality has three Divisions; Wanale Division, Industrial Division and Northern Division. The wards under each Division and cells under each ward are shown in Table 3.

<sup>19</sup> Cities Alliance. 2013. Baseline Study for the Cities Alliance Country Program in 14 Municipal Local Governments in Uganda. MLHUD.  
<sup>20</sup> ibid

**Table 6:**  
Administrative Units of Mbale Municipality

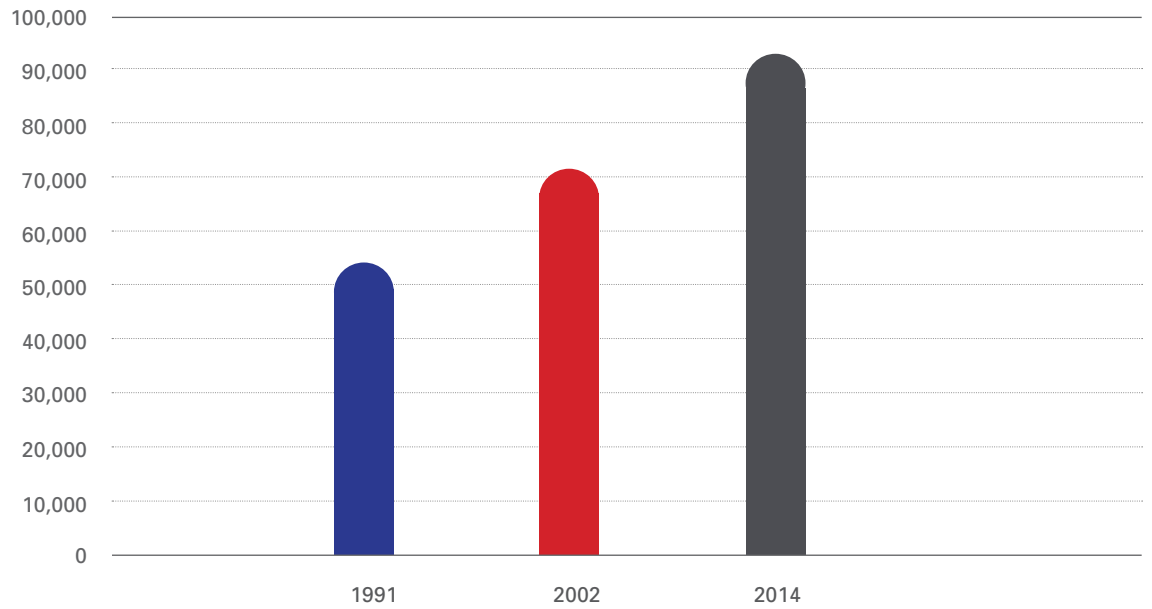
Divisions	Wards	Cells
Wanale	Boma	Masaba, Union, Elgon, Nakhupa, Bungokho, Fairway, Bukwa, Nabigyo, Wanale
	Busamaga West	Nabweya, Health Centre, Mosque, Bumboi
	Busamaga East	Nampanga, Butandiga, Namalogo, Namatsyo
	Mukhubu	Isebele, Sawa, Shiende, Zesui
	Mooni	Namubiru, Mutoto, Nashibiso, Nagudi
Northern	Nabuyonga	Sebei, Buwalasi, Kichafu, Kisenyi, Mulembe, Magezi
	NKOMA	Busajja, Hygiene, Buyonjo, Bujoloto, Gangama, Senkulu, Wanambwa, Nambozo
	North Central	Hospital, Clock Tower, Duka, North Road, Byasala, Uhuru, Pesa, Nkokonjeru
	Namakwekwe	Nabigyo, Link Road, Bufumbo, Mission, Kachumbala, Gudo, Mugisu, Kiteso, Bulago, College, Mpumude
	University	Staff, Sheraton, Northern, Village
Industrial	South Central	St. Andrew's, Wasike, Naboa, Republic Street, Foods, Lwakhakha, Park, Police, Kale, Cathedral
	Masaba	Butaleja, Bumasifa, Pallisa, Malawa, Bugwere, Temuteo Mukasa
	Malukhu	Sironko, Busano, Majanga, Wanyera, Muti, Primary, Muyembe
	Namatala	Somero, Mvule, Sisye, Nyanza, Wandawa, Doko, Bubirabi, Kiduda

**Figure 5:**  
Map of Mbale Municipality showing Divisions



The population of Mbale Municipality has been steadily growing. Between 2002 and 2014, the population grew by 2.9% from 71,130 to 96,189. In 1991 the municipal population was 53,987.

**Figure 6**  
Trend of Population for Mbale Municipality (2002-2014)



**Trend of Population Growth for Mbale Municipality**

# Findings

3.0 Introduction	24
3.1 Respondent's Socio-Demographic Characteristics	24
3.1.1 <i>Gender and Age Characteristics</i>	24
3.2 Household Characteristics	25
3.3 Nature of Economic Activity	25
3.4 Business Characteristics	26
3.4.1 <i>Age of Business</i>	26
3.4.2 <i>Business Expenditures</i>	26
3.4.3 <i>Business Location</i>	26
3.4.5 <i>Business Sector Activity</i>	27
3.4.6 <i>Business Assets</i>	28
3.4.7 <i>Business Monthly Income</i>	28

## 3.0 Introduction

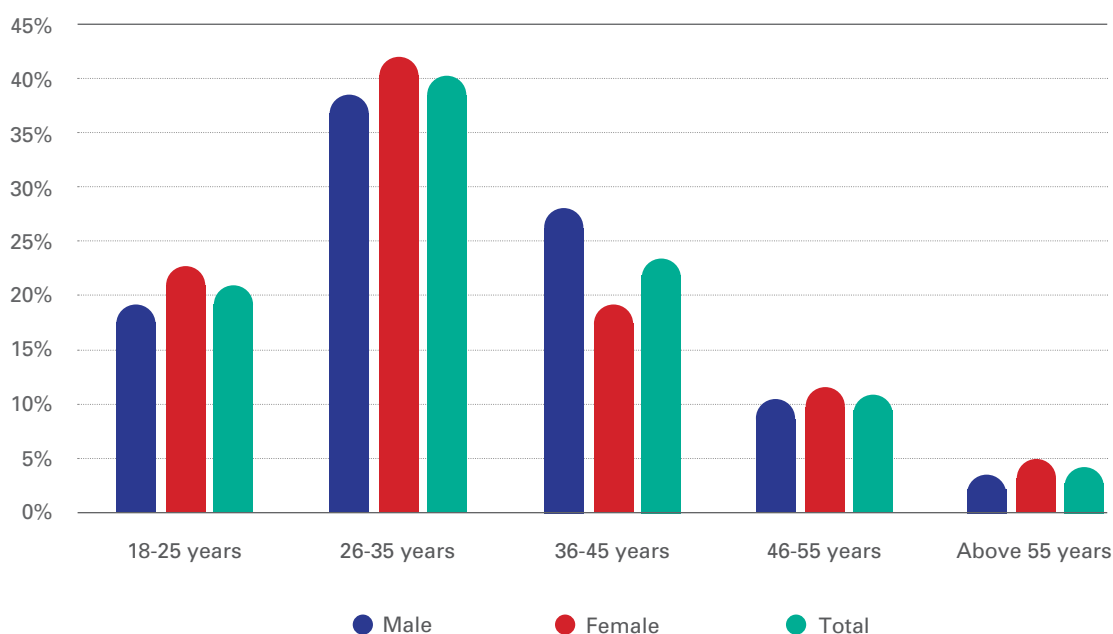
The United Nations Sustainable Development Goals are hinged on the egalitarian principle of 'leaving no one behind' or 'reaching the furthest first'. This is mainly because many disadvantaged groups are left on the wayside even as countries seek to achieve better outcomes for development. This Local Economic Development Report was appraising the delivery of public services by disadvantaged communities and groupings with regard to access, affordability and reliability.

## 3.1 Respondent's Socio-Demographic Characteristics

### 3.3.1 Gender and Age Characteristics

The largest proportion of respondents (40%) was in the 26-35 age category. This is consistent with observations that there is a youth bulge within Gulu municipality. Moreover, the proportion of females is higher across most of the age categories as shown below.

**Figure 7**  
Age Groups and Gender, Gulu



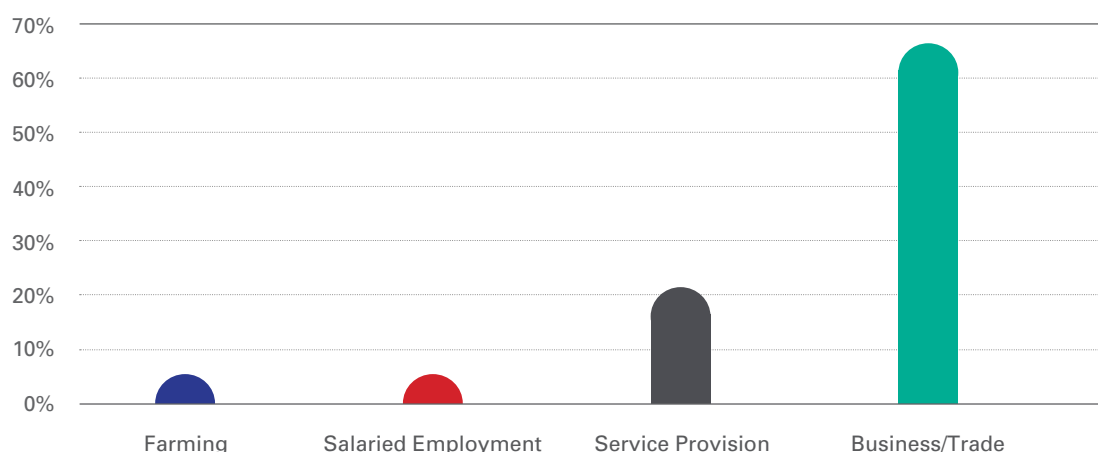
## 3.2 Household Characteristics

The average household size within the municipality was established to be six (6) members with each household having an average of at least four (4) children. This is higher than the average reported for Gulu district of five (5) members per household.

## 3.3 Nature of Economic Activity

According to the National Housing Census 2014, 19.7% of households in Gulu Municipality depend on subsistence farming as a main source of livelihood while 84.4% of households had at least one member engaged in a non-agricultural household based enterprise. In Gulu Municipality, commerce, industry, construction and agriculture respectively. From the survey, the main source of income was from engagement in either business or trade sector. For instance in Cereleno in Tegwana, Pece division, common activities included wholesale trade, retail trade, tailoring, construction, processing, radio repair, car mechanics, painters, plumbers, boda-boda, carpentry, welding and fabrication, saloons, charcoal trade, sale of food, hospitality, farming, transport, selling water, property brokerage, selling scrap, brewing, butchery, hawking, selling produce and tree planting. Two new activities (or economic interests), i.e. "sports betting" and "property brokerage" are also being undertaken by men. Among the women, common activities included operating salons, food vending, bar, trading in produce, fish products, boda-boda and selling food items in the market. However most of the businesses are not registered. Several respondents were averse to register their business, especially those which they considered to be in their infancy.

**Figure 8**  
Source of Household Income, Gulu





## 3.4 Business Characteristics

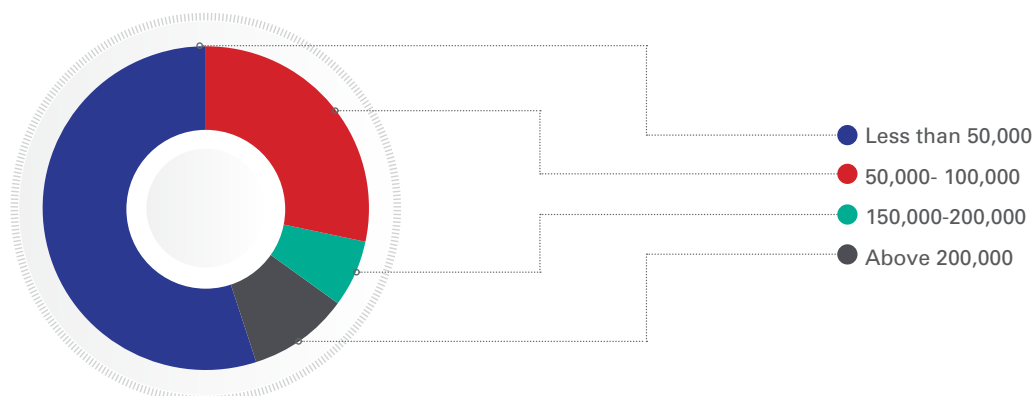
### 3.4.1 Age of Business

Findings from the survey show that on average, most of the businesses started in 2010. This reflects the fact that business enterprises are still in mid-infancy. In addition, these businesses provide employment to at least two (2) placing them in the micro-enterprises category.<sup>21</sup>

### 3.4.2 Business Expenditures

Over half (61%) of the businesses rent the premises on which they conduct business activities. About 33.9% own the premises on which they conduct business. However, over half spent less than UGX50,000 for rents.

**Figure 9**  
Monthly Business Expenses, Gulu



### 3.4.3 Business Location

From the survey, most (49.1%) of the business in Pece division were in the 'Open-market' category while 46.43% of the businesses in Bardege division were 'on the street'. Most (85%) of those having monthly expenses of over UGX200,000 were 'on the street'.

**Table 7**  
Business Location by Division, Gulu

Division	Business location					Total (%)
	Home (%)	Well-built market (%)	On Street (%)	Open market (%)	Industrial area (%)	
Bardege	5 (8.93)	5 (8.93)	26 (46.43)	20 (35.71)	()	56 (100.00)
Pece	5 (9.09)	2 (3.64)	20 (36.36)	27 (49.09)	1 (1.82)	55 (100.00)
Total	10 (9.01)	7(6.31)	46 (41.44)	47 (42.34)	1 (0.90)	111 (100.00)

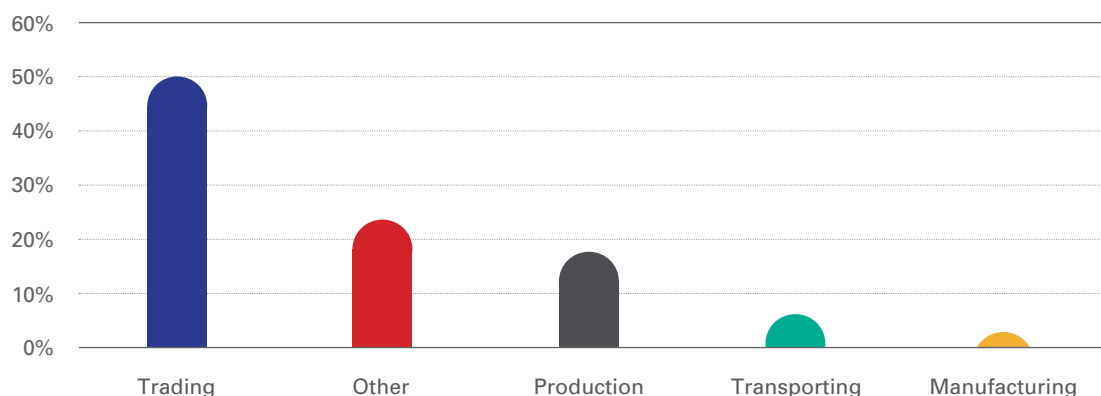
<sup>21</sup> A micro-enterprise is an enterprise employing maximum 4 people; annual sales/revenue turnover of maximum UGX 12 Million and total assets of maximum UGX 12 million

Business located in the formal markets was engaged in trading (57.14%) and production (14.3%). However, the 'on street' category was the most 'active' sector as it accounted for all the different major categories under study (Manufacturing, transporting, trading and production).

### 3.4.4 Business Sector Activity

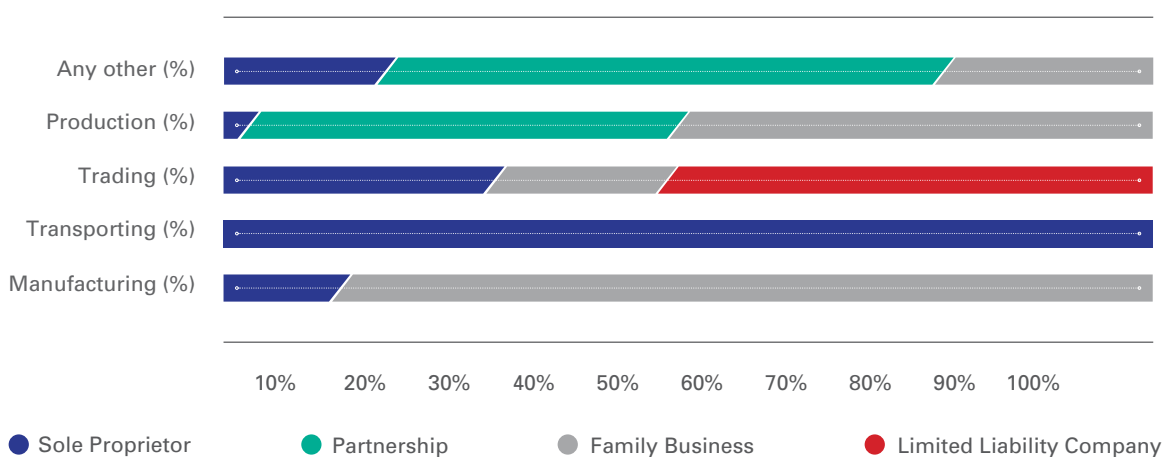
About half of the businesses in the municipality are engaged in trading of foods and services. Less than 5% are engaged in manufacturing.

**Figure 10**  
Business Sector Coverage, Gulu Municipality



As shown below, enterprises engaged in some form of manufacturing are either family owned or run by sole-proprietors. All those engaged in transport business are sole proprietors. There are more 'partnerships' among enterprises engaged in production.

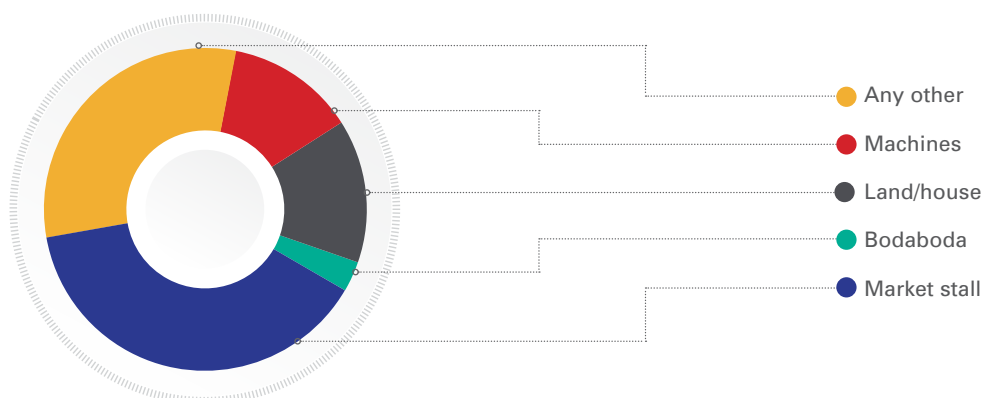
**Figure 11**  
Business Type and Sector of Business Activity, Gulu Municipality



### 3.4.5 Business Assets

For disadvantaged groups, the most vital asset was established to be the 'market stall'. The market stall is not only a place of work and commerce, but its also a social platform, an asset for good-will financing and an indicator of a reflection of credit worthiness for those who own them.

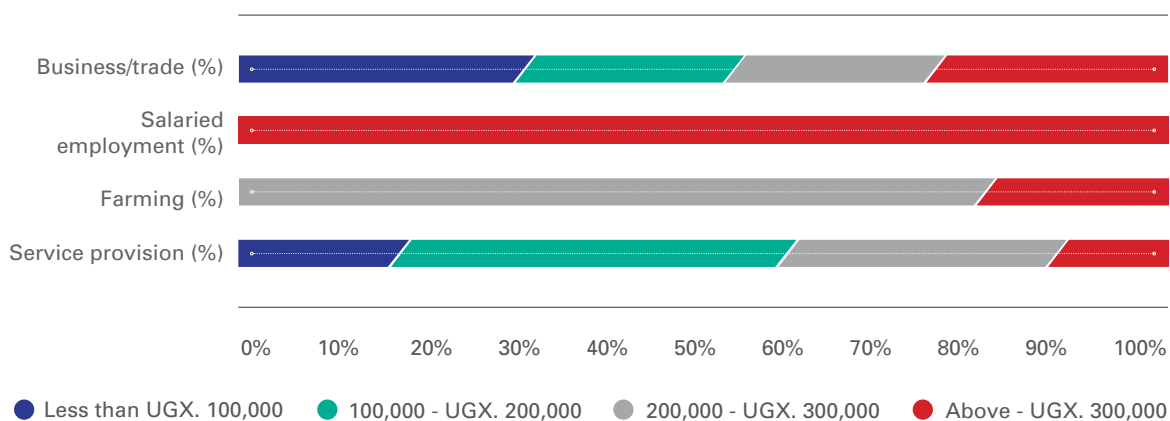
**Figure 12**  
Capital Asset Ownership, Gulu Municipality



### 3.4.6 Business Monthly Income

Most (43%) of the respondents reported earning an average monthly income of above UGX 300,000. However, about a third of those involved in business/trade (the main economic activity) were earning less than UGX100,000 per calendar month.

**Figure 13**  
Monthly Income and Type of Economic Activity, Gulu Municipality





# Access to Public Goods and Services

## Gulu Municipality

4.1 Summary Assessment of Access to Public Goods and Services	31
4.2 Solid Waste Management	32
4.3 Access to Water Services	33
4.4 Access to Grid Electricity	35
4.5 Access to Security	37
4.6 Access to Education Services	38
4.7 Fire Protection Services	38
4.8 Access to Affordable Health Care	39
4.9 The Environment	39
4.10 Street Lighting and Other services	40

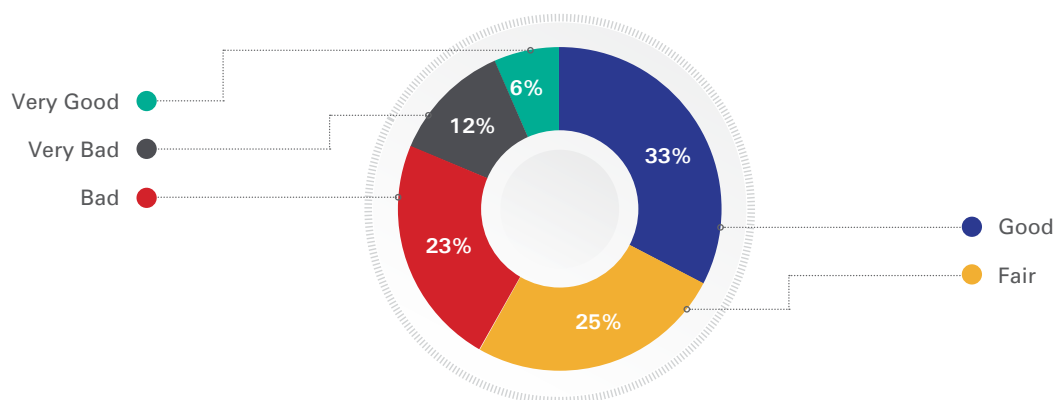
## Mbale Municipality

4.11 Solid Waste Management Services	43
4.12 Access to Electricity	45
4.13 Access to Water	47
4.14 Access to Sanitation Services	49
4.15 Access to Sewerage Services	51
4.16 Access to Security	52
4.17 Access to Fire Protection Services	53
4.18 Access to Public Space	54

## 4.1 Summary Assessment of Access to Public Goods and Services

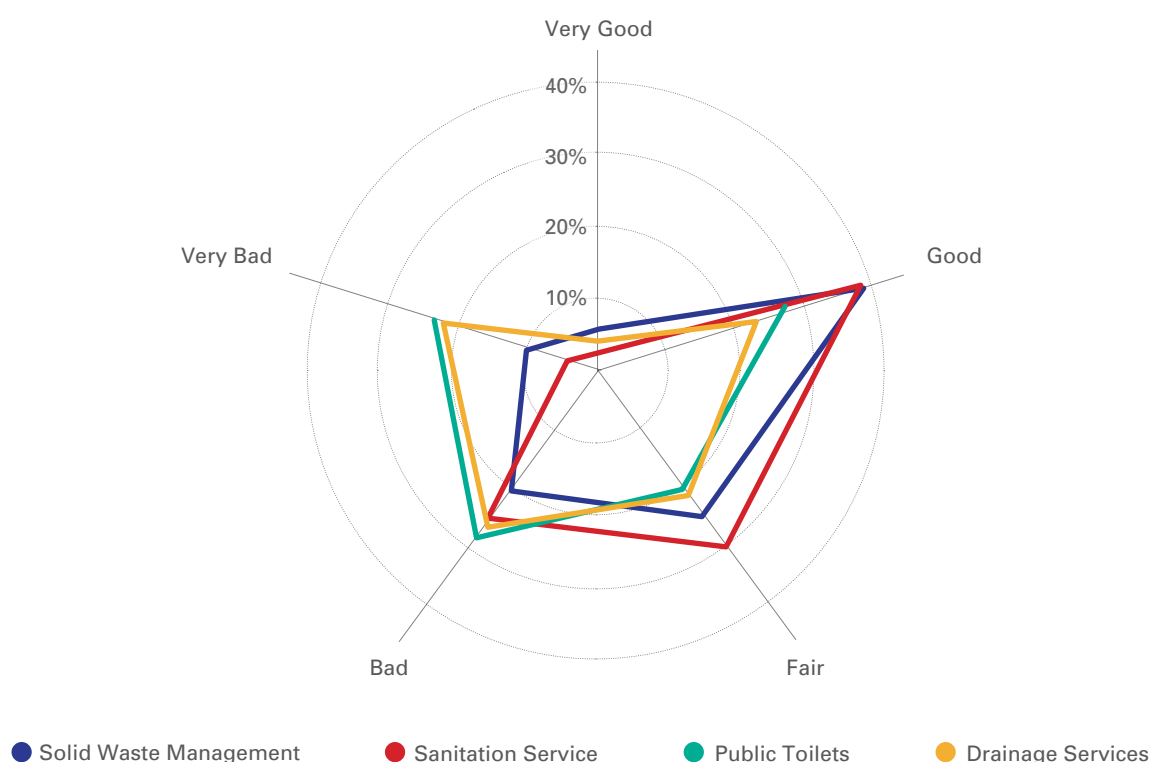
Findings from the survey show that the three top services households/businesses in the municipality had access to were: Piped water, Primary education services and public medical services. The five services reported for poor access were: drainage services, streets lighting, walkways, public toilets and food inspection services. A third (33%) thought that access to municipal services was 'good' while 23% and 12% thought it was wither 'bad' or 'very bad'.

**Figure 14**  
Summary Assessment of Access to Public Goods, Gulu



## 4.2 Solid Waste Management

Waste management within some of the informal settlements is still poor. Some community members have taken over waste collection and use either open burning or have dug pits where waste is contained. As shown, less than 10% of the respondents thought that the sanitation services were “very good” while between 20-30% thought that the sanitation services were either ‘bad’ or ‘very bad’. The sanitation facilities available in the informal settlements of Gulu Municipality can be categorized as; Individual Toilets, Shared Toilets, Communal Toilets and Public Toilets. These settlements are often served by small feeder roads which make it difficult to be accessed by garbage collection services. There is also no gazetted area for dumping garbage (litter-bins). This causes littering of the town.



Irregular collection of garbage has an effect on the level of business performance. Gulu Municipality is not an Open Defecation Free (ODF) zone. As shown the biggest challenge faced by marginalised groups is having no garbage bin/collection point, delayed collection and high costs respectively. Less than 5% have access to a public toilet system. This is mainly because of the few public toilets within the municipality (only 7 public toilets). For instance, the Central Market with a capacity of about 800 vendors has only one toilet (there is only one public toilet in Pece division and it is not properly maintained). This has resulted into open defecation on some of the sidewalks.

This has an indirect effect on the “side-walk” economy. For instance, women who sell open foodstuffs on the same sidewalks have had to deal with negative business outcomes caused by poor sanitation. The solid waste management is also poor, especially for areas in Pece. This is down to the attitude of people. During the day, some people collect waste material and drop it off at night into the water channels. Even where skips are provided, the usage of such skips is low.



**“The Municipal council is using mad/elderly people to collect garbage which is not effective. So I think they should recruit able bodied people to collect garbage and pay them well so that they are committed”.**

In the informal settlements, there is a total of 17 Garbage Disposal Points. In most settlements, there are garbage collection trucks from the Municipal council that collect the garbage – usually, once a week. Much as this service is free at Municipal level, in some of the informal settlements, residents reported paying for the Garbage Collection Services. The municipality also faces a manpower challenge of policing the misuse of waste material. This has an effect on business outcomes as the pungent smell often stops clients from accessing services especially in the hospitality sector. Waterborne diseases are also common owing to the poor sanitation in certain quarters of the municipality. Open sewers also expose children to harmful hazards from liquid waste products. Community members also do not have a hotline for the municipality to provide intelligence on which parts of have excess garbage.

### **4.3 Access to Water Services**

According to the National Water Atlas, the water access rates in Gulu vary from 87% in Paicho Sub-County to 95% in Awach Sub-County. Gulu has 568 domestic water points which serve a total of 235,338 people – 125,916 in rural areas (142 water points have been non-functional for over 5 years and are considered abandoned). Gulu has 6 piped schemes. In Gulu municipality however, informal communities don’t have access to full-pressure, “24-7” water supply.

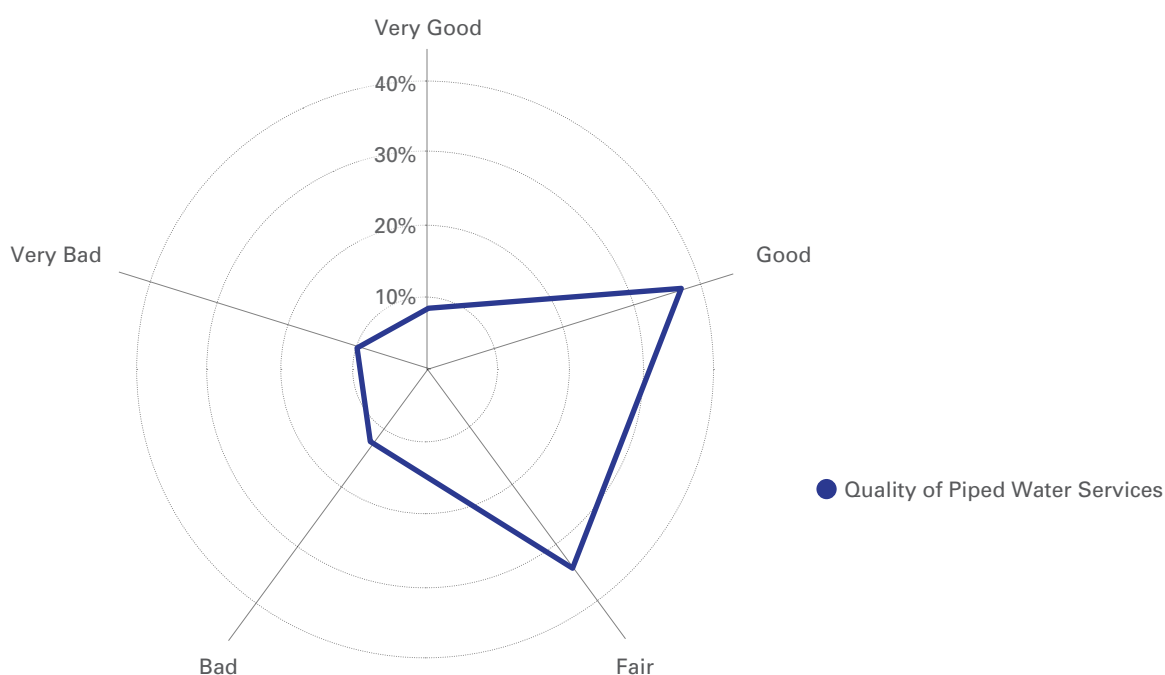




The main sources of water are individual taps, community taps, wells and springs. The municipality has limited number of network access points that are shared by big numbers of people. This dramatically increases waiting times and often simply overwhelms the system. According to the National census, 35.1% and 44.2% of households in the municipality have access to piped water or use a borehole. Residents face severe water shortage following inadequate supplies by the National Water and Sewerage Corporation (NWSC) to its 6,000 customers. The NWSC provides water supply for about 47.5% of the city's population. The situation has been worsened by a significant reduction in the water levels at Oytino dam. Long queues at boreholes and wells are characteristic across the four divisions of Laroo, Pece, Bardege and Laroo. Moreover, prices for water within the municipality range between UGX500 and UGX700. Collection of water from the borehole costs Ush.3,000. On average, households spend UGX 23,857 monthly on water<sup>22</sup>. The lack of water supply is also caused by the fluctuating electricity in the municipality (electricity supports the supplying generators). The declining water levels of Oytino dam (occasioned by long dry spells) have also reduced the volume of water available from 4,500 cubic metres to about 1,800 cubic metres. Residents have to attend to water points from as early as 5:00am in order to access water services in some seasons.

Vulnerable groups within the municipality bear a disproportionate share of the impact of inefficient water and sanitation services. When they do have access, the installation has to be shared among many more people and the prices they pay are among the highest, generally more than those paid by more affluent households connected to the piped system. The price differential is partly a result of inefficiencies—the inequitable practice of subsidizing piped water, lack of scale economies for independent providers, or worse, providers taking advantage of poor people's lack of choice.

<sup>22</sup> Gulu Municipality Slum Profile, NSDF Report

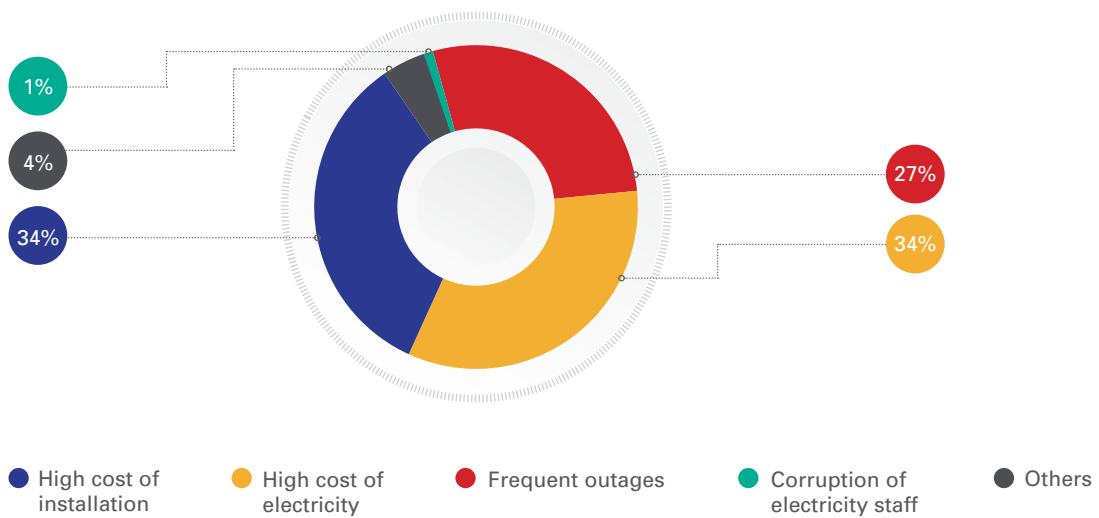


Current NWSC policy does not allow constructing of boreholes within the municipality. However, with no alternatives, the quality of water sources often renders it unsafe for human consumption especially where the delivery pipes are rusty and corroded. There has been an increased incidence of typhoid cases which could be attributable to the quality of water sources. The poor access to quality water services has had an effect on the hotel and hospitality businesses that are spread across the municipality. Hotels often use vehicles to access water points. This increases the cost of doing business for some of these water-reliant businesses in the municipality. In addition, the amount of 'working time' spent collecting water in day-long queues also affects labour productivity. The high cost of piped water (including preparing letters from the LC, other forms etc.) ultimately results into households seeking cheaper alternatives which further expose them to water borne diseases. Ultimately, the absence of reliable water sources limits the level of investment. The absence of proper communication between NWSC and users to provide feedback for feedback from consumers to NWSC in order to guide the latter on pipe citing, NWSC should use the local community to aid them in citing pipes and also use the municipal plan to prevent destruction of pipes.

## 4.4 Access to Grid Electricity

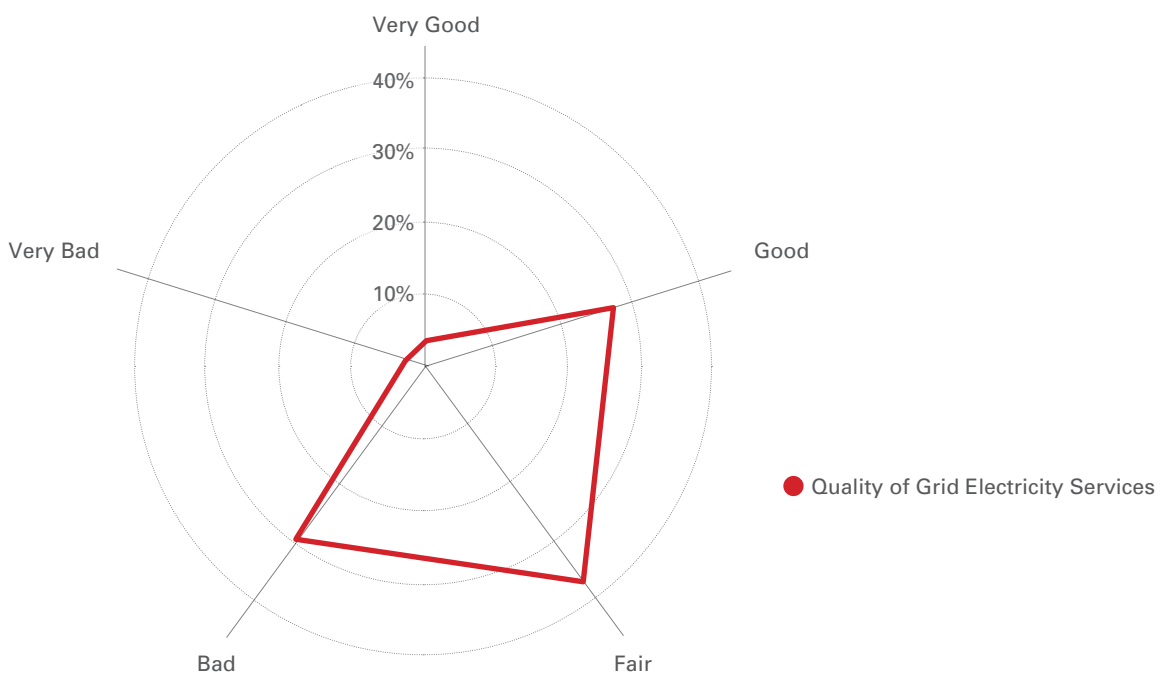
Urbanisation and the availability or access to sustainable sources of energy is a key determinant of welfare. Whether communities have access to and affordability of electricity provides an indication of business competitiveness and social inclusion. Only about a third (34.1%) of the population within the municipality has access to electricity<sup>23</sup>. Electricity in Gulu municipality is erratic. There is rampant load shedding lasting for as long as two weeks in some cases. Such erratic power (up to three times a week) is coupled with high service costs that affect business growth. Some of the worst affected are the market vendors.

<sup>23</sup> UBOS, 2014 National Household Census



The high cost of electricity has pushed people to adopt other alternatives like solar energy, generator and kerosene lamps. The expenses on these alternatives are also high (e.g. generator requires 24 litres of petrol per 30 minutes of activity). According to the survey, the top three most critical challenges faced by entities in accessing and using electricity services by marginalised segments are: High cost of installation, High cost of electricity and frequent outages respectively. The electricity service provider (UMEME) does not have a fixed rate for consumption and rarely conducts sensitisation of clients within the municipality.

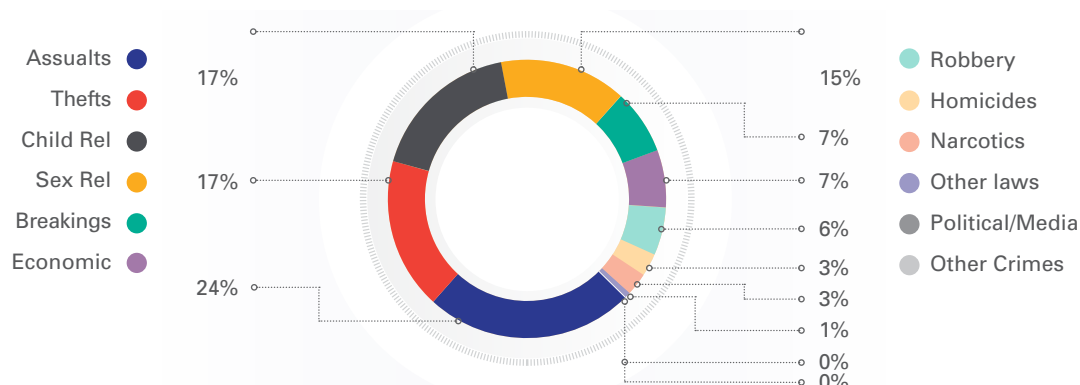
**“When I wanted to connect power, I got a letter from the LC I but when I reached the UMEME office, the process was so long that I spent six months to get power instead of about one week. I had to pay money to the inspector to the tune of 400,000 in order to get connected”.**



The coverage for electricity especially among the slum dwellers is low as they don't have the 'voice' to express their demand for quality service. Poor access to and affordability of electricity also affects the level of business inclusion. Some businesses e.g. Music recording, bars, saloon, welding etc. cannot be undertaken under the perennially unstable power conditions. In other cases, the erratic electricity has damaged capital equipment like fridges and in some worst cases reported entire houses being destroyed. The types of houses within the municipality also self-exclude certain stakeholders who live in grass thatched houses. As shown, whereas the survey revealed that up to 40% rated the piped water service as 'good', 25% rated the grid electricity service as 'bad'.

## 4.5 Access to Security

Municipal authorities should support the provision of security of persons and property. Gulu municipality has a challenge of drug abuse especially among the youth. The number of street children within the municipality is also on the rise. Business enterprises in some segments of the municipality have to close their businesses early due to security threats posed by rowdy youths. Night patrols don't cover most of the municipality. The number of police personnel is also limited. Even the Crime Preventers lack clear identification that can enhance confidence among members of the community.



According to the 2013 Police Report for Gulu, about a quarter of the crimes reported were related to assault. Thefts and other child related crimes each represented 17% of crimes reported. In some cases, the Criminal Justice System was observed by the respondents in this survey as being part of the insecurity within the municipality.

**“These criminals get released and come back to the community and this creates insecurity in the area. Also people do not respond to alarms due to fear. People have resorted to mob justice because police does not help us with the criminals. There is no patrol in the area. They only come when someone has died!”**

In addition, crime has an imperative other economic derivatives like the means of transport. Residents have to spend more on transport as footpaths become unusable due to presence of criminal gangs. Crime has also had an effect on the location of business entities. Some locations, however strategic, cannot be used owing to poor lighting along community roads and vulnerability to security threats. Even the presence of Police and UPDF detachments within the municipality has not properly overcome the apparent security challenges. Resolving security of life and property should be supported by the municipality.

## 4.6 Access to Education Services

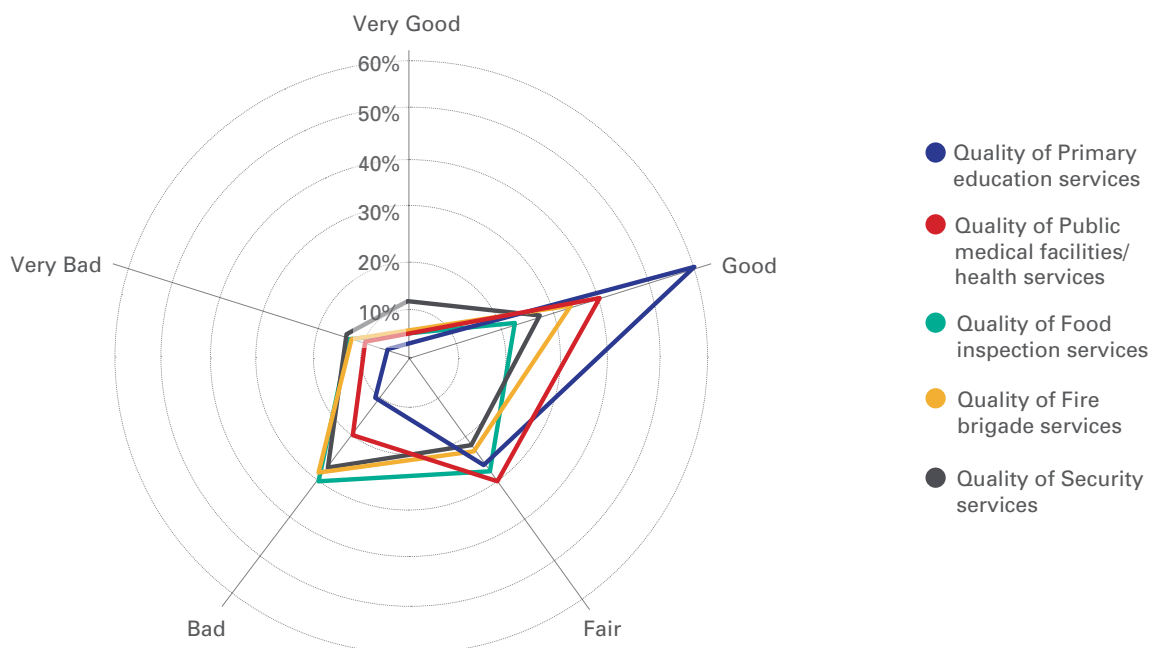
Access to education services is still low. This is more so for some of the vulnerable communities. For instance, orphans (from War and HIV/AIDS) face a risk of exclusion from education due to the high school fees in Municipal schools. This has an effect on the rate of investment as most of the capital is sunk into education and other school related fees. The Municipality is served by both government/public and private schools following the liberation of education system in Uganda. However, the performances in government schools have continued to decline relative to private schools; where teachers are incentivize to teach students who pay high school fees.

The private schools are very expensive for majority of slum population and those in informal activities; thus leaving their children with poor quality education associated with government schools or drop out of school.

## 4.7 Fire Protection Services

The Fire Brigade services are part of the service offering by the Municipality through the Uganda Police Force. Currently, the fire brigade services are located in town and are served by only one fire truck. However, these services cannot reach most informal settlements owing to the poor road conditions. In addition, the quality of service is generally inadequate and is characterised by poor response rates and delay and inadequate fire-fighting equipment. This has an implication for business outcomes. For instance, the level of insurance premiums will be higher for Gulu owing to these structural realities. Respondents did not have telephone contacts of the fire brigade services.

**Sometimes especially during the dry season, the fire brigade trucks are used to take water that is sold to brick makers so they cannot help us.**



## 4.8 Access to Affordable Health Care

Costs relating to health care determine the amount of disposable income that households can spend on other services. High health care costs have a bearing on whether citizens use health services. Gulu municipality has several health care facilities in the different divisions. The Municipality is mainly served by the Gulu regional referral hospital, Lacor Hospital and several other health centres. The disease burden (e.g. among HIV patients) has an effect on the livelihood outcomes on citizens.

The common diseases that the residents in the Gulu Municipal informal settlements suffer from include; malaria, HIV/AIDS, Diarrhoea, Cough/Flu among others. Municipal authorities in Gulu Municipality face a challenge of drug stock-outs of essential drugs like Amoxyl and Panadol. The Referral hospital also faces a continuous challenge of staff capacity.

**“Gulu Referral hospital is very filthy and not fit for human beings. I had to buy cotton wool, glucose and medicines for my mother. The doctor who had seen her disappeared and she just passed away like that”.**

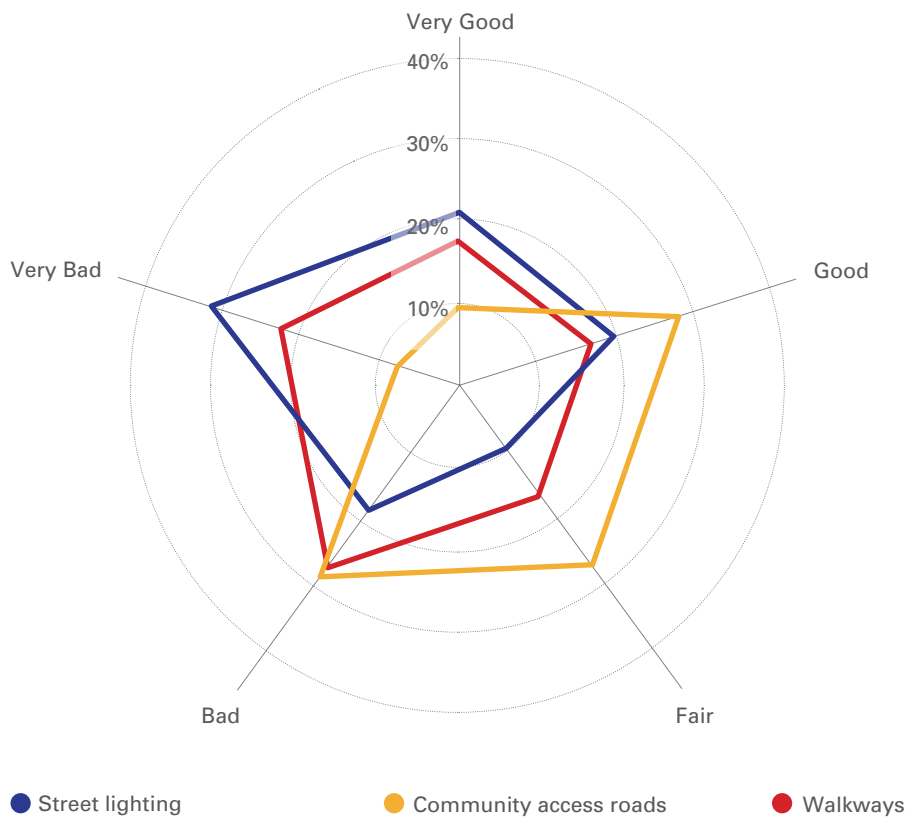
Many people in the municipality self-medicate or delay to go the designated healthcare centres. The absence of electricity in some parts, limits the delivery of essential healthcare services. The erratic electricity also has negative outcomes on health-related infrastructure like fridges for vaccines. The alternative, LPG gas is also expensive which ultimately increases the unit cost of health care services within the municipality.

## 4.9 The Environment

The National Environment Act, Cap 153 mandates that all developments adhere to acceptable environmental standards, including solid waste management, and water and sanitation regulations. Rapid urbanization and business diversification within the central business district of the municipality has led generation of considerable quantities of municipal, plastic, hazardous and biomedical waste. This has resulted into problems of health, sanitation and environmental degradation. Many of the wetlands within the municipality have been encroached this has resulted into water crises due to the destruction of water catchment areas such as wetlands and forests. About 40% of wetlands in the municipality have been degraded through human activities such as farming, house construction and sand mining. Some key public infrastructure like the abattoir has also contributed to environmental degradation.

## 4.10 Street Lighting and Other services

Under the USMID Program, roads, street lights and drainage have been rehabilitated across the municipality. However, street lighting, particularly in the neighbourhoods where marginalised groups live is generally 'very bad' as shown below. Community access roads had generally improved (were 'fair' or 'good'). The "street light" economy is active in the municipality particularly in the evening when vendors place their stock on the sidewalk. Poor street lighting therefore limits their participation in commodity markets.



According to UNCDF, the prosperity and welfare of cities around the world depend on the capacity of cities to take advantage of opportunities for sustained employment growth and minimize the challenges of global economic integration and urban population growth. The World Bank (2014:4) observed that while increased urbanization can drive increased economic growth, things can go terribly wrong if cities do not provide the right environment for business enterprises to prosper and for residents to live decently. One of the areas that cities can use to improve citizen welfare and promote the local economy is through effective delivery, monitoring or influence on public goods and services. Access to public goods can be most usefully defined in terms of coverage, affordability and reliability; namely, whether individuals and businesses are physically proximate to the available infrastructure and services; use the infrastructure and service at a price which is affordable to them, and in a manner which is characterised by expected reliability (Martyn).

Table 8 provides an overview about public goods and services over which cities have responsibilities as defined in the 1997 Local Government Act. Notwithstanding these provisions, it suffices to note that the delivery of public goods and services is a function of multiple actors, some of who are beyond the control of city/municipal councils.

**Table 8:**  
City Level Mandates and Responsible City Institution/Authority

Responsibilities of the City <sup>24</sup>		Responsible City/Municipal Department	
1.	Solid waste collection	1.	Health and Environment Sector
2.	Water supplies outside the jurisdiction of the NWSC <sup>25</sup>	2.	Natural resources, health & Environment and Engineering sectors
3.	Clinic, dispensaries, health and inoculation centers	3.	Health Sector
4.	Lighting of streets and public places	4.	Works and Technical Services
5.	Education services (primary, secondary, technical and special education)	5.	Education and Sports Sector
6.	Public lavatories and urinals	6.	Health Sector
7.	Fire brigade services	7.	Police
8.	Maintenance of roads	8.	Works and Technical Services
9.	Cemeteries, crematoria and mortuaries and ancillary services	9.	Health Sector
10.	Public halls	10.	Management sector
11.	Public monuments	11.	Management sector
12.	Libraries	12.	Gender and Community Based Services

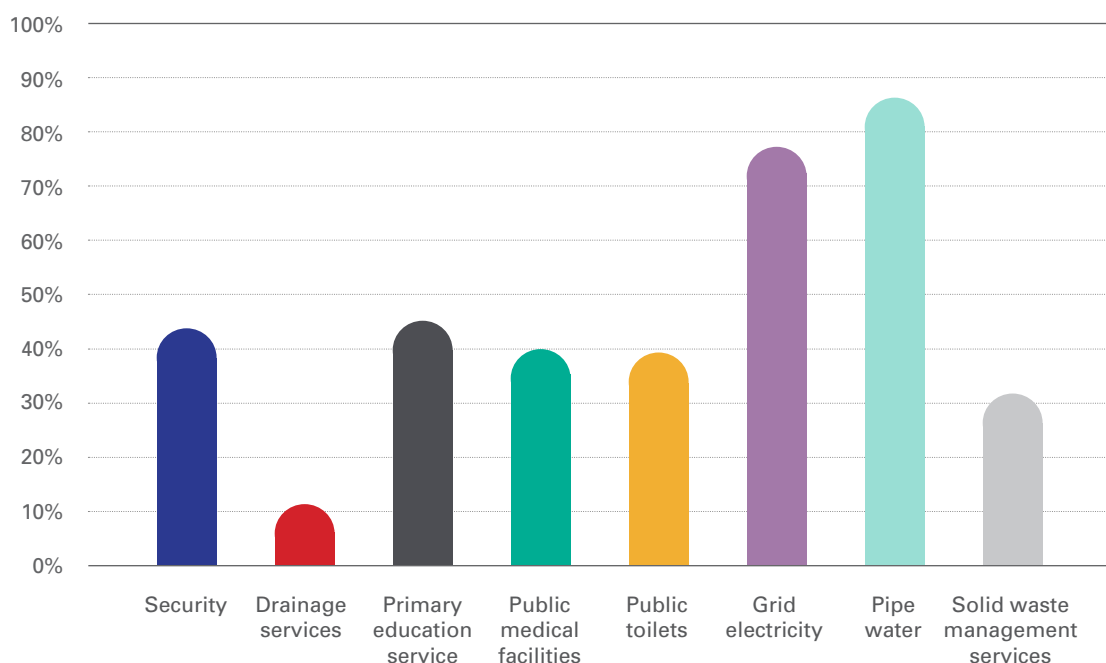
<sup>24</sup> Other services include specified in the LG Act: Libraries, Art galleries and museums, Markets and piers, Jetties and landing places, Public weighing machines, Ambulance services, Public bathes and swimming pools, Camping and grazing grounds, Botanical and zoological services, Dripping tanks, Lairages, Laundries and other places for the washing of clothes.

<sup>25</sup> The NWSC Act provides the structure and functions of the NWSC.



The findings reveal that for some services, access level is high such as piped water and electricity.

**Figure 15**  
Level of Access to Public Goods and Services, Mbale



### Level of Access to Public Goods and Services

The findings in the above figure are further evident in the level of satisfaction elicited from the survey participants in Table 9 piped water, grid electricity, health services and primary education had the highest percentage of participants whose satisfaction was good. On the other hand, solid waste management, public toilets, drainage services, fire brigade services, street lighting, walk ways and food inspection had the highest percentage of participants that rated the services as being very bad. It is worth noting that beneath these rankings lie critical determinants that can be influenced by the Municipal council.

**Table 9:**  
Satisfaction Level with Public Goods and Services, Mbale

Services	Very Good (%)	Good (%)	Fair (%)	Bad (%)	Very Bad (%)	Total (%)
Piped water	6 (5.22)	80 (69.57)	22 (19.13)	4 (3.48)	3 (2.61)	115 (100.00)
Grid electricity	4 (3.48)	69 (60.00)	15 (13.04)	17 (14.78)	10 (8.70)	115 (100.00)
SWM services	3 (2.63)	10 (8.77)	37 (32.46)	43 (37.72)	21 (18.42)	114 (100.00)
Health services	2 (1.77)	52 (46.02)	30 (26.55)	16 (14.16)	13 (11.50)	113 (100.00)
Public toilets	5 (4.46)	44 (39.29)	25 (22.32)	15 (13.39)	23 (20.54)	112 (100.00)
Primary education	2 (1.75)	70 (61.40)	21 (18.42)	13 (11.40)	8 (7.02)	114 (100.00)
Sanitation services	2 (1.90)	13 (12.38)	32 (30.38)	39 (37.14)	19 (18.40)	105 (100.00)
Drainage services	---	6 (5.61)	12 (11.21)	48 (44.86)	41 (38.32)	107 (100.00)

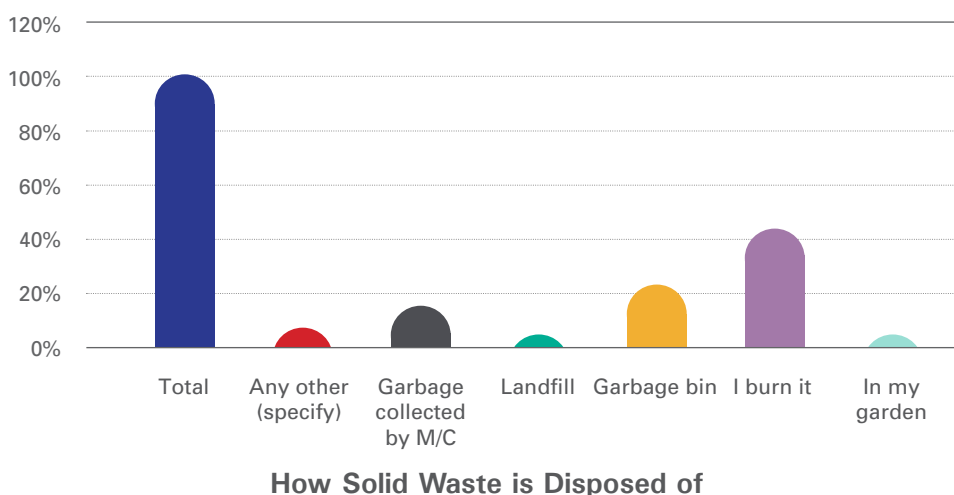
Services	Very Good (%)	Good (%)	Fair (%)	Bad (%)	Very Bad (%)	Total (%)
Security	2 (1.82)	12 (10.91)	38 (34.55)	35 (31.82)	23 (20.91)	110 (100.00)
Fire brigade	1 (0.93)	7 (6.48)	8 (7.41)	46 (42.59)	46 (42.59)	108 (100.00)
Street lighting	---	8 (7.41)	5 (4.63)	49 (45.37)	46 (42.59)	108 (100.00)
Walkways	---	15 (13.16)	23 (20.18)	39 (34.21)	37 (32.46)	114 (100.00)
Access roads	1 (0.90)	43 (38.74)	41 (36.94)	12 (10.81)	14 (12.61)	111 (100.00)
Food inspection	1 (0.96)	18 (17.31)	23 (22.12)	18 (17.31)	44 (42.31)	104 (100.00)

Spatially, Northern Division was found to be better than Northern Division in accessing most public goods and services. Among the public goods and services ranked very bad in northern division include public toilets (40%), drainage services (46%), security (36%), fire brigade (58%), street lighting (55%) and SWM services (24%). On all these services, the situation was ranked much favorably in the Industrial Division. This shows that even within a city, spatial differences in access to public goods and services can create or exacerbate inequitable economic growth.

## 4.11 Solid Waste Management Services

As per the 1997 Local Government Act, solid waste management falls under the docket of local governments including municipal councils. In line with the public-private partnership principles (), LG/MC council are given the discretion to work with other actors for effective execution of this function. The findings reveal multiple ways in which citizens in informal settlements handle solid waste. Most of them (44%) reported that they just burn their solid waste and 38% reported that the M/C collects the garbage. The M/C has some public-private arrangements in place regarding SWM. For example, in Northern Division, there is "Pick it services" that collect garbage directly from who pay the company for services provided. This is further evident in the Figure 16.

**Figure 16**  
Method of Solid Waste Disposal, Mbale



Whereas most households (44%) noted that they burn their garbage, this option is mainly taken because of inability of the M/C to collect the garbage. Dissatisfaction of citizens with SWM by the Municipal Council is clear in the voice below concern was on the delayed solid waste collection and payments made for collection of garbage.

**“We used to have a garbage skip down there, but the Municipal Council would take a very long time to come and collect and the garbage would scatter all over the road. So, council brought a truck, but we pay a lot of money for that truck to take the garbage”**

**(FGD with men in Namakwekwe, Industrial Division).**

Generally, as shown in Figure 5, most households ranked solid waste management services as very bad. Less than 2% ranked the services as very good.

**Figure 17**  
Satisfaction of Citizens with Solid Waste Management, Mbale



**Satisfaction with Solid Waste Management**

In a bid to further improve solid waste management, the Municipal Council, with support from the World bank built a composite plant in Northern Division to handle the generated waste, turning it into composite manure. This is an opportunity for improved sold waste management in the municipality and production of manure for supporting urban farming activities. Unfortunately, the plant and its associated benefits have not yet been popularized, and collection and transportation of the solid waste to the composite plant have severe deficits related to few and old trucks.

**Figure 18**  
Mbale Composite Plant

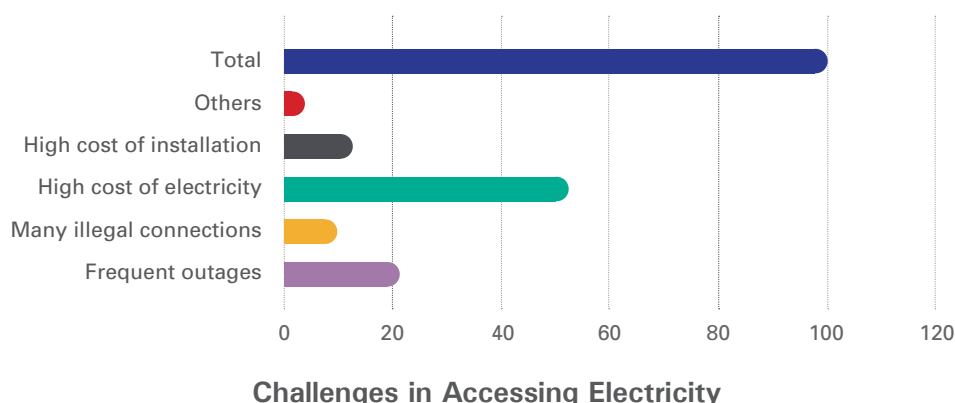


## 4.12 Access to Electricity

Electricity provision falls under the docket of UMEME. UMEME operates under the guidance of the Uganda Electricity Regulatory Authority (UERA) established under the Electricity Act, 1999. The Act grants powers to UERA to establish a tariff structure, address complaints and approve rates of charges and conditions of electricity services. It is not under the mandate of Mbale Municipal Council. Moreover, it is a market-based service that is excludable for those that cannot meet the cost of installation and bills. Electricity was found to be a vital service for business operations and growth in informal settlements. Key businesses that need electricity for lighting and energy included; shops, saloons, restaurants, milling and carpentry, among others. Eighty percent of households reported having access to grid electricity. This figure is slightly below Municipal figure presented in the final EEG report in which access to grid electricity was 88%.

The main problem related to electricity access was high cost of electricity followed by high cost of installation and illegal connection. According to IEER (2017), Mbale Council has limited control over UMEME which constrains the municipal role in influencing the cost of installation and electricity tariffs. High electricity tariffs lead to high business operational costs. The many illegal connections reportedly cause deaths through electricity shocks, but this is never reported for fear of prosecution.

**Figure 19**  
Citizen Challenges in Accessing Electricity, Mbale



Forty one percent (41%) of households reported experiencing electricity outages every 2-3 days while 25% reported power outages every week. Twenty five percent (25%) reported no power disruptions. The effect of electricity outages on business was manifested in form of reduced working hours, high costs of using alternative energy sources (mainly generators), and underemployment of labour, among others. The problem of electricity outages was found to be mainly affecting producers/small medium sized enterprises than large entrepreneurs and corporations who may afford to have privately owned fossil fuel generators.

**“Electricity is also very critical in my business because it supports my operations. When there is no power and customers like the youth come and find that you’re using a candle, they don’t pay. They simply blow off the candle and they run away**

**(FGD with women in Northern Division)**

**When power goes I am unable to work because the machine cannot operate with power, so I resort to using a generator which is so costly in terms of fuel. Sometimes power can go off for a full day**

**(FGD with men in Northern Division)**

The above findings further confirm the observation made in Mbale Municipal Development plan 2015/16-2019/20) (p. 69) which points, lack of adequate electricity supply/ load shedding and high-power tariffs set by UMEME are among the critical challenges facing local economic development. Unfortunately, the Municipal Council can hardly influence electricity provision and pricing. According to the 2013 enterprise survey, lack of access to electricity such supplies remains one of the most commonly cited significant constraints on doing business in Uganda, followed by access to finance and informal competition. The current electricity deficit is not confined to Mbale Municipality, but it is also a nationwide problem. As part of infrastructure development, the Government is constructing Karuma and Isimba dams which on completion will respectively generate 600 MW and 183 MW.

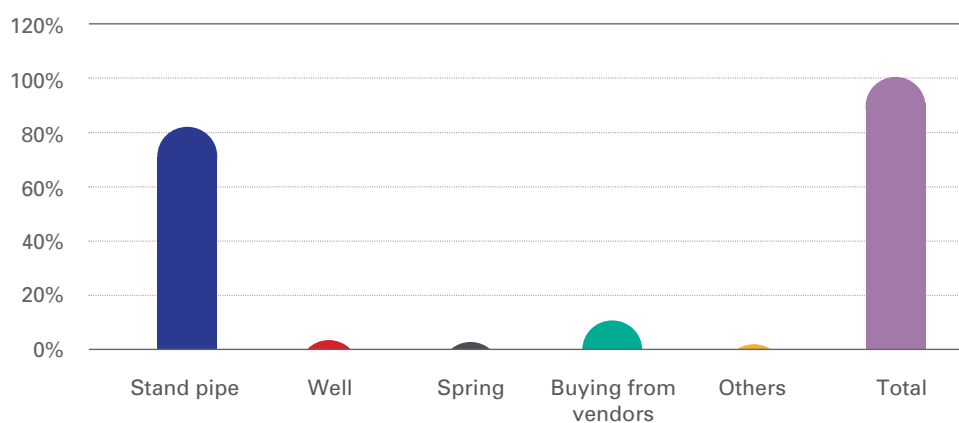
Electricity outages were found to have a great toll on operation of economic activities. Thirty nine percent (39%) reported increased costs, 30% reduction in working hours and 23% loss of customers.

## 4.13 Access to Water

The National Water and Sewerage Corporation (NWSC) is the statutory body responsible for the provision of water and sewerage services at a price regulated by the Parliament of Uganda. The corporation is under the oversight of the Ministry Water and Environment. Discussions with NWSC in Mbale Municipality revealed that the entity independently plans and finances for water provision. The Municipal Council is only consulted at the design phase for the planned infrastructure lay out to ensure that municipal leaders are aware and road reserves are not encroached upon. The Council is not involved in financing, maintenance and replacement of water infrastructure.

The findings show that 82% of households have access to piped water. Other sources of water include protected springs and wells. From the perspective of NWSC, the whole of Mbale M/C is covered by water. The main challenge reporting in accessing water is the seasonal variations which affect supply and push people into using contaminated water.

**Figure 20**  
Household Source of Water, Mbale



**Household Source of Water**

**“We have piped water but during the months of January and February we face water crisis people resort to taking water from Namataala river where people have connected their sewerage lines”**

**(FGD women- Namataala, Industrial Division)**

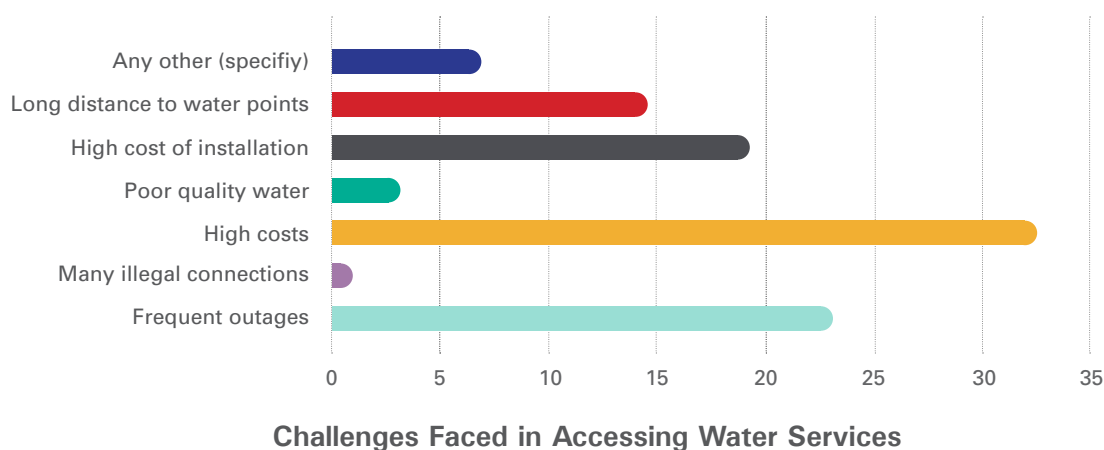
The NWSC has no specific considerations for informal settlements. Apparently, high access to water in informal settlements is mainly because of support from development partners and community associations. For example, Transforming Settlements of the Urban Poor in Uganda (TSUPU) Programme funded by the World Bank-Cities Alliance and implemented from 2010 was instrumental in setting up water points in informal settlements. These water points are still functional like in Namakwekwe Ward in Northern Division. A case in point is the water point in Figure 9 below located in Kiteeso zone, Northern Division.

**Figure 21**  
A water point in Kiteeso cell, Northern Division, Mbale



The role of safe water in LED was found to be mainly in enabling citizens to have health lives and be productive in their economic activities. While water is a necessity and supporting service in business operations such as restaurants and small-scale industries, for some citizens water vending was the main source of livelihood. Ten percent (10.3%) of the respondents reported buying water from vendors.

**Figure 22**  
Citizen Challenges in Accessing Water, Mbale



Under the public private partnership arrangement, several actors are working implementing the Greater Mbale Water Project. The project will cover the districts of: Tororo, Butaleja, Sironko and among others. the project is expected to increase the provision of water and sanitation services. The actors involved include; GIZ, Ministry of Water and Environment and Government of Uganda.

## 4.14 Access to Sanitation Services

Sanitation services are critical for citizens' health and business operations. With small and fragmented land plots, households in the informal settlements can hardly construct their own individual toilets hence need for provision of public toilets. The provision of public lavatories and urinals is a mandate for the Municipal Councils provided for in the 1997 Local Government Act.

The findings show that 52% percent of households have access to public toilets. Moreover, these services have been mainly provided by Non-Governmental organisations specifically, National Slum Dwellers Federation of Uganda (NSDFU), an affiliate of Slum Dwellers International (SDI). In the Northern Division, working with the community and Cities Alliance, the NSDFU set up a public facility that provides multiple services vital for boosting the local economy.

The facility was constructed using a twenty thousand United States Dollars (US\$ 20,000) loan that NSDFU accessed from the Slum Dwellers International (SDI) of. The project resulted from an earlier community profiling exercise which revealed that public toilets and water were the main missing services in the area. Community members agreed upon these as the key priorities for action. The Municipal Council provided technical support supervision during construction. Land was bought using a loan from the Community Upgrading Fund (CUF) of the Cities Alliance-funded TSUPU programme.

Among the services provided by the facility include; public toilets (2 stances for females and 3 stances for males), shower services, meeting point for the community to discuss issues affecting them, piped water at UGX. 100 per jerrycan (the market cost is UGX. 200) and the facility also houses the SDI solar project that covers Mbale, Jinja and Arua Districts. The project is instrumental for improved access to lighting in informal settlements and markets. Hitherto, there was poor excreta disposal that worsened living conditions and led to spread of diseases in the area. The centrality of this facility in the community is evident in the voices below.

**“The public toilet has helped because those days this area was very dirty. People didn’t have toilets at home and would just go anywhere. The facility has helped to improve sanitation of the area a lot. We get many visitors who get problems on their way and they end up running to this facility”**

**(FGD male- Namakwekwe services)**

**“When public toilet was set up in this area, it really helped us a lot like most of us here most households don’t have toilets at their homes and whenever we could move you only interface with dirt only all over the place”.**



**Figure 23**  
Mbale, Multifunctional Facility Constructed by NSDFU in Northern Division



Overall, the community hall has been instrumental for promoting LED in informal settlements and enhancing equitable economic growth. Solar lighting has reportedly improved security for business operations and mobility at night. Areas near the community hall are becoming centers of economic activity due to availability of lighting and people coming for different services provided in the facility.

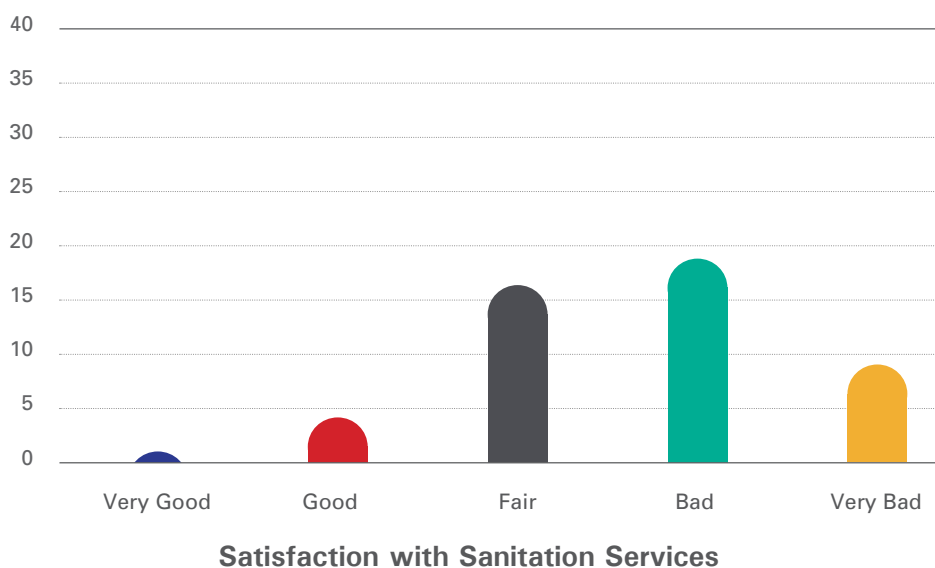
Support to sanitation services was further evident in Shaba ward in Industrial division where projects supported by the World Bank/Cities Alliance- supported TSUPU are still in functional. These projects were embedded in the community through community contracting and ownership that enhanced their sustainability. One of the water-borne toilets is evident in Figure12.

**Figure 24**  
A Water-borne Toilet in Industrial Division, Mbale



Sanitation problems were found to be appalling especially in markets such as Kumi road market. There is no separation of female and male toilets and there are few toilets supporting over 2,000 people in the market. This poses a health risk to the business community. Despite the interventions made in sanitation, there is an apparent gap that needs filling. Most of the survey participants level of satisfaction with sanitation services was bad and very bad as shown in Figure13.

**Figure 25**  
Level of Citizen Satisfaction with Sanitation Services, Mbale



## 4.15 Access to Sewerage Services

The NWSC is responsible for the provision of sewerage services. Within Mbale Municipality, sewerage is centrally collected (through sewerage systems and cesspool trucks) that power the liquid waste in two lagoons located in Namataala settlement. The two lagoons (evident in the Figure 14) have caused health concerns among the community in the area. Liquid waste isn't treated before it is dumped, there is extensive air pollution and the lagoons are not well-secured reportedly leading to drowning of people. There were also reported cases of suicide in the lagoons.

**Figure 26**  
Lagoons for Liquid Waste Collection in Industrial Division, Mbale



Worse still, in times of excess rains, citizens noted that the waste from the lagoons reportedly drains into River Namataala which is one of the sources of water for people in the Doko area exposing the people to grave health risks.

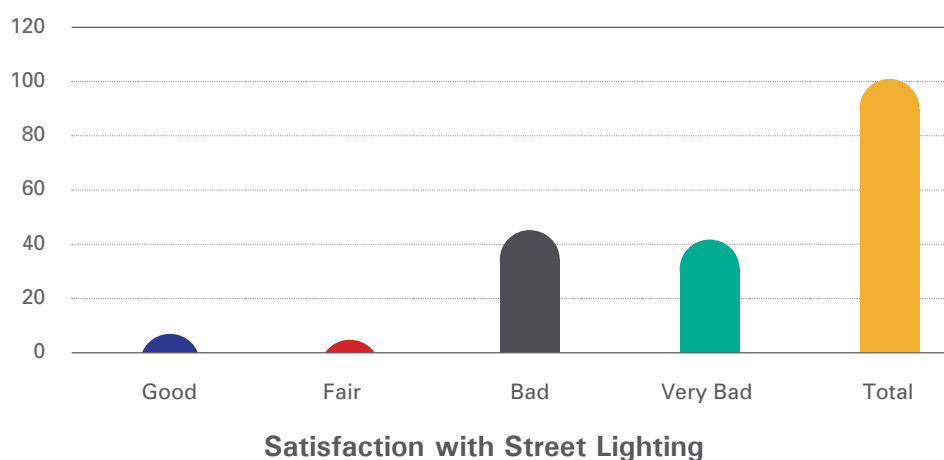
Besides the lagoons, concern was raised about the overflow of sewerage in the town center especially on Manafwa and Kumi Roads. This was blamed on citizens who have connected their paved water on sewer lines which puts pressure on the sewerage systems leading to bursting of pipes and overflows. The Municipal Council's drainage system often has problems and blockages. The NWSC claims that they have no mandate to help address this problem and neither does the M/C has adequate resources to address this problem.

## 4.16 Access to Security

Overall and from the perspective of central government and Municipal Council, Mbale Municipality is a secure which facilitates business growth and development. However, there is a problem of petty theft that poses a grave threat to citizens, business operations and mobility. Twenty nine percent (29%) of the participants reported having experienced an insecurity incident in the one month before the study. Because of the insecurity incidents, 39% of participants had their capital reduced, 24% closed business for some days and 12% reduced their working hours. The insecurity situation was attributed mainly to lack of security lights in the informal settlements, near markets and along the community access roads.

In Northern Division, high crime rates were leading to closure and shifting of businesses to other ore secure areas of the Municipality. In Kumi Road market, the blame was put on Municipal Council which has failed to install security lights around the market leading to many cases of break-in and loss of traders' merchandise. Insecurity was attributed mainly to the high unemployment levels among the youth who resort to such crimes as a source of livelihood.

**Figure 27**  
Citizen Satisfaction with Street Lighting Services, Mbale



“There are no security lights; Council only puts these lights among companies. May they will light in 2021. We even have black spots were thieves and robbers hide”

**(FGD males Namataala, Industrial Division)**

“We have a problem of security but according to me this problem arises when most of these especially the youth are jobless, and they end up being thieves and thugs and at the end of the day it turns out a serious threat to the community”

**(FGD males, Namakwekwe, Northern Division)**

Collier has rightly observed that slums are prone to gangs which can reduce the quality of life for residents and increase the cost of business for firms. They can be countered through street lighting and policing (Paul collier, p.30). Therefore, besides the general policing which is a mandate of the Uganda Police, the Municipal Council has a role of putting in place an environment (including street and security lights) to protect live and property of people to boost the local economy.

## 4.17 Access to Fire Protection Services

Uganda has had numerous fire outbreaks that have burnt lots of property and business stock especially in markets like St. Balikuddembe in Kampala and in Jinja. Effective fire protection services are therefore critical especially in urban areas where there is concentration of economic activity. None of respondents reported having experienced a fire incident in a period of one month before the study. However, concern was raised about the availability of only one fire truck and challenges in accessing informal settlements in case of fire outbreaks due to the poor road conditions. Most participants ranked fire services as bad/very bad.

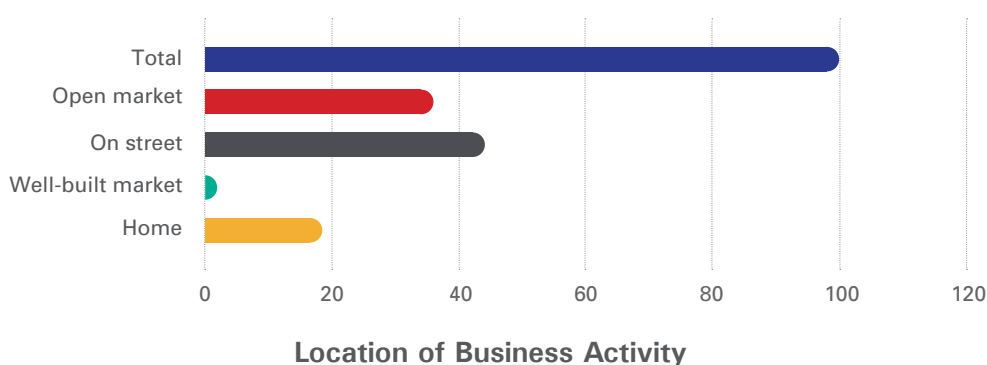
**Figure 28**  
Citizen Satisfaction with Fire Brigade Services, Mbale



## 4.18 Access to Public Space

The provision of public space by local governments is critical for improving welfare of citizens as well as supporting operations of informal sector workers. Despite the availability of markets, street vendors, bodaboda riders and other businesses were found to widespread in Mbale Municipality. The findings reveal that over 40% of the respondents had their businesses located on the street. Although the central government and development partners have supported LED through construction of markets, informal settlement workers are still constrained in working in formal markets. Enabling their access to public space could be the viable way for supporting their businesses.

**Figure 29**  
Location of Citizen Economic Activities, Mbale



Twenty four percent (24%) of survey participants reported to have ever evicted from their places of work. This was higher among females (33.3%) than males (15%). Thirty seven percent (37%) were evicted because of vending on the streets. Such evictions led to confiscation of stock by the Municipal Council and closer of some businesses, among others. Eviction from street vending is a common practice by Municipal Councils aimed at forcing workers to go into organised markets. Unfortunately, the prohibitive costs of renting in the markets and the poor market governance keeps many traders outside the markets. Cases of eviction are evident in the voices.

“I was frying chips in Mission cell in 2013, but Council came and chased us away. They broke my bucket, my table was confiscated and the person I was working with was arrested, I lost the business until 2016 when I resumed with something else”

**(Female FGD in Northern Division)**

“I was operating in the park, one-day Council came and evicted me, and the rich men took over the area and I was forced out. I lost some of my stock and I had nowhere to shift my business to. I resorted to temporary employment for some time; I bought a fridge and started selling beverages”

**(Female FGD in Industrial Division)**

Under the Cities-Alliance supported Municipal Development Strategy project, Mbale Municipality has developed a strategy for improved provision of public goods and services as summarized in Table 9.

**Table 10:**  
Mbale Municipal Long-term Services Strategy

Strategic Actions	Activities
Improve solid waste management and increase access to non-renewable & renewable energy sources	<ul style="list-style-type: none"> <li>• Identify existing gaps in solid waste management and power affordability</li> <li>• Identify and invest in affordable sources of energy (renewable energy)</li> <li>• Carry out sensitization and awareness programs on solid waste management and best power use</li> <li>• Formulate practical bylaws for easy implementation</li> </ul>
Promote increased access to education, vocational institutions, health, safe drinking water and sanitation services	<ul style="list-style-type: none"> <li>• Appoint a committee to increase skilled care professionals to increase access and affordability of all these services</li> <li>• Carry out dialogues to increase awareness</li> <li>• Mobilize resources/funds to implement these strategies</li> <li>• Harmonizes all relevant sector plans</li> </ul>
Increase connectivity to Public transport/roads, land and housing Facilities	<ul style="list-style-type: none"> <li>• Appoint a team to Identify the existing gaps in roads, land and Housing facilities</li> <li>• Formulate bylaws to address the existing gaps</li> <li>• Form Public private partnerships to effectively increase access to roads, Land and Housing facilities</li> </ul>
Reconstruction and renovation of the stadium and skills development (capacity building)	<ul style="list-style-type: none"> <li>• Appoint a special team in charge of overseeing plans</li> <li>• To renovate the stadium and improve skills development</li> <li>• Advocate for PPPs in the stadium renovation and ownership</li> <li>• Carry out trainings to improve skills development</li> </ul>

# Key Actors and their Relationships

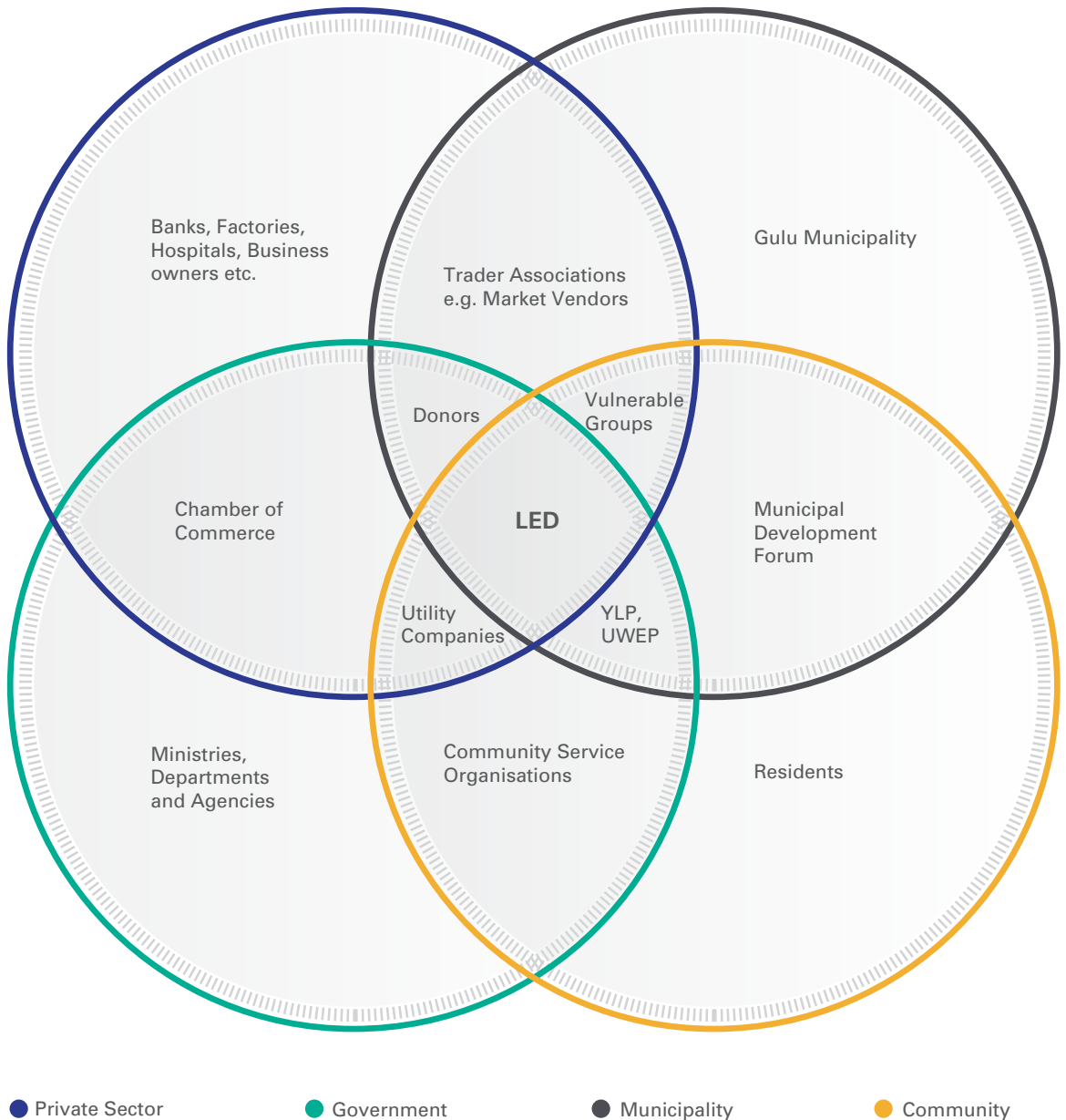
5.1 Introduction

57

## 5.1 Introduction

To be effective, Local Economic Development at the Municipal level demands for the participation of all substantive stakeholders. According to the LED Policy (2014), the achievement of LED objectives requires the full participation of local governments, the private sector, the communities and civil society. Specifically, the involvement and collaborative efforts of the public (government and governmental agencies), business (private sector) and non-government or non-profit (civil society) sectors in the community are essential to the process. The Venn diagram below shows the underlying interactions between the different main stakeholders and actors.

**Figure 30**  
Interaction of Key Actors for LED





**a) The Municipality**

By mandate, Gulu Municipality should champion the provision of public goods and services. However, the municipality faces human capacity gaps in key functional aspects of its work. The municipality is also constrained in the control of key utilities and land.

**b) Municipal Development Forum**

This is a forum that represents key stakeholders (like security, youth, utilities companies etc.) to regularly appraise the quality and access to public goods and service within the municipality. However, the biggest challenge the Forum has lies in the access to information and funding. This limits the level of engagement and dialogue with the municipal authorities. Being a volunteer group with no legal basis, the Forum has a challenge of holding specific personnel or institutions accountable.

**c) Utility Companies**

The provision of key utilities at the Municipal level is by national utility companies – UMEME and National Water and Sewerage Corporation. These companies have tried to increase the level of access and coverage of their services across the municipality. However, issues of affordability remain a challenge, particularly for segments of the urban poor. The Municipality has undertaken several innovative interventions to facilitate greater access. Other mediums of deliver are owned by the community groups.

**d) The Communities**

These are the users or the 'clientele' of public goods and services. Cultural Influences can be a catalyst for local economic development. The complexes within the society have to be well articulated to induct LED. The nuances on land ownership, gender inclusivity, the roles of the marginalized groups and the medium of knowledge transfer impact on inclusive growth. The communities must overcome deeply entrenched discriminatory attitudes and challenge existing power structures where vulnerable groups enjoy relatively equal access to decision-making structures and resources.

**e) CBOs, NGOs and Civil Society**

Generally, Civil Society Organizations (CSOs) have been instrumental in helping the poor and other socially vulnerable groups (e.g. women and the children) exercise their social, economic and political rights through advocacy, providing legal aid and lobbying the government for legislative change. Given its turbulent past, Gulu municipality is host to several such organisation that are especially helping marginalised groups access services and strengthen their competencies in dealing with a growing scale of urban problems, such as provision of credit to fight poverty, child growth promotion, HIV/AIDS, etc. These organisations, like National Slum Dwellers Federation (NSDF), ACTogether etc. play an important advocacy and accountability role in LED.

**f) Politicians and other elected officials**

Political leadership is critical to establishing a programme of local economy assessment, particularly in first-time cities, like Gulu where it plays a key role in mobilising local participation and institutionalising planning processes. Political leadership and support at the city level is frequently more important than top-down support from either regional or national governments. This means that the Members of Parliament, the mayors, the counsellors and other government representatives need to be on-board for a locally contextualised inclusive development agenda.

**g) Private Sector (including local private companies (formal and informal)**

The private sector provides the engine for economic prosperity of the municipality. Currently, Gulu Municipality is characterized by many small, medium and micro-scale enterprises including individual entrepreneurs. The private sector also provides both direct (garbage collection, revenue collection for rates and ground rent, trading licenses, market, street parking, etc.) and auxiliary services like banking; insurance etc. The sector is also expanding into real estate development. However, currently there are no business centres, job centres and other such facilities. Groups are also organized according to their sector (e.g. Boda-boda, market vendors etc.) but there is no functional Chambers of commerce or plausible Association of Professional Bodies.

**h) Donors (including foreign investors)**

Gulu Municipality has been a recipient of several donor-funded initiatives that have been aimed at providing the right environment and stimulus for LED growth. Most recently, the USMID Programme has enhanced the institutional performance of the municipality to improve urban service delivery. Future LED growth will be based on the character of inter-relationships between actors within the municipality and how these interactions buttress LED principles within locally contextualised development roadmaps. Other actors include the Cities Alliance (CA), the European Union (EU), UKAid and the United Nations.

**i) Academia**

Gulu University and other educational institutions within the municipality are critical actors in the LED process for sustainable and inclusive development. Specifically, the university provides both the soft and hard opportunities for LED growth. For instance, the university provides the technical personnel, professional resources, a hub for local capacity building and an avenue for knowledge transfer for LED. The physical location of the university also creates an eco-system of services around which backward and forward linkages can be developed for more inclusive growth. Elevation of the municipality to city status is likely to attract more students and other.

# Linkage of Public Goods and Services to Local Economy

6.1 Introduction	61
6.2 Market Structures	61
6.3 Commodity Markets	62
6.4 Labour Markets	63
6.5 Land Markets	63
6.6 Financial Markets	63
6.7 Infrastructure and Business Performance	65
6.8 Municipal Partnerships with the Private Sector	65

## 6.1 Introduction

Secondary cities struggle to become 'engines of growth' owing to the various underlying issues like high youth unemployment, urban inequality, lack of inclusion of fringe groupings, limited structural transformation and other institutional barriers. Access to public goods and services within Gulu municipality owing to limited locally generated revenue and a heavy reliance on untimely central government transfers. These realities result into unsustainable outcomes like: accelerated environment degradation, poor refuse management, poor governance and a growing HIV/AIDS disease burden have characterised growth within Gulu Municipality. This LED on equitable growth is meant to highlight the key issues that emerged from the survey with a view of offering the Gulu municipal authorities' clear and pointed recommendations on approaches to undertake particularly with regard to inclusion of marginalised groups like women, youth and disabled in the provision of public goods and services.

## 6.2 Market Structures

Local Economic Development is driven by the ecosystem of markets that portend within the municipality. These different markets co-interact to determine the level of participation of vulnerable groups, the fiscal space of different economic actors and the underlying drivers of sustainable and inclusive growth. In Gulu Municipality, the unemployed youth-bulge has essentially been excluded from a narrow economic space characterised by limited opportunities. This has resulted into social vices like prostitution, crime and drug abuse. More specifically, many of these groups are illiquid and cannot access formal financial markets. They have no collateral, no networks and no safety nets and social capital that can leverage access credit. The inability to access financial markets means that they cannot access a highly competitive land market within the municipality. This ultimately relegates them to the fringes of the municipality in slum dwellings which are characterised by poor social services, crime and poverty. This vicious cycle of vulnerability (as shown below) is typical of municipalities like Gulu. The municipal authorities should crystallise approaches aimed at breaking into such cycles to ensure that such vulnerable groups are 'not left behind' amidst a growing pseudo urbanisation that is common in many secondary cities in Uganda.

**Figure 31**  
An Interaction of Four Markets



## 6.3 Commodity Markets

Markets are microcosms of productivity within the municipality and provide the basic medium for exchange of goods and services. The market provides a mini ecosystem of suppliers, market vendors, subletting land-lords and other support services like transport (boda-boda), cleaning/sanitation etc. for mainly the informal businesses and other small holder enterprises. The Market Act provides for the establishment and gives the municipality liberty to make ordinances and byelaws concerning specific markets management issues. Currently, Gulu Municipality is served by eleven (11) markets across the four divisions of Laroo, Layibi, Pece and Bardege. Current estimates show that only 38% of the stalls in these markets are permanent. The ratio of market stalls<sup>26</sup> to population is at 1:75. This means that there is only one stall for every 75 potential users within the municipality.



The current state of markets in the municipality only provide limited elasticity in terms of how many people can engage in productive activities yet they are the most common avenue that can provide regular employment for marginalised groups. For instance, Gulu Central Market has 1,050 stalls and 474 lock up shops. Several vendors have had to abandon their market stalls owing to several challenges which include: frequent power blackout, poor branding, low sales and other access issues. As a result, several vendors have relocated from inside the market to either trading centres in villages, nearby townships or shops located outside the market. From 5pm, most vendors vacate the facility to sell their merchandise in the large parking yard in front of it. This is caused by several factors – high fees and rates notwithstanding. For instance, Gulu Municipal Council authorities set the charges at UGX200,000 for lockup shops in strategic positions, UGX150,000 in fairly strategic positions and UGX15,000 for stalls. The market also charges other additional fees. Such fees, rates and charges if not properly regulated may result into apathy from these vendor groups.

<sup>26</sup> Market stall considered the most productive asset by disadvantaged groups in Gulu Municipality

## 6.4 Labour Markets

Gulu Municipality has a high level of unemployment. With a generally youthful population and limited opportunities, the level of unemployment within the municipality is high. This can be attributed to the history of insurgency that resulted in many young people leaving school and other structural realities within Uganda's economy. However, the municipality does not have clear policies or tools (e.g. training, mentoring and coaching, financial incentives for companies and workers, etc.) to take advantage of this demographic dividend. The municipality has not developed the required employment opportunities (or enhanced workers employability) through the pulling down of labour market barriers. There is limited collaboration between the municipality and training institutions (e.g. Gulu University) on how to provide targeted training and skill development programs to the bulging youth numbers.

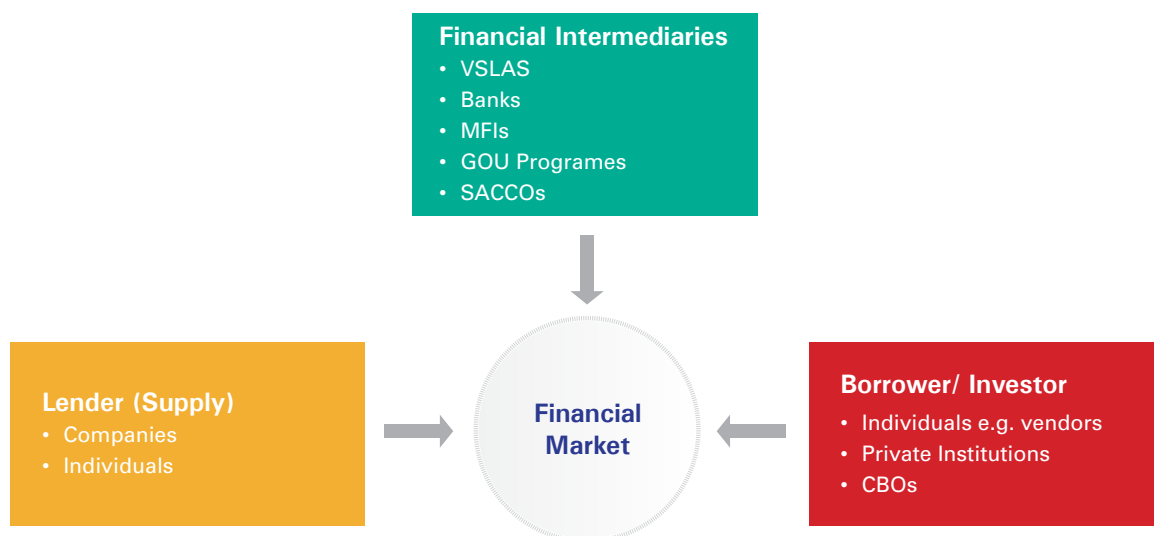
## 6.5 Land Markets

The nature and character of land markets has an influence of LED within the municipality. For instance, land wrangles have hindered the expansion of Gulu University main campus in Laroo Division. Landowners resist selling of land to facilitate infrastructure development. Expansion of the municipality to a city status still faces a challenge of acquisition of land. Getting access to land to establish new investments is a major difficulty. The municipality has very limited amount of land under its control while the relationship with the District land board also limits the municipality's capacity for allocation. The absence of proactive spatial layouts that anticipate and guide the future transformation from municipality to city status also limits LED. Public spaces have not been adequately secured, logical plotting and layout of streets and blocks have not been comprehensively undertaken. Without these systems, the municipality is beset by diseconomies of agglomeration whereby congestion, segregation and sprawl set in before a city can ever enjoy the benefits of concentration.

## 6.6 Financial Markets

The municipality is served by at least 10 banks, several microfinance institutions and VSLAs. These institutions offer a range of financing tools and instruments. Whereas the level of penetration of financial services has increased, several barriers still hinder several stakeholders from readily accessing financial services. High interest rates, lack of collateral, limited financial literacy are among such impediments. In addition, a low saving rate among the people also limits their access to such formal credit markets that demand for certain level of fiscal discipline.

**Figure 32**  
Financial Service Providers



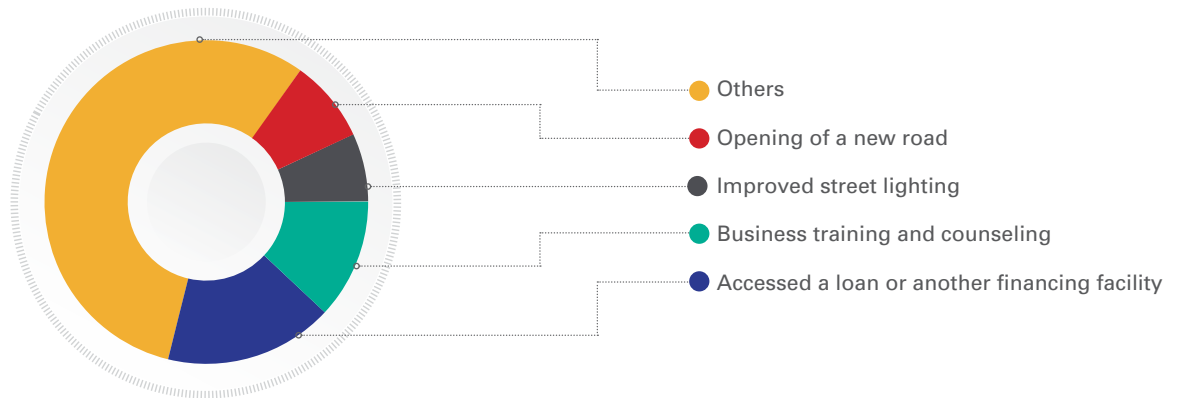
The nexus of interaction between Gulu Municipality and the financial institutions is still weak. These relate to: inadequate legal and institutional frameworks; fiscal competencies of municipal staff and other limitations. This has resulted into deficiencies in revenue collection, financial management and accounting, financial and technical planning and the provision of infrastructure and services. In the absence of strong and effective internal and external controls and oversight, the municipality has, in the past, struggled with issues of corruption and misspending. As a result of these factors, access to local financial markets can be limited. However, more people within the municipality are turning towards mobile money as an alternative to formal banking. The main challenges of network interoperability, heavy Transaction Charges, regulatory barriers to entry, only local transactions etc. may limit the use of such technology platforms. Gulu municipality has no leverage for oversight of these technologies yet they are key avenues for financial inclusion. In addition, the level of engagement between the municipality and the financial institutions is generally weak. The financial institutions have not supported any long term investments within the municipality.



## 6.7 Infrastructure and Business Performance

Half (50%) of respondents reported that their business has improved over the past two years indicated by an increase of their trading stock. However, the improvement in their business performance was brought about by 'other factors' and not the standard business enablers.

**Figure 33**  
Service Provision and Effect on Business Performance, Gulu



## 6.8 Municipal Partnerships with the Private Sector





Private sector-led economic growth is generally more efficient (both productive and allocative efficiencies) and effective. The private sector is more dynamic, resilient, creative, innovative and vibrant than the public one. However, this sector is purely profit-oriented as it embraces the concept of free interplay of the market forces of supply and demand which makes it susceptible to some market failures in the production and/or distribution of some goods and services. Gulu municipality is served by a weak and disjointed private sector that cannot provide the solutions for critical investments. The private sector is characterised by small and micro enterprises which are engaged in formal and informal businesses. Clusters of private sector actors have been formed like market vendors, saving groups, bodaboda groups etc. However, the municipality does not have a strong private sector lobby that engages the municipal authorities. The absence of a competitive private sector impedes local revenue collection for the municipality and discourages attraction to investments, creation of employment opportunities. This poses a great challenge to poverty reduction to already increasing rural urban migration; and the provision of public goods and services to the disadvantaged urban population.



# Provision of Pseudo-public Goods and Services

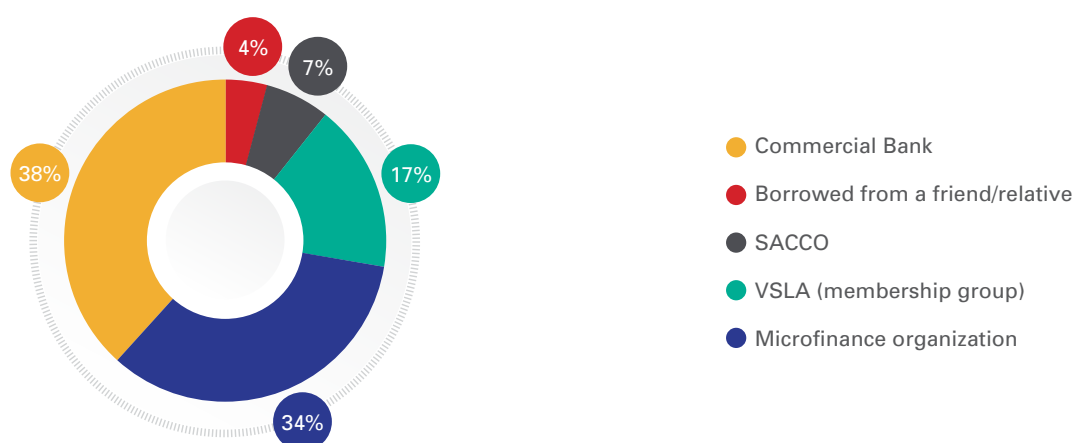
## Gulu Municipality

7.1 Enterprise Support and Access to Finance (Equity and Debt)	68
7.1.1 <i>Challenges to Access Steady Financing</i>	68
7.2 Business Development Services	70
7.2.1 <i>Type of Business Development Services</i>	70
7.3 Community Associations	71
7.3.1 <i>Uganda Women Empowerment Program</i>	71
7.3.2 <i>Youth Livelihood Program</i>	71
7.3.3 <i>Access to Other Types of Financial Contributions</i>	72
7.4. Mbale Municipality: Access to LED and Private Sector Support Services	72
7.4.1. <i>Access to Financial Services</i>	72
7.4.2. <i>Access to Training/BDS</i>	75

## 7.1 Enterprise Support and Access to Finance (Equity and Debt)

The formal financial sector is a determinant of financial inclusion and business development. The financial system in Gulu municipality is composed of a concentrated banking sector targeting corporate accounts while competing with smaller niche banks. Currently, the municipality is served by ten (10) commercial banks. These include Stanbic Bank, Centenary Bank, Barclays Bank, DFCU Bank, Post Bank, Standard Chartered Bank, Orient Bank, Bank of Africa, Housing Finance Bank and Kenya Commercial Bank. About three quarters of the households in disadvantaged communities have access to either a formal banking institution or a microfinance agency.

**Figure 34**  
Sources of Business Financing, Gulu



Several Microfinance institutions like Pride, VSLAs, Centenary Bank, UMFU, BRAC, FINCA, Vision Fund and Talanta operate within the municipality. Bank of Uganda also has a regional currency Centre situated in Gulu town. Some respondents benefit from SACCOs for traders and other groupings. PEMVA- Pece Central Market Vendors Association is one such entity that provides loans at low or interest free rates to its members.

### 7.1.1 Challenges to Access Steady Financing

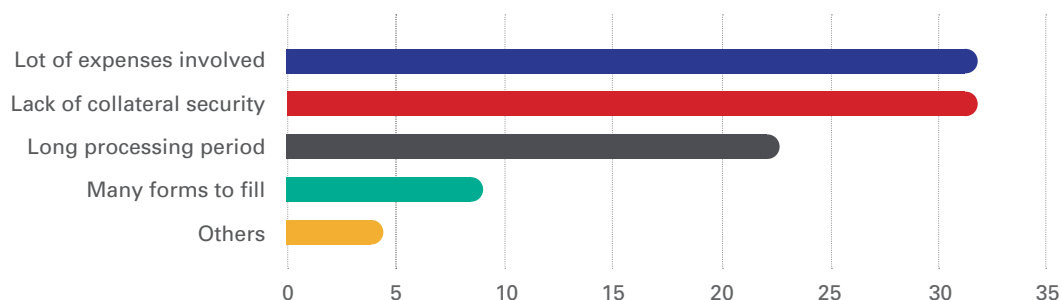
Small and Medium business operators within the municipality still encounter numerous obstacles to accessing finance. The banks are perceived to have high interest rates and do not offer appropriate training and preparation for those taking loans. As shown below, 36.97% of respondents had received a loan. Only a third (33.3%) of respondents in Pece had received a loan compared to 40.68% in Bardege division. Respondents engaged in manufacturing and transporting accounted for 2.27% of those who had received a loan.

**Table 11**  
Access to Financial Loans, Gulu

Sex of the Respondent	Received Loan		Total (%)
	Yes (%)	No (%)	
Male	21 (36.84)	36 (63.16)	57 (100.00)
Female	23 (37.10)	39 (62.90)	62 (100.00)
Total	44 (36.97)	75 (63.03)	119 (100.00)

Moreover, the level of savings within the informal settlements is also low owing to competing priorities. The ‘hand to mouth’ existence of people within the informal settlements limits their participation in formal financial markets. The process for accessing loans is also perceived to be long and costly with many conditionalities. Where accessing loans is easier (e.g. VSLA), repayment is difficult. In some cases, the banks require applicants to have a ‘Financial card’ which stops them from getting loans from multiple banks. The role of municipal authorities in ameliorating this situation is still unclear although the typical features of these enterprises (including lack of collateral security, poor business plans, lack of knowledge and lack of financial deposit) further isolate them from functional formal financial markets. The two main challenges are high expenses and high collateral security.

**Figure 35**  
Main Challenges for Accessing Loan, Gulu



This has an effect on the level of engagement in the formal financial system. Other sources of financial support are from money lenders and SACCOs. However, there is a general apathy of the formal financial system. A lack of the collateral requirements by formal financial institutions like MFIs, further isolates them from the formal financial system.

**“What I asked for is not what I got. The interest that was required was very high. I got Shs.1.5 million but paid more than 1.9 m and the interest rate was 37%.**

**FGD respondent: Tegwana, Pece**

For fear of losing their assets, many self-exclude from joining the formal financial system. The role of the municipal authority in providing oversight against these challenges is rather limited. There is a dearth of strong alternative financial institutions providing credit to self-employed for productive purposes. Some segments of the population depend on money lenders, SACCO contributions and some microfinance institutions.

## 7.2 Business Development Services

Many of the SMEs in the municipality have a poor understanding of the services that banks offer and of the bank loan procedures. This lack of information and knowledge leads to weak bargaining position in terms of interest paid, asset and liability disclosure, misuse of loan funds and generally bad preparedness when applying for business loans. These challenges are extended to other programs within the municipality that are geared towards encouraging access and inclusion to financial markets. Business development services are not provided by many of the financial institutions. As shown below, 35.65% of the respondents had received some business development training. About 32.76% and 38.6% of respondents received business development training in Bardege and Pece respectively.

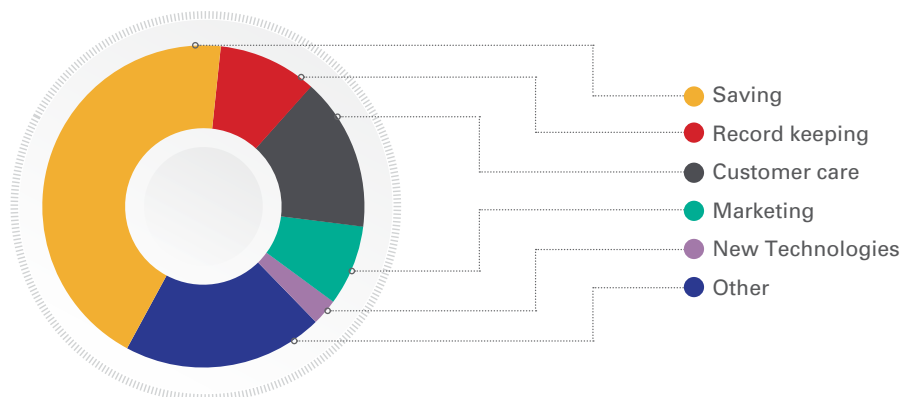
**Table 12**  
Access to Business Development Services, Gulu

Sex of the Respondent	Received any Training or Business Development Services		Total (%)
	Yes (%)	No (%)	
Male	16 (28.07)	41 (71.93)	57 (100.00)
Female	25 (43.10)	33 (56.90)	58 (100.00)
Total	41 (35.65)	74 (64.35)	115 (100.00)

### 7.2.1 Type of Business Development Services

Business in disadvantaged areas received training mainly on how to save. However, 48.78% of business development training was provided by NGO/CBOs while the municipality accounted for only 5% of similar training.

**Figure 36**  
Types of Business Development Trainings, Gulu



**Types of Business Development Services**

## 7.3 Community Associations

Community groups and associations provide a nexus for credit and other auxiliary financial services. Only 40% of the respondents belonged to a business / community association. Most (68.1%) of the respondents do not belong to any local business or community association. Most (59.46%) of the enterprises involved in a business community association are engaged in trading.

**Table 13**  
Membership to a Business/Community Association, Gulu

Division	Belong to Local Business/Community Association		Total (%)
	Yes (%)	No (%)	
Bardege	14 (23.73)	45 (76.27)	59 (100.00)
Pece	24 (40.00)	36 (60.00)	60 (100.00)
<b>Total</b>	<b>38 (40.00)</b>	<b>81 (68.07)</b>	<b>119 (100.00)</b>

### 7.3.1 Uganda Women Empowerment Program

In Gulu Municipality, the UWEP program has been rolled out with a broad aim of improving access to financial services by women and equipping them with skills for enterprise growth, value addition and marketing of their products and services. Whereas this program is supposed to be “community demand driven”, the profile of beneficiaries (women living with HIV/AIDS, women slum dwellers, ethnic minorities etc.) may result in the ‘self-exclusion’ of particular women groups in certain segments within the community. The Municipal authorities have not provided strong support (appropriation) to such initiatives as a basis for community engagement.

### 7.3.2 Youth Livelihood Program

The Youth Livelihood Program which was geared towards enhancing youth financial inclusion (funds were accessed through Commercial Banks) still faces a challenge. Poor oversight of financial grants for vulnerable communities has also resulted into mismanagement. For instance, for the YLP, many of the Youth Interest Groups (YIGs) that got funding dissolved the group after receiving funds with no way of tracing them.

**Youth Livelihood Program (YLP) implementation in Gulu Municipality started in Financial Year 2014-2015, receiving a total of 327,277,000/= and disbursing a total of 260,211,000/=. However, only 47,885,000/= (18% of the total grant) has been recovered to 35 Youth Interest Groups. We have been able to recover 47,885,000/= representing 18%**

However, out of the UGX.260,211,000 disbursed to youth groups, only UGX.20,130,000 i.e 7.73% had been recovered leaving UGX.240,081,000 to be recovered as shown in Table 14.

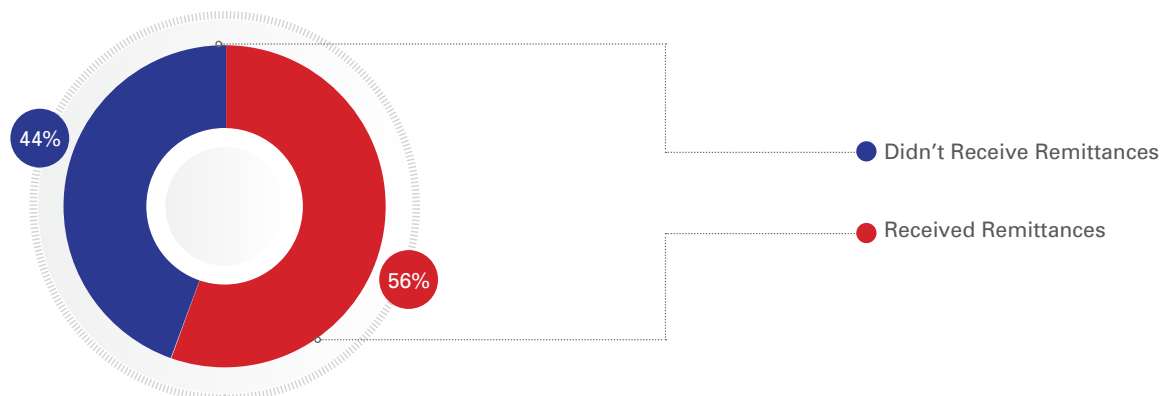
**Table 14**  
Low Recovery of YLP Funds in Gulu Municipality

Year	Amount Advanced	Amount Recovered	Amount Unpaid
2014/15	183,344,000	13,170,000	170,174,000
2015/16	76,867,000	6,960,000	67,907,000
<b>Total</b>	<b>260,211,000</b>	<b>20,130,000</b>	<b>240,081,000</b>

### 7.3.3 Access to Other Types of Financial Contributions

Over half of the households in the Gulu Municipality received remittances from abroad in the last 12 months. It's not clear whether money remitted is invested in education, business or agriculture. It's however likely that remittances received are spent on consumption (household necessities such as housing, transport etc.) which do not directly impact local economic development. Such remittances can be harnessed for investment especially if the municipality has clear progressive investment policies to enhance local economic development.

**Figure 37**  
Household Remittances in Gulu, 2014

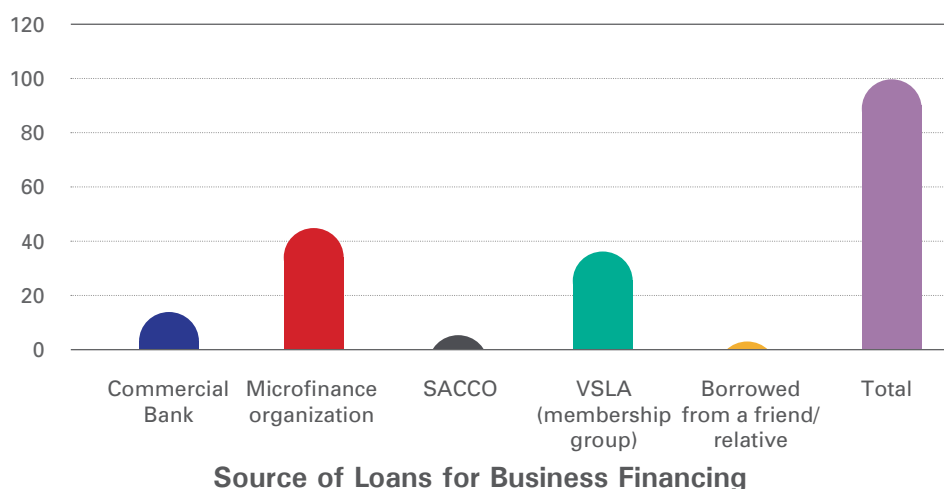


## 7.4 Mbale Municipality: Access to LED and Private Sector Support Services

### 7.4.1 Access to Financial Services

Mbale Municipality is a commercial has several commercial banks including; Centenary bank Ltd., Barclays bank of Uganda, Finance Trust Bank Ltd. Stanbic Bank Ltd, and Bank of Baroda Ltd, among others which are critical for business access to financial services. There are also other financial services providers including microfinance institutions such as Vision Fund Uganda and Savings and Credit Cooperatives. Thirty seven percent of respondents reported having ever accessed a loan for supporting their businesses. Fourteen percent accessed the loan from commercial banks, 44% from microfinance institutions and 35% from village savings and loans associations as shown in Figure 18.

**Figure 38**  
Source of Loans for Business Financing, Mbale



Evidently, a higher percentage of respondents (63%) had not accessed financial services to support their businesses.

Moreover, among those borrowing most of them (44%) received funds from microfinance services followed by voluntary savings and loans associations (35%). Few respondents (14%) reported having got loans from commercial banks. On the other hand, microfinance institutions specifically BRAC was perceived as discriminatory-only providing financial services to women and hence excluding men.

More females (42%) than males (28%) had ever received loans. This corroborates the fact that most VSLAs members are women. 39% of females reported belonging to business/community associations compared to males (32%). Such associations have enabled women to save money and access credit. This is especially instrumental for women who do not have ownership over assets such as land and vehicles that would be used as collateral to access credit from formal financial institutions.

The findings reveal that microfinance institutions consider women borrowers to be less risky and support to them as a surer pathway to alleviating household. Some MFIs (e.g. BRAC) only extend credit facilities to male beneficiaries. This discrimination has raised complaints from men and the youth who feel excluded from accessing financial services.

High interest rates and lengthy procedures were key constraints to accessing commercial bank loans. Joining local VSLAs was cited as a trend in avoiding commercial bank loans. In the informal settlements, this has been facilitated further by the National Slum Dwellers Federation that promotes savings and access to credit through mobilizing the community into VSLAs.



**Figure 39**  
Sample Pass Books used in Village Savings and Loans Associations



“We the youth segregated so much; now like if you want to get a loan say like from BRAC, they can’t give you a loan claiming they are only meant for women”

“Sometimes they want collateral security and when you don’t have, they give you very little money which might not be helpful. For them they gain from you on interest, but for you it becomes a burden

**(Male FGDs- Namakwekwe settlement)**

“We men feel discriminated for by Black-Uganda because they offer loans for only women. So, I as a youth who is not married I miss out on such an opportunity. Also, as a youth we do not have any land title which we can present to the banks as collateral security and, yet we need the money”

**(FGD male- Namakwekwe services)**

According to Mbale Municipal Development Plan 2010-2014 (p. 68), many informal sector workers are unable to access loans from commercial banks because they lack collateral, adequate savings or regular source of income. While MMC may be able to provide a policy environment that stimulates poverty alleviation initiatives, the lack of small capital and training makes it difficult for people to translate their dreams into real opportunities.

Commercial banks often demand for collateral such as a land title as security for accessing loans. Over 90% of all respondents did not have a land title hence unable to access loans from commercial banks. This gap was almost the same by gender (male and female). A slightly more percentage of respondents in Northern division (13.5%) had land titles than in Industrial division (6%). Lack of collateral security is partly the reason behind increased formation of community-based village savings and credit associations where group guarantee for borrowing is used and individuals have more stake through savings and other related benefits.

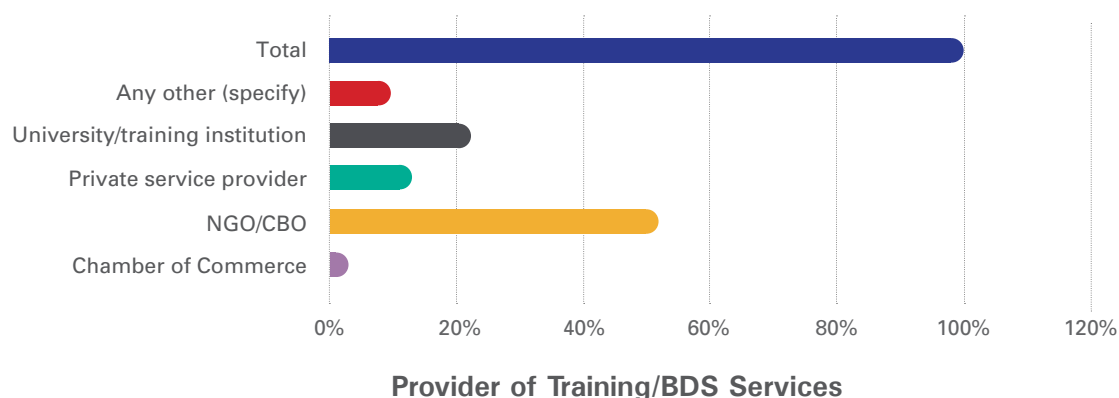
**Table 15**  
Percentage of Survey Participants having Land Titles, Mbale

Sex of the Respondent	Do you have a Land Title		Total (%)
	Yes (%)	No (%)	
Male	5 (9.09)	50 (90.91)	55 (100.00)
Female	5 (10.20)	44 (89.80)	49 (100.00)
Total	10 (9.62)	94 (90.38)	104 (100.00)

#### 7.4.2 Access to Training/BDS

Twenty seven percent of all respondents had ever received training/ BDS, indicating a big gap of 73% to BDS services. Majority had accessed BDS from NGOs (53.3%) followed by those that accessed BDS from universities (23.3%). Among the key providers of BDS include; Private Sector Foundation and Uganda Women Efforts to Save Orphans (UWESO).

**Figure 40**  
Provider of Training/BDS Services, Mbale



More females (35%) than males (19%) had received training/BDS services. By Division, more respondents in Industrial Division (37%) had accessed training/BDS services than in Northern Division (17%). Whereas Mbale Municipal Development Plan 2015/16-2019/20 focuses on enterprise development, there were hardly any initiatives undertaken by the Municipal Council in training and BDS. The low access to training /BDS could be because such services are market-based and hence paid for which limits access by informal business owners especially in the informal settlements.

The gaps in training/BDS imply that many business owners end up missing on knowledge and skills that could have helped them to grow their business and improve their welfare. The Municipality has several potential BDS providers including Mbale Islamic University in Uganda and the Uganda Management Institute, among others but there has been no proactive engagement between the BDS service providers and the Municipal Council to support enterprises for increased job creation and poverty reduction.

Among business owners that had ever received training, training institutions reported include; Private sector Foundation, National Council for Small Business Owners and Uganda Women's Effort to Save Orphans. Apparently, there is no organized, continuous, integrated and systematic initiatives for provision of BDS/training to business owners.

**“Donors came and taught us about a business plan, management and business planning. The training was organized by Private Sector Foundation and it was last conducted in 2013. We need more of the trainings. The training was relevant, and they even provided us with savings boxes”**

**(FGD- Women traders in Mission Cell, Northern Division)**

**“The training we got was on how to make stoves and it was provided by Mama Rutangya. It was relevant because I was able to learn how to make and selling stoves. It is what helps me to survive now”**

**(FGD Men- Northern Division)**

# Institutions and Regulation Arrangement

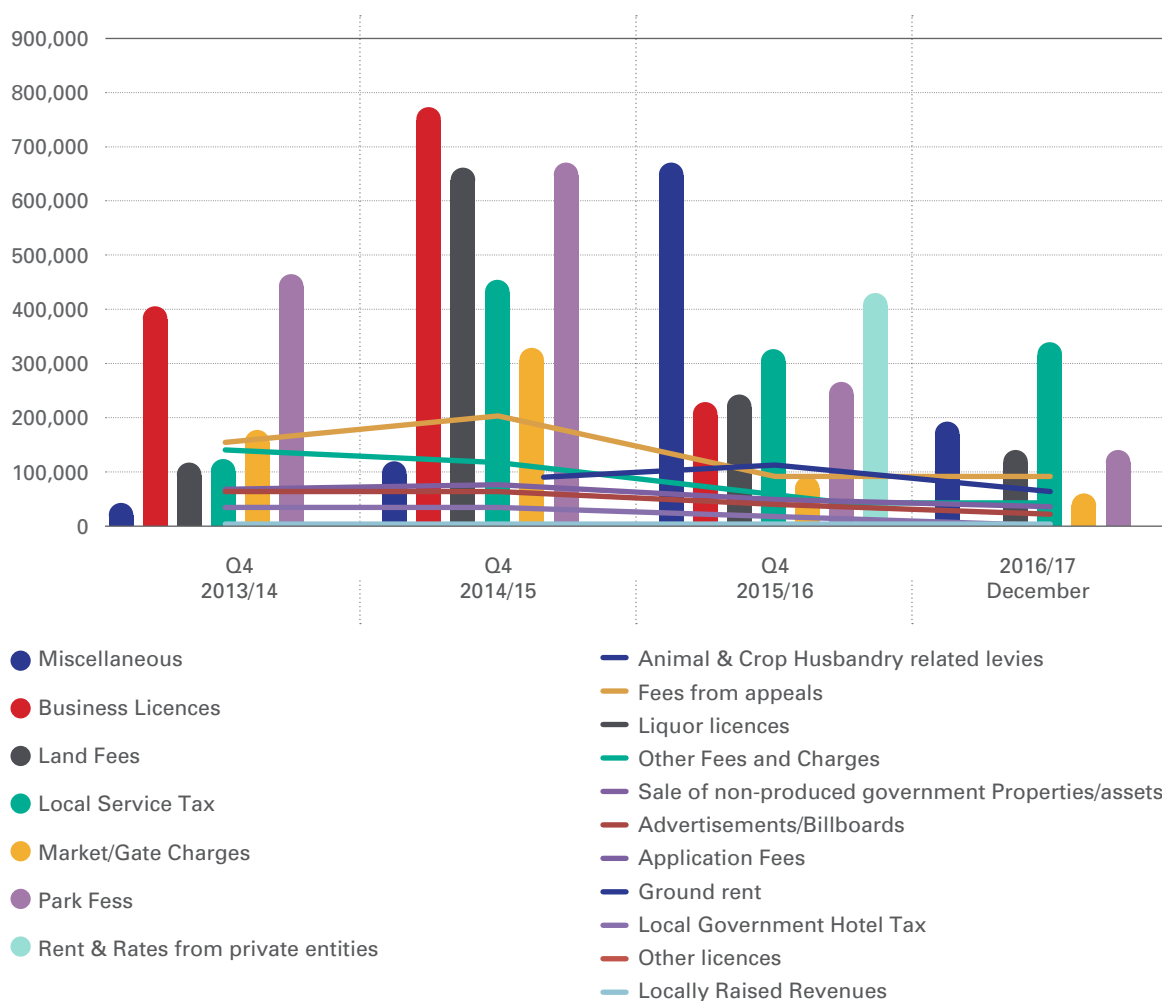
## Gulu Municipality

8.1 The Tax Regime	78
<i>8.1.1 Challenges of the Tax System</i>	79
8.2 Regulatory Burden and Business Registration	80
8.3 Land and Construction Regulation	80
8.4 Land Procedures (Including Time and Procedures to get Building Permits)	81
8.5 Mbale Municipality: Institutions and Regulations	82
<i>8.5.1. Business Registration</i>	82
<i>8.5.2. Taxation</i>	82

## 8.1 The Tax Regime

Article 191 (1) and (2) of the Uganda Constitution empowers local governments to levy, charge, collect appropriate fees and taxes. According to the Local Government Act, 2017, “Local governments may levy, charge and collect fees and taxes, including rates, rents, royalties, stamp duties, personal graduated tax, and registration and licensing fees and the fees and taxes that are specified in the Fifth Schedule”. In spite of this, Gulu municipality is unable to fully finance its budget from locally generated revenues. The municipality largely depends on central government transfers which are conditional in nature (earmarked by the Central Government for provision of specific services) and limited discretionary powers to municipalities to allocate the funds to particular local needs and priorities. Since 2014, URA through the Taxpayer Register Expansion Project (TREP) has been collaborating with the Uganda Registration Services Bureau (URSB) and local governments to identify tax papers and collect taxes from small businesses that are currently hard to reach. The bigger proportion of local revenue for Gulu Municipality is generated from Local Service Tax, business licenses, fees, licenses, market/gate charges, land fees, park fees as shown below.

**Figure 41**  
Trends in Local Revenue in Gulu: 2013/14 – 2016/17



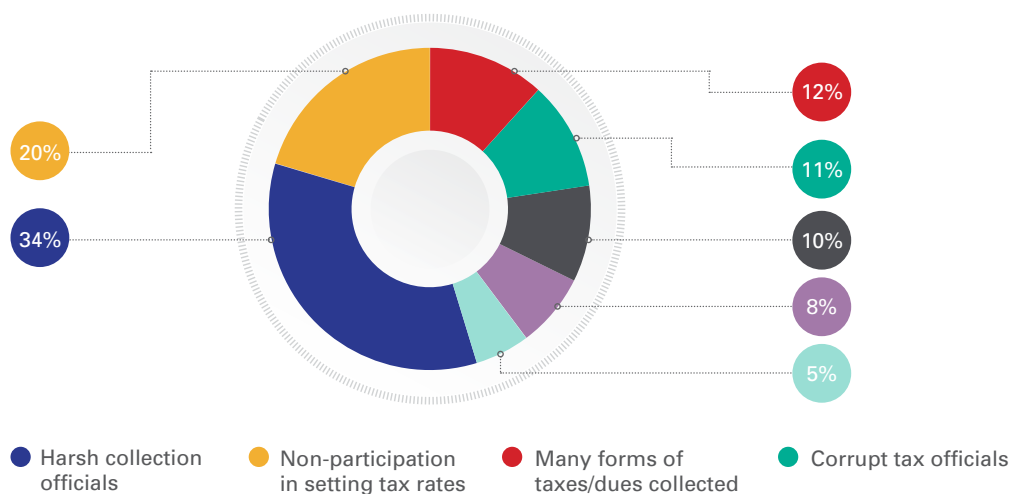
### 8.1.1 Challenges of the Tax System

Gulu Municipality faces a challenge of tax evasion which is borne out of what is perceived to be an unfair and irregular tax regime; perceived corruption and the failure by government to correctly link service delivery to areas that contribute taxes to government. The tax system is generally perceived as complex with many businesses finding it hard to understand. Taxation literacy is low within the municipality with business enterprises paying different kinds of taxes to the municipality.

“There are multiple taxes for example for my drug shop, I have to pay to National Drug Authority and URA. Assessment is not based on the type of business and so there is need to assess taxes based on business type.”

“I collect and dispose my own rubbish yet it is supposed to cater for garbage collection”

These range from official taxes and other dues like licenses and Local service tax (20,000 per 6 months). A fast growing informal sector within the municipality means that many businesses remain outside the tax bracket and common poverty. Several businesses in the municipality don't remit taxes, which represents a gross loss of revenue.



As shown, the top three factors given for non-payment of taxes were harsh officials, non-participation in setting tax rates and multiplicity of taxes respectively. The absence of tax incentives may limit the number of new investors wishing to start-up businesses within the municipality. Increasing cases of tax evasion have also been reported. These challenges mainly arise from the negative perception of tax-paying stakeholders. There are sentiments relating to an unfair and disproportionate tax system that seems to tax business enterprises twice. Regular tax assessments do not consider the business type and the nature of clientele. In addition, the multiplicity of taxes levied not only confuses the tax clients but also creates a negative disposition towards tax adherence.

For instance the local service tax which is assessed and collected twice a year doesn't consider the duration one has been in business. This has an effect on willingness to pay tax; and prefer to operating informally (unregistered); thus affecting revenue collection to the municipalities. Some respondents were hesitant to pay taxes as they felt that they were not getting 'value-for-money' from the taxes levied. There is no consultation or engagement between the municipal authorities and the citizens on tax rates. Many respondents are aware of the direct taxes but generally unaware of how most taxes are calculated and assessed. Some trader associations and clusters have started offering support to their members, especially for during preparation of tax assessments.

## 8.2 Regulatory Burden and Business Registration

To increase revenue collection, Gulu municipality has regularly conducted registration of all businesses. This is aimed at boosting revenues from property tax, trading licenses tax, Hotel taxes and ground rates. However, the process of business registration alone is still long and costly and estimated at about one million shillings<sup>27</sup>. The Uganda Registration Services Bureau which is mandated to support and promote business registration does not realize their potential as many businesses are operated informally and not legally registered. From the survey, 62.3% of the businesses are not registered. Apathy towards business registration, particularly among the informal sector, is mainly driven by a foreboding for high taxes perceived to be charged on registered businesses.

## 8.3 Land and Construction Regulation

Land is a critical enabler for LED. Subsequently, Gulu municipality developed and documented the Land Acquisition Framework which provides guidelines on the process of land acquisition and compensation, complaints handling system; alternative rights etc. The framework aims at providing redress to citizens that may be aggrieved in land-related aspects. Under the USMID, Gulu municipality is at the center of land acquisition for USMID activities and is responsible for drawing the terms of reference for the preparation of the compensation plans including the valuations of the properties following the rates established by the district.

However, challenges on land ownership still abound. These challenges are defined by three issues. Gulu's history of insurgency, rapid urbanization and cultural traditions. When there was insecurity, people bought land and without prior knowledge, built homes shops and businesses. However, reforms in the municipality and the drive towards complete urbanization (e.g. road construction) have led to evictions and relocation. Landlords within the municipality often evict tenants without notice.

Vulnerable groups struggle to remain competitive within a narrow public and private sector. As shown below, only 18.45% of marginalized groups have a land title. In addition, whereas the majority of markets belong to the municipality, only a few have legal land titles.

<sup>27</sup> Pointed out during an interview

**Table 16**  
Land Ownership in Gulu Municipality

Division	Do you have a Land Title		Total (%)
	Yes (%)	No (%)	
Bardege	9 (18.00)	41 (82.00)	50 (100.00)
Pece	10 (18.87)	43 (81.13)	53 (100.00)
<b>Total</b>	<b>19 (18.45)</b>	<b>84 (81.55)</b>	<b>103 (100.00)</b>

There is coordination between the MoLHUD and MoGLSD in resolving land acquisition related matters especially inclusive compensation, HIV/AIDs in construction related activities and provision of job opportunities and other rehabilitation measures. The prohibitive cost of getting a land title means that most of the people in informal settlements don't have one<sup>28</sup>. The Municipality also is not a bonafide owner of land, a factor which hamstrings its intervention or in dictating the agenda on land management.

## 8.4 Land Procedures (Including Time and Procedures to get Building Permits)

Part V and Section 34 of the Physical Planning Act, 2010 mandates local governments to oversee and process development permissions of buildings and other physical infrastructure through the Physical Planning Committee. The Committee shall within thirty days after making a decision, notify the applicant in form P.P.A. 3 set out in the Eighth Schedule, of its decision and shall specify the conditions, if any, attached to the development permission granted, or in the case of refusal to grant the permission, the grounds for refusal. In Gulu Municipality it takes an average of 30 days to process a building permit.



<sup>28</sup> The procedure of getting a land title is long about a year and it costs not less than 1 million to get a title after surveying.



## 8.5 Mbale Municipality: Institutions and Regulations

### 8.5.1 Business Registration

Registering businesses is a critical aspect for local economic development because it formalizes businesses and presents opportunities for borrowing, getting some support for government, and also payment of taxes to government. The findings reveal that only 24% of households had registered businesses. More sole proprietor businesses were registered than other forms of businesses. Sixty six percent of respondents reported having a business license/permit.

### Taxation

### 8.5.2

Over 70% of the survey participants reported that they pay taxes to the Municipal Council. Since 24% are the ones that were not registered, this shows that unregistered informal businesses are many in informal settlements make a significant contribution to Municipal revenue. The main concerns raised about tax payment were the unfriendly and corrupt tax collection officials from the Municipal Council, and unfair assessment of tax payment capacity which imposes a disproportionate burden on citizens. This is echoed in the voices below.

“Municipal should first look at one’s business and assess it appropriately just levying taxes any how instead of you paying 100 shs they want you to pay 500 shs without even assessing the business and yet it could be a 10-liter Jeri can of milk business”

**(FGD Women northern division)**

“I want Council to reduce taxes and charge according to our small businesses. You find that they charge us equally with those who own large businesses and hence you can’t save anything, yet you already earn little”

**(FGD men-northern Division)**

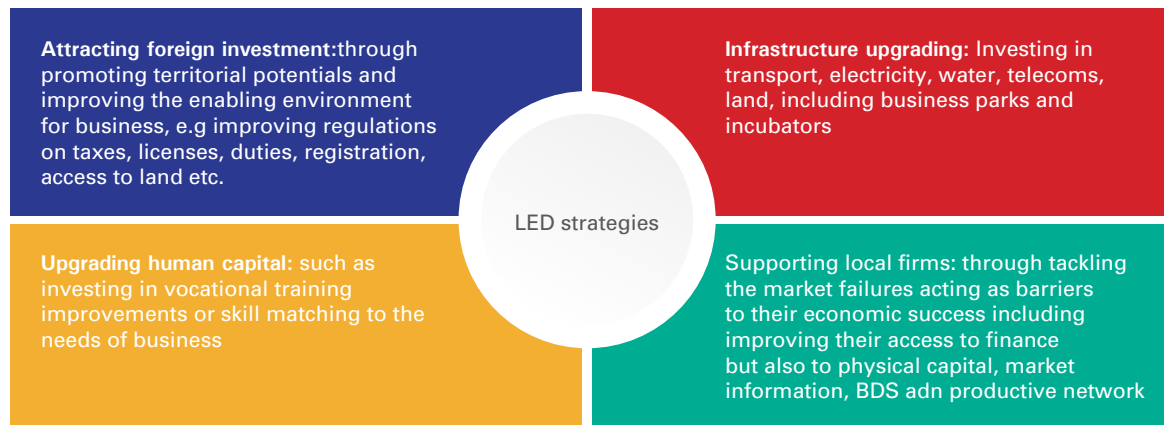
# Opportunities for LED

## Gulu Municipality: Opportunities for LED

9.1 Introduction	84
9.2.1 Tax Reform	85
9.2.2 Land Administration Systems	85
9.2.3 Partnerships and Collaboration	85
9.2.4 Turning Tragedy into Opportunity	85
9.2.5 Diaspora Re-integration	85
9.3 Infrastructure Upgrading	86
9.3.1 Construction of Logistics Hub and the Great North Road	86
9.3.2 Gulu Airport	86
9.3.3 Gulu Central Market	86
9.3.4 Road Infrastructure	86
9.3.5 Pece Stadium	86
9.3.6 Industrial Parks	87
9.3.7 Standard Gauge Railway	87
9.4 Upgrading Human Capital	87
9.4.1 Demographic Dividend	87
9.4.2 Active and Engaged Local Municipal Leadership	87
9.5 Supporting Local firms	87
9.5.1 Establishing Value-chains	87
9.5.2 Physical Development Plan	88
9.5.3 Regional Trade	88
9.6 Mbale Municipality: Opportunities for LED	88
9.6.1. Community Participation in Municipal Planning Systems	89
9.6.2. Socio-economic Planning Systems	91
9.6.3. Physical Planning Systems	92
9.6.4. Municipal Development Forum	93
9.6.5. Ongoing Infrastructural Development Programme	93
9.6.6. Existence of Business Associations	94
9.6.7. Anticipated Transformation of Mbale Municipality into a City	94
9.6.8. Existence of Markets	95
9.6.9. Physical Location of Mbale Municipality	96

### 9.1 Introduction

Gulu Municipality comparative advantages compared to other regions. These advantages provide a framework or basis upon which LED can be developed. Rodríguez-Pose (2001) outlined an analytical framework for local economic development strategies and grouped the desirable investments to be made by local institutions into four pillars as shown. Opportunities for LED generally refer to those aspects of the municipality that can provide impetus for inclusive and sustainable growth. These are the ‘game-changers’ for inclusive LED.



The comparative advantages of Gulu Municipality (in terms of location, graduation to city status, high performance indices for service delivery etc.) should collectively provide the much needed impetus for LED that is sustainable and equitable. These initiatives and opportunities can be flagged to offer more focus to the local municipal economy. The concept of “Build Gulu Municipality” (BUGUMU) can be conceptualized by all actors within the local economy for wider ownership and engagement. This can be integrated and grounded in the Municipal Development Strategy. The key opportunities identified are aimed at spatial integration, infrastructure development, strengthening of the local economic base, SMME’s support and development to improve the business environment and improved quality of life in the municipality. The following initiatives and proposals can provide workable opportunities for the municipal led LED.



### **9.2.1 Tax Reform**

Reforming the local tax code can enhance revenue collection and boost economic activity within the municipality. The current tax code is disparate and may be the reason for high tax avoidance within the municipal system. Poor tax education and disharmonised interaction between the municipality, the Uganda Revenue Authority and actors on the ground have resulted into tax-payer apathy. Gulu municipality however still has the opportunity to increase local revenue through structured interventions to boost tax compliance. This could include providing tax holidays and tax rebates for those key investment areas identified in the Municipal Development strategy. New taxes on specific activities provide an interim measure for Gulu municipality to increase local revenue. The municipality's large informal sector can be integrated into the formal sector through structured capacity building and policy reform.

### **9.2.2 Land Administration Systems**

With Gulu municipality transforming into a city, the premium for land is bound to increase. As such, the municipality must proactively increase the value-holding of municipal land in order to increase land-based taxes. The Municipality needs to develop a Master Plan that articulates which kind of services, manpower and infrastructure will be required. The Master Plan can also include zoning and providing spaces for informal sector actors. The municipality can provide basic infrastructure to cajole more informal sector actors by providing support on land reform and education. Binding bye-laws on local land administration can also help create the functional backward and forward linkages necessary for inclusive growth.

### **9.2.3 Partnerships and Collaboration**

The municipality can strengthen partnerships with the private sector in the areas of tourism, skills development and infrastructure development. Other partnerships can be established with both local actors (e.g. artisans) to promote skills development. Collaborations with other cities can be established to boost LED especially where strategic opportunities have been identified. For instance, under the current city twinning initiative with Izumisano City in Japan, Gulu Municipality can leverage technical support and funding in specific areas that can boost LED. It is anticipated that such collaborations can tap into the human and infrastructural potential within the municipality. More specifically, the cooperation can promote agricultural development in organic cotton among others.

### **9.2.4 Turning Tragedy into Opportunity**

Gulu district in general and Gulu Municipality in particular were at the epicenter of the long LRA war. This tragic history however, has shown the strength, spirit and resilience of the Acholi people in picking themselves up for development and national transformation. The municipality can seek to develop museums (e.g. war memorial museum), taking advantage of Acholi's rich history. In addition to attracting tourists to cultural events and social life. These can support other value chains like craft shops, accommodation, transport, hospitality etc. which can boost LED. The tourist sector has the potential of employing an increasing number of people as hotel staff, craft sellers, tourist guides, transportation providers and adventure tourism specialists.

### **9.2.5 Diaspora Re-integration**

Gulu Municipality residents have several relatives and friends living in the diaspora. This diaspora community increased especially over the period of insurgency when many had to leave. As previously shown, the levels of remittances over the past 12 months from such groups are on the increase. The Municipality can harness this diaspora by developing special programs and incentives that can facilitate investment, reverse knowledge sharing and brain gain. Such diaspora can be routinely engaged through annual events and annual investment galas where the municipality can identify clear bankable projects within the Municipal Development Strategy that such diaspora can engage in. Other incentives like tax breaks on such investments, the establishment of investment environment (e.g. provision/connection of water and electricity to such premises) can facilitate this reverse investment of local diaspora.

## 9.3 Infrastructure Upgrading

### 9.3.1 Construction of Logistics Hub and the Great North Road

The construction of the first logistics hub at the Gulu Railway station, targeting the markets in South Sudan through Alegu and the Democratic Republic of Congo (DRC) through West Nile is likely to boost Uganda's export markets in general and Gulu Municipality in particular. Construction of the facility will commence at the end of 2018. The hub will deal with activities related to transportation, organization, separation, coordination and distribution of goods for national and international transit, on a commercial basis by various operators. The hub has the potential of opening up new markets for the municipality in as far as the Central African Republic, South Sudan and DRC. The Great North road, which will pass through the municipality, is also an opportunity for increased revenue and trade.

### 9.3.2 Gulu Airport

In order to stimulate the growth of tourism, trade and agriculture, Gulu Airport is in the offing in the district. Currently, construction of a new 3.1 kilometer runway at Gulu Airport, (the second largest airport in the country) is in the pipeline. According to the CAA, the airport is expected to have the capacity to land a Boeing 767 aircraft of about 160 tonnes. A 767 Boeing aircraft carries between 200 and 300 passengers. The elevation of the municipality to city status will also bring the need for this airport into sharp focus. The municipality can re-engineer its infrastructural master plan to include the typical services required to serve the airport value chain. This includes accommodation, air-side services and other aviation facilities that only a city can provide.

### 9.3.3 Gulu Central Market

Gulu Central Market is the main hub of business concentration within the municipality. The market however has several challenges relating to the quality of municipal services that hinder its optimum performance (and contribution) to the local economy. The market can be prioritized in terms of service delivery (utilities, sanitation, security, health etc.) to ensure that it provides a steady and predictable working environment. The municipality can provide generators, water harvesting reservoirs and other services that ensure that the central market is 'fit for purpose'. This hub of business concentration should be supported to offer business confidence to local and in-coming stakeholders.

### 9.3.4 Road Infrastructure

The successful implementation of the USMID Project has enhanced the network of paved roads within the municipality. Such improved roads have the potential to improve physical accessibility which contributes to increase travel demand to markets, schools and health services. This contributes to improved education, better health and increased business opportunities. Finally, improved infrastructure will result into long-term household income growth. Improved roads is likely to improve the quality of transport with more choices in modes of transport, increased individual car ownership increased as well as bicycle acquisition; increased the number of agricultural jobs and household income. Other sectors and value chains can emerge e.g. car repair workshops, fuel stations etc.

### 9.3.5 Pece Stadium

The stadium is part of a long list of public spaces that can be resurrected to reflect the city's character. Currently the stadium is used for public gatherings, rallies and concerts. However, this can be converted into an economic base through targeted Private/Public partnerships to foster business growth. The stadium can also create several value chains around it that can create jobs for social inclusion. Development of such public spaces provides a good opportunity for inclusion of marginalised groups through social activity.

### 9.3.6 Industrial Parks

Plans are underway to establish an Industrial Park in Gulu under the aegis of the Uganda Investment Authority. It is expected that the park will promote private sector investment and employment. The park is expected to be a catalyst for industrialization and business growth.

### 9.3.7 Standard Gauge Railway

The Standard Gauge Railway (SGR), one of the regional flagship infrastructure projects will transform the economic profile of Gulu municipality. It is expected that the SGR will be extended to West Africa as part of the Great Equatorial Landbridge, connecting the East African coast to the West African Atlantic coast. The railway is bound to create efficient regional links, improve business links, reduce rail transport cost, reduce time to travel between Gulu, Kampala and Mombasa, contribute to GDP growth, create jobs, increase industrialization, spur investments such as hotels and promote tourism. This range of benefits will accrue to Gulu municipality as the SGR passes through on its way to Nimule.

## 9.4 Upgrading Human Capital

### 9.4.1 Demographic Dividend

Gulu municipality has large youthful population (see details in socio-economic characteristics). Increased urbanization has resulted into a 'pull' of young people from the countryside to the municipality. However, there is high unemployment among the youth. Many of the youth have limited skills. The municipality can harness this demographic dividend by establishing Job Centers, Youth Training Programs and other innovative approaches to harness this demographic potential and enhance capacity of youth for entrepreneurship and income generation. In some cases, the high unemployment is a result of information asymmetries between those looking for jobs and those who need jobs done. These knowledge platforms can help bridge that gap.

### 9.4.2 Active and Engaged Local Municipal Leadership

Gulu Municipality has a very active municipal leadership and an equally active Municipal Development Forum (MDF). Addressing the ever-changing development challenges facing the municipality requires specific skills needed to improve service delivery. Gulu Municipality leadership has been at the forefront of establishment of public-private partnerships and small, medium and micro enterprises, as well as the improvement of conditions of service and the quality and sustainability of the internal working environment. For instance, the MDF has been an active stakeholder during the successful implementation of the USMID project. This participation can be strengthened by regularizing and formalizing participation of the MDF. Such 'local champions' or 'local drivers' are critical for sustainable LED growth.

## 9.5 Supporting Local Firms

### 9.5.1 Establishing Value-chains

The municipality has a nascent agricultural sector. However, the level of value-addition across the different agricultural products is still weak. The municipality needs to strengthen existing links with the rural economy to establish functional value chains for the agricultural produce that passes through the municipality. The municipality has a comparative advantage in agribusiness and agro-processing for manufacture of grain mill products.

### 9.5.2 Physical Development Plan

The physical development plan of Gulu is a critical opportunity to attract investment in the municipality. The land is generally a flat topography which can attract mechanized Agriculture due to the low costs of investment involved in grading and bringing the land under production activities.

### 9.5.3 Regional Trade

Gulu Municipality represents a hub for regional trade and commerce. Traders and other market actors from Congo, South Sudan and surrounding countries also participate in such trade activities. These new markets provide increased opportunities. For instance, approximately 45,000 MT of sorghum were traded in the region in the second quarter of 2017 (45% of this was sourced from South Sudan)<sup>29</sup> while bean exports from Uganda to South Sudan (3,000 MT) were increased seasonably by 23%. The municipality has several other comparative advantages of location and communication networks that can enhance regional trade.



## 9.6 Mbale Municipality: Opportunities for LED

Within the Municipal Council, the docket of propelling local economic development falls under the production and marketing sector. Its goal is to guide business enterprises in Mbale Municipality so that they can carry out business in the most sustainable manner in line with the National Trade Policy.

Among the objectives of the sector include; assist entrepreneurs with technical commercial services like tax planning, tendering, financial management, marketing and promotional strategies, investment planning and feasibility studies and market surveys; training entrepreneurs in business development plans; increase access to market information; promote cooperatives for savings & credit, consumers, marketing, urban farming, transportation, housing; and to promote investment in small scale industries like honey refining, rut processing, milk processing poultry, zero grazing and general food processing.

<sup>29</sup> East Africa Crossborder trade Bulletin, FSNWG Food Security and Nutrition Working Group, July 2017

Governance is a critical Municipal factor influencing local economic development activities. There is a good governance and anti-corruption committee comprising of 6 members; a functional technical planning committee and strong procurement systems. Under USMID programme, Municipal Councils are assessed on several parameters including procurement systems. Mbale was the best municipality in procurement in May 2015 performance assessments.

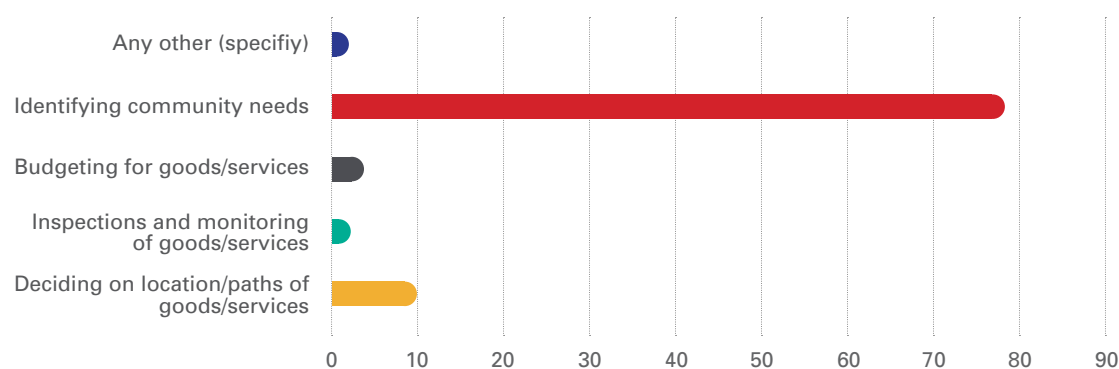
The municipality has core staff in place including: Town Clerk, Municipal Engineer, Physical Planner, Senior Procurement Officer, Principal Treasurer, Environmental Officer and Community Development Officer and Acting Commercial Officer. These are critical positions in propelling LED activities. The Cities Alliance baseline report 2014 indicated that Mbale municipality had the second highest number of employees directly appointed by the Municipal Council (1,331) after Jinja (1,432) with the percentage of female employees being 40%. More 264 were being indirectly employed. The city also has a 3-year capacity building plan (2013-14- 2016-17). Unfortunately, the Cities Alliance end line report 2016\* indicated a reduction in the total number of employees for Mbale Municipality to 1,120, a decline of -1.94% from the baseline staffing figure.

### 9.6.1 Community Participation in Municipal Planning Systems

Mbale Municipal council engages the community in a participatory planning process that culminates into a formulation of a five-year rolling development plan. The planning process starts at the village level where a wish list of needs and priorities is generated, forwarded to the parish/ward level and finally consolidated at the Municipal/Sub county level in form of a five-year development plan. The current plan for Mbale is 2015/2016-2019/21.

Unfortunately, a small proportion of households (42%) reported participating in the planning process. There was no serious gap in terms of participation by males (40%) and females (44%). percentage of male participation. More than half of the citizens apparently do not participate in the planning process. Moreover, majority (78%) participate mainly in identification of community needs and 14% in identifying locations of projects.

**Figure 42**  
How Citizens Participate in Municipal Planning, Mbale?



### How Citizens Participate in Local Planning

The limited citizens participation in the planning process is partly attributed to the dysfunctional local council systems. It is worth noting that for over 15 years, there has been no official election for local council one officials. Therefore, succession in these positions have not been backed by orientation in activities expected to be done including calling community meetings for addressing pressing needs and problems. This was expressed in both industrial and northern Divisions.

\* UNOPS (2016). An end line report for Cities Alliance for Transforming the Settlements of The Urban Poor: A Secondary Cities Support Uganda programme



“the old system of local councils also has affected the communities in service delivery because we don’t have meetings that can help us to address key issues

**(FGD men Namatala)**

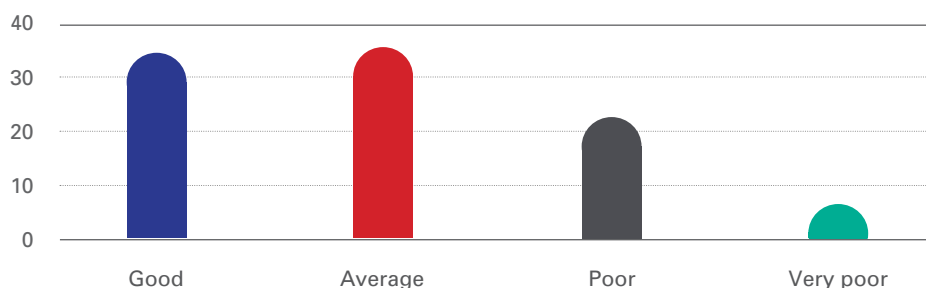
“ those days I used to see local council ones and councilors moving around inspecting homes to ensure that every household had a clean and well-maintained toilet. So, I think this is a good idea that they should be revived

**(FGD Producers- northern division)**

“A long time ago I used to participate in those planning meetings where LCs would mobilize people we sit and discuss that concern us. These days I don’t see that happening”.

**Figure 43**

Citizen Satisfaction Level with Engagement with Municipal Leadership, Mbale



**Satisfaction Level of Engagement with M/C Leadership**

Community participation in Mbale Municipality has also been institutionalised mainly through barazas, Municipal Development Forums and budget conferences. *Barazas* have been integrated by the office of prime minister which has opened full participation of all stake holders. Such barazas have been reportedly held across all the three Divisions of the Municipality. However, there has been reportedly low participation in these planning forums because of community expectation of remuneration and unfulfilled promises by the Municipal Council.

Despite the existence of these forums for engaging the community, there is no evidence that they have been used for fostering business development and other LED activities. The forums are mainly used as a mechanism to support the Municipal in executing its mandate. Deliberate efforts are needed to initiate, support and implement LED activities through these existing community forums.

Nonetheless, there are challenges that constrain engagement between the citizens and Municipal leadership. Among the critical challenges that citizens face when engaging with the Municipal leadership include; non-implementation of resolutions (45.2%), non-provision of information on issues affecting the municipality (28%) and long distance to meeting venues (11%). Enhancing community participation in issues affecting the municipality will require deliberate steps to address some of these challenges as summarised in Table 17.

**Table 17**  
Challenges Faced when Engaging with the Leadership/Service Providers, Mbale

Challenges	Frequency	Percent
Irregular meetings held	8	8.60
Resolutions not implemented	42	45.16
Some people/areas are excluded	3	3.23
Meetings are held far away from here	10	10.75
Non-provision of information on issues	26	27.96
Any other	4	4.30
<b>Total</b>	<b>93</b>	<b>100.00</b>

The above challenges limited accountability of municipal leadership to the citizens and municipal financial deficiencies that constrain the capacity of the Municipal council in executing what has been agreed upon. Promoting LED in Mbale Municipality will need increased fiscal capacity and improved accountability of the Municipal leadership to its citizens.

### 9.6.2 Socio-economic Planning Systems

Mbale Municipal Council operations are guided by five-year development plans developed in a participatory manner and in line with the national development priorities. The vision and mission of the current development plan (2015/2016-2019/2020) are clearly oriented to local economic development with a focus on enterprise development and employment creation.

Mbale Municipal Council Vision is: *a wealthy city of enterprising citizens in the next 30 years*". The key theme to guide pursuit of the vision is *"strengthening Mbale Municipality's competitiveness for sustainable growth, employment and socio-economic transformation for prosperity"*.

The production and marketing department is responsible for organizing and coordinating local economic development activities. The departmental goal is "to guide business enterprises in Mbale municipality so that they can carry out business in the most sustainable manner in line with the national trade policy".

Among core departmental objectives with a strong LED component include; assisting entrepreneurs with technical commercial services like tax planning, tendering, financial management, marketing, and promotional strategies, investment planning and feasibility studies, and market surveys; providing entrepreneurs in business development plans; increase accessing to market information; promoting investments in small scale industries like honey refining, milk processing, poultry, general food processing and zero grazing; promoting cooperatives for savings and credit, marketing, urban farming, transport and housing; training business community and farmers on income generation activities and promoting access to microfinance.

With support from Cities Alliance, Mbale Municipal council has developed a Municipal Development Strategy 2017-2040 that clearly defines the long-term direction of Municipal growth aligned with the Uganda Vision 2040. The strategy is anchored on five broad areas; Governance, Citizenship, Economy, Environment and Services.

Dimension <sup>30</sup>	Broad Strategic
Governance	To improve and increase the revenue mobilization and collection
Citizenship	To facilitate and increase the participation of citizens in decisions that affect them
Economy	To revive Industrial Development through agro-processing and manufacturing to
Environment	To Undertake Environmental protection and preservation
Services	To efficiently deliver social services by the public and private sectors

Under the economic dimension, three critical strategies have been identified that underpin LED; mobilizing resources to finance gaps in social services delivery, develop Local Economic development and local industrial sector, and undertake PPP to increase employment opportunities and introduce workforce development programs.

**Table 18**  
Mbale Municipal Long-term Economic Strategy

Strategic Actions	Activities
Mobilizing resources to finance gaps in social services delivery	<ul style="list-style-type: none"> <li>• Identify new sources of revenue and tap into them</li> <li>• Sensitize tax payers on their rights and obligations on radios, TVs and in trainings</li> <li>• Appoint a follow up committee to ensure that revenue generated is put to priority MC areas</li> </ul>
Develop Local Economic development and local industrial sector	<ul style="list-style-type: none"> <li>• Undertake a situation analysis (of the formal and informal sector)</li> <li>• Support existing local economic initiatives</li> <li>• Support small and medium Enterprises(SMEs)</li> <li>• Promote formation of cooperatives and value addition to agricultural products</li> <li>• Develop database center for all informal business</li> <li>• Create conducive environment for investors</li> </ul>
Undertake PPP to increase employment opportunities and introduce workforce development programs.	<ul style="list-style-type: none"> <li>• Promote community saving and investment groups</li> <li>• Advocate for Community Soft skills training in job creation</li> </ul>

### 9.6.3 Physical Planning Systems

The Physical Planning Act 2010 provides for the establishment of an Urban Physical Planning Committee. The urban physical planning committee is in place with the required membership.

Mbale Municipality has a 10-year Physical Development plan (2008-2018) that was prepared in 2008 by the Ministry of Local Governments in conjunction with the Ministry of Lands, Housing and Urban Development. The Town and Country Planning Board approved the plan on 20th June 2008 and by the Municipal Council on 20th December 2010.

<sup>30</sup> These dimensions constituted the normative framework of the Future Cities Africa Programme implemented by Cities Alliance in Uganda, Ethiopia, Ghana and Mozambique. In Uganda, the programme was implemented in 14 secondary cities including Mbale. It aimed at enhancing city resilience to resource scarcity, climate change and environmental degradation.

Community roads are impassable, no fire brigade services, drainages are not maintained, and people dispose garbage in them. Municipal Council needs to engage communities in cleaning up and re-opening of those that are blocked

**(FGD women-northern)**

We have a challenge of the unemployed youth, so council needs to help us because most of them are idle and so end up being forced to involve in social mischiefs

**(FGD men-northern Division)**

#### **9.6.4 Municipal Development Forum**

Mbale Municipal Development Forum (MDF) was set up in 2010 under the Transforming the Settlements of the Urban Poor (TSUPU) Project implemented by the Ministry of Lands, Housing and Urban Development under the auspices of Cities Alliance. It comprises of 23 members representing; academia, youth, Non-Governmental organizations, community-based organizations, persons with disabilities, professionals, religious leaders, development partners, private sector, media, opinion/cultural leaders, and district and municipal technical officials.

The MDF sensitises the community on paying taxes and facilitates linkages between the municipal council and community. It also plays a critical role in advocating for improved service delivery in the informal settlements and mobilisation of the community for participation in municipal planning processes.

The MDF is our partner; they are our linkages with the community and we often consider their recommendations for implementation”

**(KII- M/C Political leader)**

#### **9.6.5 Ongoing Infrastructural Development Programme**

Mbale Municipality benefitted from the Participatory Slum Upgrading (PSUP) phase I project implemented by the United Nations Human Settlements programme (UN-Habitat) through the Ministry of Lands, Housing and Urban development. The Participatory Slum Upgrading Programme consists of nine thematic areas which include; Governance, Disaster Risk, Urban Safety, Environment and Climate Change, Land, Basic Urban Services, Local Economic Development, Slums and Shelter, and Gender and HIV/AIDS. The programme financed key projects relevant for local economic development including; upgrading of the drainage system in Namataala ward, establishment of an industrial park along Mbale-Tororo road Basic Urban services.

The second phase of this programme is due to start will be critical for improved delivery of public goods and services. It will have short term and long-term focus on the provision of; public toilets, water and sanitation, solid waste management services, street lighting and security of tenure, among others. To ensure community ownership and participation in programme activities, community contracting will be used in procuring service providers.

### 9.6.6 Existence of Business Associations

There are several associations that have helped to organize economic activity in Mbale municipality. these include; Taxi operators' associations, Bus operators' associations, markets vendors' associations and bodaboda associations. These associations have enabled businesses to lobby and advocate for improved services from the municipal council and savings and credit facilities to their members. For example, taxi and bus operators have formed a Savings and Credit Organization to advance their businesses. The associations have also provided a platform for the municipal council to mobilize and sensitize business owners. Thirty five percent (35%) of survey participants belonged to business associations.

#### **Community associations and LED activities (Women Traders, Northern Division)**

We have an association of 50 small business owners set up in October 2016. They meet every Saturday, and each member saves 1000/= every meeting. They formed rules to govern the association. As community members, they agreed to work together under Mbale Community Development Initiative.

The association is not registered but they are in the process of registering it. Every member in the association is a representative of another smaller association below this main one. The aim of this association is to save and be able to support their families and themselves in case of a problem in their businesses. They are also lobbying with council to see how it can support the elderly, so that the lower saving schemes are also brought on board and supported.

In terms of challenges, they operate in a non-gazetted market, so council is always on them to the shift elsewhere. In terms of solid waste, they contribute some small amount to support the track that comes to collect the garbage. They have a "KEEP MISSION CLEAN" Campaign which has maintained sanitation in the areas.

### 9.6.7 Anticipated Transformation of Mbale Municipality into a City

Mbale M/C is among the regional towns planned earmarked in the Uganda Vision 2040 to be upgraded to a regional city. this has created excitement among citizens and leadership of the Municipality because of the potential opportunities that will come by including; more resource allocation from the government, infrastructural development and increased domestic and foreign investment. Nonetheless, harnessing the city status deliberate measures to ensure that benefits and opportunities are equitably distributed in spatial and categorical terms.

**"Our request for city status is before cabinet now. As a city, Mbale will be bigger, collect more taxes and create more jobs for our people"**

**(KII with Mayor, Mbale M/C)**

### 9.6.8 Existence of Markets

Modern infrastructure to support the economy e.g. the central government-built market. Financial service sector (commercial banks, microfinance institutions, SACCOs, money lenders, mobile money services). Mbale Municipality has one of the biggest markets in Uganda (Mbale central market), a UGX 26.9 billion complex built under the Markets and Agricultural Trade Improvement Programme (MATIP), using a loan from the African Development Bank<sup>31</sup>. By organizing economic activity, the market is expected to boost the economy of Mbale Municipality and support forward and backward linkages especially in the agricultural sector leading to employment creation and poverty reduction. Other markets in the Municipality include; Kumi Road Market.

Despite the potential that markets present for organizing business, employment creation and generating taxes, among others, citizens are concerned about the poor market governance. There is inappropriate zoning of merchandise.

In every sub-county must have a market in the local government act most of the markets in Namatala belongs to individuals. The land that was meant for the market was sold to developers Mbale municipal council technocrats and politicians sold public space

**(FGD men Namatala)**

Figure 44  
Mbale Central Market



<sup>31</sup> Vision Reporter. 'President Commissions Multibillion Mbale Market Complex'. New Vision, April 2014. [http://www.newvision.co.ug/new\\_vision/news/1340212/president-commissions-multibillion-mbale-market-complex](http://www.newvision.co.ug/new_vision/news/1340212/president-commissions-multibillion-mbale-market-complex).

The main market that offers services of both whole sale and retail business.

- Transport sector (*bodaboda*, Taxis, Special Hire, Buses, Tipper Businesses)
- Financial service sector (commercial banks, microfinance institutions, SACCOS, money lenders, mobile money services)
- Health sector (drug shops, private clinics, hospitals, pharmacies etc.)

“Most of us are in real small business undertakings with very little capital so municipal should allow us to work outside the main market rather than force us to go and work from the main market yet there is a lot of competition there and, yet sales are low which cannot allow you to get enough sustainable income that’s what I think municipal should help us in”

#### **FGD males- northern**

Municipal Council can get for us a place in town where we can operate from like our friends who work from there so that our businesses can also move forward.

#### **(FGD Producers- northern division)**

#### **9.6.9 Physical Location of Mbale Municipality**

Mbale Municipality is a regional commercial and administrative centre putting at the centre of economic activity related to other town councils and districts such as Soroti (100 kms in the north), Tororo (50 kms to the south) and Iganga (105 kms). Furthermore, proximity of Mbale M/C to the Kenyan border provides opportunities for cross-border trade to boost the local economy. Although its industrial base declined with competition from Kampala, it still retains significant leverage in agro-processing.

Mbale city is a regional commercial and industrial center for both Eastern and North Eastern Uganda which caters for suppliers, manufacturers, and shoppers of various goods and services. It is located on the Africa’s great North road or high way connecting Kenya, Sudan and DRC making it regional business hub. According to UN-Habitat (2012), Mbale is strategically located in Uganda which makes it attractive and competitive. It is surrounded by a rich agricultural region which provides the Municipality with agricultural produce. Its close location to Kenya provides the town with opportunities for various economic activities and trans-border trade.

# Gender and Local Economic Development

Gulu Municipality

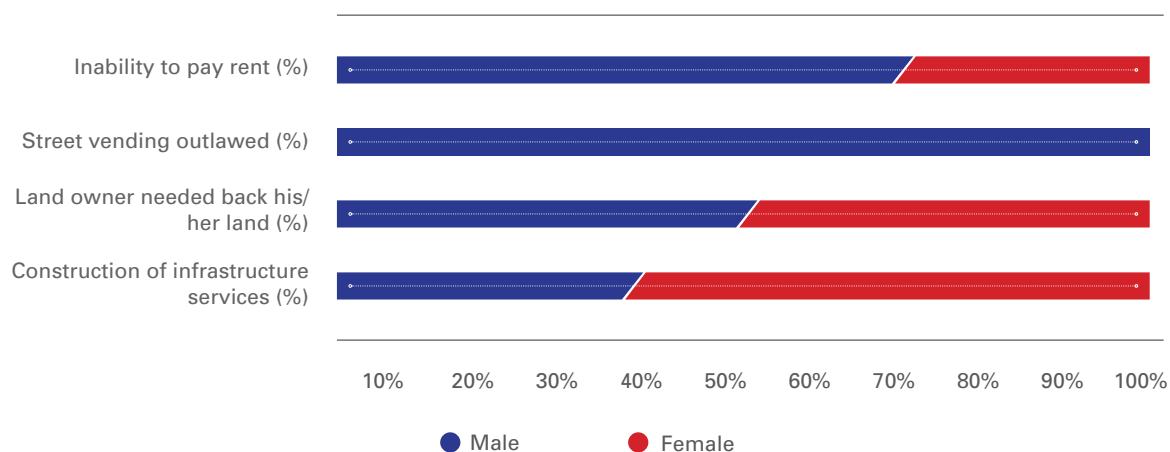


## Gulu Municipality

Gender<sup>32</sup> norms, roles and inequalities shape the way urban residents access basic services<sup>33</sup>. Barriers to access basic services may restrict the opportunities available to women, the elderly, those living with HIV/AIDS, the disabled, the youth and other vulnerable groups thereby undermining the function of municipalities as drivers of equitable economic growth. Agenda 2030 (SDG 11) is explicit on how future cities need to provide economic opportunities for all their inhabitants, irrespective of gender. Moreover, addressing the link between gender equality, gender responsive public service delivery and equitable economic growth in cities is key to achieving SDG 5<sup>34</sup>. One of the principles of the National LED Policy (2014) is to strengthen gender equity and equality for inclusive growth.

### Gender and the Local Economy

Specific segments of the municipal economy are informed by specific gender themes. For instance, most of the street vendors, market vendors, street sweepers etc. are dominated by women, girls and boys who are often generally excluded from 'high level' opportunities for equitable growth. The SDG 11 encourages future cities to provide economic opportunities for all their inhabitants, irrespective of gender. Currently, there is no explicit framework that Gulu Municipality has adopted to ensure assessment of gender responsiveness to public services within the municipality. Responding to the question "Does your being a woman/man constrain you from accessing any service(s) in this municipality?" 11.1% responded that their gender has hindered their opportunities for engaging in a business activity. This means that there is no obstacle to business engagement by gender. However, the effect of specific aspects of LED affects gender groups differently. As shown below, evictions (and their causes) have affected women more than men. For instance, all those who suffered eviction arising from reforms in street vending were women.



### Gender issues and Market Structures

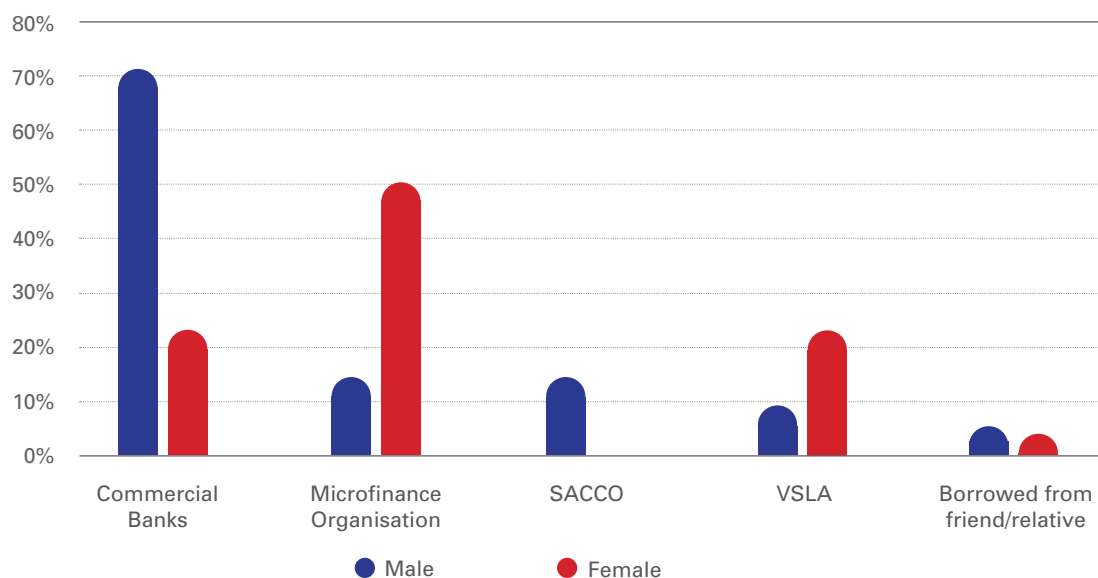
The leadership structure of most markets include the chairman, vice chairman, secretary, treasurer and heads of stalls that are in charge of stalls that sell more or less the same goods.

<sup>32</sup> Gender refers to the socially constructed characteristics of women and men – such as norms, roles and relationships of, and among, groups of women and men.  
<sup>33</sup> Cities Alliance (2017), Gender Responsive Public Services: Pathways to Equitable Economic Growth in Cities, Discussion Paper; Joint Work Programme for Equitable Economic Growth in Cities  
<sup>34</sup> UN Women, 'Facts and Figures: Economic Empowerment'. Available at <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes>.

For the lower leadership in most markets, vendors are organized on the basis of commodities that are sold in different sections of the market. Unfortunately, these spaces have male-dominated management structures that exclude women from leadership and key decision-making processes; and yet the women constitute more than 70% of the market population. Perceived corrupt leadership further isolates those with no power and voice when it comes to decision making. In some cases, most of the women are not the actual stall owners but have sub-let it from someone else 'more powerful' than themselves. The subsequently results in poor service delivery. For instance, sanitary and child-care facilities in Gulu main market are lacking. The lack of separate facilities for both male and female traders also affects self-esteem while exposing other vulnerable groups like mothers and young children to disease.

### Gender and Access to Loans

As shown below, access to credit across the gender is different. There are more female respondents who have accessed credit from microfinance and VSLA organisations. However, more than half (56.9%) of women had not received any business development services. In addition, 69.35% of women are not engaged in a local business or community association. This limits their level of engagement especially on issues that relate to their participation in the local economy.



### Disabled and LED

Studies have shown that disabled people are attracted to urban centers because of new livelihood possibilities<sup>35</sup>. In Gulu Municipality, the attraction was reinforced by insecurity in the rural areas. With the destruction of agriculture, which was the main source of income, and because of persistent insecurity in the rural IDP camps, people with disabilities moved to the municipality for alternative livelihoods and relative safety.

However, the infrastructure within the municipality does not adequately support their participation in certain economic activities including the access to certain public goods and services. For instance, many of those with a visual impairment, those who had problems with their limbs, wheelchair users etc. cannot use the sidewalks on the newly constructed roads within the municipality. According to the survey, less than a quarter (12%) of the respondents reported that they had some form of disability. Those with disabilities mainly had visual

<sup>35</sup> Van den Bergh, G. (1995) 'Difference and sameness: a socio-cultural approach to disability in Western Tanzania', Candidatus Politices thesis, Bergen: Department of Social Anthropology, University of Bergen, Norway

impairment (20%) or challenges with mobility (20%). These spaces get converted into business centers at certain times of the day. Access to sanitation facilities within the municipality for the disabled is also poor owing to the limited number of such facilities and the structural make-up of those facilities. People without mobility devices often have to move through these contaminated places or scoot on their buttocks to access toilet facilities. Some CBOs like the Enhancing the Capacity at Gulu Disabled Persons Union (ETC@GDPU) have emerged to offer support to disabled persons through Vocational Training, business plan development, record keeping and conflict management. Such targeted initiatives are mainly being supported by the donor community.



## Land and Gender

Overwhelmingly, customary practices among the Acholi are reported to involve patrilineal and patrilocal inheritance of land, while women’s land rights are typically gained through marriage. This has led to the widespread misapprehension that ‘only men can own land’. Consistently, the poor, and more often, the women have been short-changed by the land tenure system that is generally skewed to benefit the rich and educated, and those with the most overt customary rights, at the expense of the rest. From the results, whereas the proportion of females as a proportion of those with land titles is 31.6%, only 11.54% of female respondents had a land title compared to 25.49% of male respondents. In addition, more male respondents (17.54%) had been evicted from a business location compared to 12.9% for female business owners.

**Table 19**  
Gender and Land Title Ownership, Gulu

Sex of the Respondent	Do you have a Land Title		Total (%)
	Yes (%)	No (%)	
Male	13 (25.49)	38 (74.51)	51 (100.00)
Female	6 (11.54)	46 (88.46)	52 (100.00)
Total	19 (18.45)	84 (81.55)	103 (100.00)

## Street Children in Gulu Municipality

Street children represent another vulnerable constituency in Gulu municipality. Consisting of mainly boys living and working on the streets, they remain a challenge and a security threat to other aspects of municipal life. Several push factors have been identified for the increase in street children (including poverty, domestic violence and abuse, child mothers, displacement)<sup>36</sup>. The municipality does not have explicit policies to support their inclusion in LED options. Their involvement in criminality (especially against the business community) has been expressed in various development for the municipality; but largely remains unaddressed due to lack of clear implementation of policies governing the LED process and youth unemployment in the country at large.

While attempts have been taken by the municipality to take those youth under 18 years of age to Gulu Remand Home while those over 18 remanded to Lugore prisons; the state of Gulu Remand Home is also worrying to effectively provide rehabilitation services. The Municipality needs to come up with strategies to deal with the criminality through strengthening LED implementation process for gainful employment especially youth and vulnerable population.



## Other Government Programs

There have been other targeted interventions within the municipality to improve the welfare of women. The Uganda Women's Empowerment Program (UWEP) regularly organises workshops to train women in the different sectors like finance, good farming practices in agriculture, small business management, marketing, sewing, basic skills, nutrition and others. In 2015, women in Gulu organised themselves into Village Savings and Loan Associations (VSLA) and mobilised savings and mobilised savings of up to Ush 2 billion and saved up to Ush. 400 million in 2016.

<sup>36</sup> Weber, Annie, "Challenges Affecting Street Children in Post-Conflict Northern Uganda: Case of Gulu Municipality" (2013). Independent Study Project (ISP) Collection. Paper 1685.

# Challenges to Local Economic Development

11.1 Introduction	103
11.2 Mbale Municipality: Challenges to LED	106

**Gulu Municipality**

**Mbale Municipality: Challenges to LED**

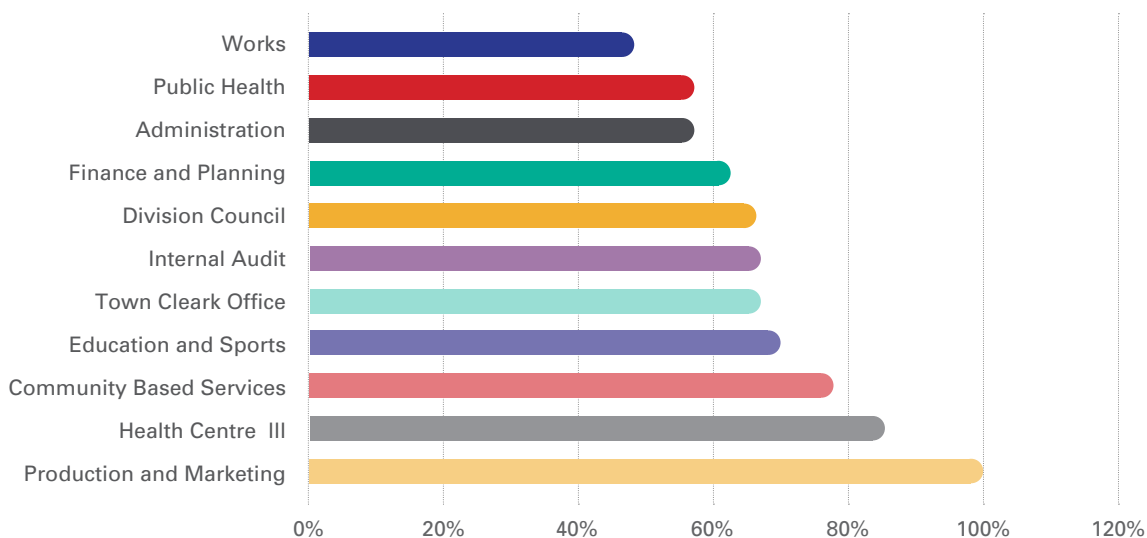
## 11.1 Introduction

The LED Policy (2014) enables municipalities and other local governments to improve the business environment and the private sector to play its role in economic growth and job creation. It is expected that households will earn more; enterprises will be more vibrant, ultimately ensuring that Local Governments generate more revenue and deliver better services in the communities. Local Economic Development presents an opportunity for Uganda to realize its objective of transforming itself from a low to a middle-income country. However several challenges still hinder the potential of Gulu municipality to provide the right environment for LED growth.

### Human Resource Deficit

According to the 2016 Auditor General’s Report, Gulu Municipal Council has an approved staff structure of 251 posts. However, out of the approved establishment of 251 posts, only 171 (68%) posts were filled leaving a staffing gap of 80 posts representing 32% vacant posts. Understaffing overstretches the available staff beyond their capacity, creates job related stress to the fewer staff and negatively affects the level of public service delivery to the community. According to the Gulu Municipal Development Strategy, there is low staff establishment and some staff is still new and inexperienced. This also has an effect on the delivery of LED growth.

**Figure 45**  
Percentage of Vacant Positions in Gulu Municipal Council, 2016



### Under Collection of Local Revenue

In 2016, out of the budgeted local revenue of UGX.1,722,896,987 to be collected by the Municipality, only UGX.1,591,334,774 was collected leading to a shortfall of UGX 131,562,213 representing 7.6% of the budgeted local revenue. Under-collection of local revenue adversely affects implementation of the planned activities and the delivery of key social services. The municipality does not have a comprehensive revenue collection plan to guide the collection and usage of revenues. Whereas the district’s revenue base is from street parking, property rates, trade licenses, Local Service Tax, property tax small market dues and construction

fees for developers, these sources fall far short of providing the necessary revenue streams for the centre. In addition, low level of economic activity in the municipality and widespread poverty still limit the potential of the municipality to collect public revenue to finance public expenditures. There are also leakages in revenue collection coupled with widespread apathy among citizens who do not appreciate their obligation towards public revenue contribution through tax compliance.

### **Limited engagement with the private-sector**

Gulu Municipality has not effectively engaged the private sector into enduring and gainful Public-Private-Partnerships. The Government of Uganda adopted a policy of Public-Private Partnerships (PPP) as a tool for the provision of improved public services and public infrastructure based on the principle of better value for money, appropriate risk transfer and management and taking advantage of private sector innovations. Local Economic Development (LED) and PPP have not been synchronized to promote those business solutions that provide the most direct opportunity for inclusive growth. The private sector in the municipality is generally weak and may not be able to benefit from economies of scale in production, which is a pre-requisite for increasing productivity.

### **Negative environmental impacts**

Rapid urbanisation has also had an effect on the environment. The reclaiming of wetlands and other public spaces have both had negative effects on the state of the local environment, a vital aspect of LED. The major environmental problems are inadequate settlements, sanitation, Land degradation and a poor population that survives on marginal and fragile ecosystems, with limited awareness for sustainable use of the ecosystem. Limited public awareness, particularly among the marginalised groups has limited the appreciation of environmental concerns that have manifested in erratic rainfall, long dry spells and water shortage.



### **Land Ownership Rights**

The absence of tradable land ownership rights, which would allow farmers, business owners and investors to capture the value of land improvements and provide security for borrowing is lacking. The transformation of Gulu municipality into a city, in the absence of targeted land reforms, will meet several challenges. In the past, several land owners refused to cooperate with authorities in ensuring use of their land for expansion of the municipality.

## Security

The state of security within the municipality for those areas not readily serviced by social amenities is generally poor. There is an increased incidence of Iron bar attacks (especially in Bardege) while stealing of motor cycles has also become common. The 'open-spaces' within the municipality have also become magnets of crime. For instance, youth smoking banghi (a local intoxicant) occupy the open space opposite the Division Office.

## Poor Housing

The National Housing Policy seeks to have "Adequate Housing for all". The Policy seeks to increase the access of affordable housing to all whilst promoting Public Private Partnership principles for housing development. The housing within Gulu Municipality is still a challenge owing to the rapid urbanisation. There is lack of security of tenure in the slums and informal settlements. In addition, the municipality does not have adequate human settlement plans and policies for urban areas resulting to establish planned housing for low income earners. Housing structures in the informal settlements in the Gulu municipality serve multiple functions, including business.



## Provision of Industrial Electricity

Currently Gulu does not have a special line or power line to adequately feed a growing industrial sector. The availability of industrial electricity can attract more investors in the municipality. The transformation from municipality to city status will require the establishment of sub-stations within the region. Steady electricity can also support the establishment of Industrial Parks. It's expected that the completion of the Karuma Dam will provide the required capacity required by the local economy in the municipality.

## Water and Sanitation

The state of sanitation within the municipality is generally poor especially within the peri-urban enclaves of the municipality. Currently, there is only one Lagoon serving the entire municipality which is inaccessible by some parts of Bardege. The absence of proper waste management can hinder the municipality's attraction of direct investment across the different sectors.

## Challenges to Service Delivery

Extending and expanding services has been a challenge. For instance, formerly internally displaced populations (IDPs) have become squatters on the Right-of-way making it difficult to open peri-urban roads as compensation to such people have become costly in view of the financial constraints faced by the Council.



## 11.2 Mbale Municipality: Challenges to LED

The National Local Economic Development (LED) Policy (2014) aims at reducing poverty, improving people's incomes and livelihoods and improve service delivery through increased local government revenues. However, the findings reveal myriad challenges at the community and municipal levels that constrain harnessing of opportunities to advance local economic development. At the Municipal level, key constraints include; limited financial capacity, lack of LED drive in the municipal structure, limited control over service providers, weak of linkages between the municipal Council and the private sector and limited downward accountability by the Municipal Council, among others.

### Fiscal constraints

From the perspective of the municipal leadership, decreasing and highly conditional central government grants are constraining their ability to address community needs and priorities, and to ensure effective delivery of public goods and services. Quite often, what is budgeted for is never realised and hence the Municipal Council performs below what is expected of them by the community. It is for this mainly for reason that the community perceives the council as having forgotten them.

According to the 2014 housing and population census, Mbale Municipality had a population of 92,863. This is figure determines the amount of central government transfers to the municipality for service delivery. The findings reveal that such a figure is the night population and the day population is way beyond 200,000 people. many people living in neighbouring sub counties and town councils as well as those transiting through the town put pressure on available services.

There have also fluctuations in locally generated revenues. This was partly blamed by political leaders on lack of transparency among technical officials in charge of tax collection. national level political pronouncements have also been cited as constraining local revenue base. For example, a presidential pronouncement exonerated *bodabodas* from paying any form of money to municipal councils, yet they are among the many consumers of public goods and services. The scrapping of the graduated tax by the central government also erased one of the key sources of local government revenue. The limited revenues for the Municipal Council is a contributing factor to poor service delivery such as solid waste management, drainage, roads maintenance and health service provision.

### Limited municipal control over utility entities

There are critical services that relevant for local economic development but over which the Municipal Councils have limited or no control. For example, while electricity and water are crucial public services that drive the local economy, lack of Municipal Council control over UMEME and NWSC limits the municipal role in influencing the cost of installation and tariffs for electricity and water (IEER, 2017). Centrally managed parastatals whose service pricing policies and strategic plans exclude Municipal councils can hardly consider local needs and priorities as being critical in local economic development. A case in point is the frequent outages and high cost of electricity which affects business, but Mbale Municipal Council has no influence over this problem.

### Lack of a clear local focus on LED

The national LED policy (p. 3) is aimed at enabling Local Governments to improve the business environment and the private sector to play its role in economic growth and job creation. It is expected that households will earn more, enterprises will be more vibrant, ultimately ensuring that Local Governments generate more revenue and deliver better services in the communities. At the local level, the policy also provides for a LG resource team chaired by the Town clerk with the Municipal Commercial Officer as Secretary, Municipal Production Coordinator, Municipal

Natural Resource Officer, Municipal Commercial Officer, Municipal Community Development Office and a Representative of Private Sector and CSO. This arrangement is not yet evident in Mbale Municipal council. Apparently, the LED policy has not yet been widely disseminated to municipal officials.

The five-year development plan (2015/16-2019/2020) for Mbale Municipality clearly articulates some of the critical intervention areas to advance local economic development. However, there is lack of a clear coordinating centre/office to drive these activities forward. Under the production and marketing department, there is a commercial office.

### **Limited linkage between Municipal Council and Private sector**

Successful LED activities involve active engagement between the private sector, community and local governments. Private sector organisations include; businesses associations (such as market vendors, taxi operators, *bodaboda* operators, etc) and their relationship with the Council is weak because it centres more on payment of dues to the Council which creates tensions. There are also national and local private sector organisations, but their role is limited. The National Chamber of Commerce and Industry and Private Sector Foundation are hardly visible in Mbale Municipality and their engagement with the Municipal Council is not evident.

The Eastern Private Sector Development Centre (EPSDC) is one of the existing private sector service providers yet to be harnessed in supporting LED initiatives in Mbale Municipality. It was started in 1997 under the UNDP programme to promote private sector development through supporting small and microenterprises with capacity building services. Currently it is working with the Ministry of animal Husbandry and Fisheries on a vegetable oil development programme being implemented in five districts (Bukwo, Pallisa, Bugiri, Kumi and Bukedea). Under this programme, 253 groups (each 25-30 members) have benefitted but all these are outside the Municipal Council. It is also working with the International Fertilizer Development Centre to implement Irish potatoes and lowland rich project in Kween, Kapchorwa and Butaleja districts. Under this programme, 150 groups (each 25-30 members) have benefitted. Despite being in the Municipal Council, all its activities are outside the Municipality. the observation by its representatives shows the untapped potential for propelling LED.

**“People have not tapped into the opportunities we offer. We deal with associations/groups, but we get very few. We have the skills to help people like the youth to write good proposals to get money from government programme. People here hardly appreciate intangible services like BDS”**

**(KII with EPSDC)**

### **Poor land tenure systems**

Within the informal settlements, there are land problems related to ownership and fragmentation. This was found to be a common problem in both the industrial and northern divisions. Less than 25% of the citizens were found to have land titles. Besides constraining them from accessing business finance (using land as collateral), this situation constrains long term investments as citizens fear the possibility of being evicted by the Municipal Council. This also constrains citizens’ upgrading of their housing conditions.

The fears of eviction among residents in informal settlements is also based on the widespread information that most of the public land (such as for markets, schools and other public spaces) in the Municipality has been grabbed by unknown officials. The District Land Board has also been blamed by the Municipal leadership for allocating land in the municipal council without informing them.

Discussions with citizens in Industrial and Northern Divisions reveal a frosty relationship they have with the Municipal Council. There is a general community perception that the Municipal council is unaccountable, corrupt and inconsiderate of their needs especially in Namataala.

### **Divisive politics**

Mbale Municipality has divisive politics pitting supporters of the current government and those on the opposition side. Discussion with Municipal leadership reveals that such politics frustrates effective service delivery. This affects equitable distribution of services and programmes. In some cases, programmes fronted by either side are not supported by another side as observed below.

**“we have some bad politics here. Opposition politicians as seen in security circles as enemies. Good programmes they propose are often frustrated”**

**(KII –Municipal Political leader)**

### **Limited capital, public services and innovations**

Limited capital (76%) was cited as the main constraint to economic activity followed by unreliable power supply (10.3%) as shown in Table 14. The findings also reveal that there are no innovations in economic activity especially in informal settlements. Most people deal in the same activity amidst a limited local market.

**“I operate a grocery business and prepare chips and mandazi. My main challenge is high competition as everyone who sees you wants to do the same business. I mainly operate from school and I normally loose business during holidays”**

**(FGD Women Northern Division)**

**Table 20**  
Problem Affecting Business Growth and Development, Mbale

<b>Problem Affecting Business Growth and Development</b>	<b>Ranked</b>
Lack of inputs	3(2.80)
Low capital	81(75.70)
Unreliable electricity	11(10.28)
Unreliable water	4(3.74)
Flooding	3(2.80)
Any other (specify)	5(4.67)
<b>Total</b>	<b>107(100.00)</b>

# Conclusions and Recommendations

12.1 Conclusions

109

This LED assessment sought to establish the opportunities for inclusive LED growth that is sustainable, measurable and effective in the transformation of the local economy of Gulu Municipality. In particular, the assessment sought to appraise the delivery of public goods and services by the municipality as a catalyst for local economic development. Whereas municipalities can only provide a range of services, they need to develop plans and strategies that can harness inclusive growth especially for disadvantaged groups. Gulu municipality has been a recipient of various initiatives and slum development programs that have often not provided the right solutions to the enduring challenges of inclusive sustainable growth. Poor quality public services have further excluded disadvantaged groups and increased the unit cost of conducting business within these communities. In particular, these vulnerable groups continue to operate on the fringes of the local economy yet they can potentially contribute more if better harnessed and supported to enter the local economic system. The key conclusions are that:

- Marginalized groups in Gulu municipality have limited bargaining power when it comes to demanding for better municipal services.
- The unit cost of extending certain public services to these communities is higher owing to the absence of other auxiliary services. For instance, extending fire support services to these communities is hampered by poor access roads.
- The absence of regularised system of land ownership and tenure and other cultural nuances further isolate them from gainfully participating in the municipality. The municipality also is often a powerless arbiter since it also does not have public spaces to offer these groups.
- The absence of a clear obligation for universal provision of services like water and electricity often leaves the marginalised groups outside formal sector development.
- Imperfections within the market for the delivery of public services have excluded disadvantaged groups from gainfully engaging in economic activities.
- The transformation of Gulu Municipality to city status has the potential of increasing the available opportunities although the municipality hasn't adequately prepared disadvantaged groups for this transformation.
- Public goods and services are critical for enhancing equitable economic growth in cities. Notable of these are mainly; electricity, water, drainage systems, roads, solid waste collection, among others. inequitable distribution and high costs of these services adversely affect business and health of citizens.

### LED Policy

Uganda has an LED Policy (2014) which is meant to guide the roll-out of LED across the local government system. However, three years down the road, the policy hasn't led to automatic implementation at the local level. Challenges at the municipal level still abound. These include lack of the necessary skill levels, staff and funding shortages, poor community involvement in the planning and implementation of LED projects etc. The LED has not been properly infused in local government plans. There is need for capacity building, staffing and resolving funding shortages for better community engagement and LED that is responsive to local needs. There is no clear center for coordination of LED activities. There are fragmented activities undertaken by NGOs, private sector organizations and community associations.

### Priority

LED is currently still not a priority within Gulu Municipality and there is no direct funding for LED activities (LED activities are conducted as proxy to the current function of the District Commercial Office). The LED function within local governments is not propriety and therefore receives limited funding. However, the LED activities are part of the Municipal Development Strategy for the municipality.

## Land

Both The Constitution, 1995 and The Land Act, Cap 227 gives the government and local governments power to compulsorily acquire land and provides no framework to detail participatory methods in the acquisition. Gulu municipality faces a challenge of land allocation arising from historical and cultural nuances that guide local land ownership. Land tenure systems are still a challenge. With citizens feeling insecure about their ownership of land, and cases of land grabbing being reported, limited investments can be neither done locally nor attracted from outside.

## Private Sector Engagement

The level of competitiveness enhancement between the municipality and the private sector is low. Whereas the LED Policy puts special emphasis on building the capacity of the private sector to improve the Uganda's global competitiveness and export earnings, Gulu municipality has not established the potential and competitive advantages of each locality and the strategies required for exploiting the potential. The weak linkage between the community, private sector and municipal council is undermining local economic development. The Municipal council lacks a proactive direction in leading strong partnerships to steer the economy forward.

## Marginalized groups

There is an implicit pro-poor focus enshrined in the Gulu Municipal Development Plan. However, there is no apparent system within the plan that ensures that this pro-poor focus is carried through into planning and construction of infrastructure, or to ensure that disadvantaged groups are positively impacted by specific developments. There is limited awareness and capacity within municipality to implement pro-poor programs through the provision of structured opportunities for to enhance their participation in the municipal activities that affect them directly. There are serious deficits in delivery of some services like street lighting, access roads, and drainage. These adversely affect citizens especially in informal settlements by reducing working hours, loss of stock and customers.

## Utilities

Provision of certain services is the mandate of government, only to a certain extent. For instance, whereas the provision of basic services like water and electricity is a mandate of government, these services are directly provided by private utility companies. This limits the leverage that the government has in influencing the provision of such services and their quality. Municipal Councils still lack control over critical services like electricity and water which limits their role in LED via such services.

## Community Engagement

Citizens generally perceive the municipal leadership in negative terms hence limiting positive cooperation. Citizens hardly participate in all stages of planning, rarely get information from the Municipal council and perceive leaders as corrupt.

## Structural Deficits

There is high level of unemployment especially among the youth. For instance, the youth have been blamed for being the main source of insecurity in Mbale Municipality and especially in the informal settlements. While the government has introduced youth programmes like the Youth Livelihood scheme, it is apparently being abused.

## Recommendations for the Two Municipalities

### Broad Recommendations

- a) Broadly, there is need for improved delivery of public goods and services notably; network of community access roads to boost business in informal settlements, improve street lighting especially in informal settlements to reduce insecurity and extend working hours for businesses and set up more public toilets in informal settlements.
- b) Due to the general citizen outcry regarding the high price of electricity and cost of installation, there should be strengthened collaboration between the Municipal Council and UMEME. Local governments need more control over local public good and services that affect the local economy.
- c) There is need to strengthen/initiate PPP for improved service delivery. Although there are some PPP in services like solid waste, these are weak, and citizens complain a lot about inefficiencies.
- d) There is need to open roads and improve on drainage systems in informal settlements to create a better environment for economic activity. Inaccessibility to informal settlements are flooding due to poor drainage were critical issues raised.
- e) There is need to strengthen linkage between the Municipal council, business associations, NGOs and community. These could be done through profiling of businesses associations and their needs, improved information sharing and communication and organising regular forums for discussing local economic issues among these actors.
- f) The Municipal Councils should improve its downward accountability to citizens so as to restore trust and effective engagement. It is only through this that the Council will be able to mobilise people for equitable development. This should be through improved transparency on use of funds, allocation of land and procurement. Attracting foreign investments may be difficult if citizens are not well-engaged to mobilise local resources.
- g) It is critical that citizen participation in planning, delivering and monitoring of public goods and services is strengthened. It is not adequate just to engage citizens in identifying needs and priorities as the findings have revealed. It is critical to engage them in a journey involving decision making such as on investment areas, public spaces and other aspects.
- h) Given the high level of unemployed and unemployable youth, it is critical that youth skilling/training programmes are implemented to increase the municipal human capital base. This should be for both girls and boys. Other than leaving this to the private sector, the Municipal council should take a lead and coordinate this process.
- i) Develop strategy for use of public space for informal businesses especially in informal settlements. The findings have revealed that most businesses are on the street and open spaces. Continued forced evictions will undermine equitable economic growth where citizens have access to opportunities from economic growth.
- j) Although taxes are critical in generating local revenue for the Municipal council, there is need to improve assessment and collection of taxes because this was a big concern among citizens. Tax education is needed, discipline of tax officials and improving service delivery for people to understand the rationale for paying taxes.
- k) The Municipal councils should strengthen the commercial office through increasing the number of staff there and aligning their roles to the LED strategy. Furthermore, a centre for enterprise support and innovation to drive LED should be set up.

- l) There is a trend where citizens are forming village savings and credit associations as an alternative to difficulty in accessing finance from formal financial institutions. Besides needing support, there is need to ensure effective regulation of VSLAs so that citizens do not lose their money.
- m) The National LED policy is clear on what Municipalities should do to for growing their economies. This policy needs dissemination for actors to appreciate their roles and develop concrete plans for implementing the policy.
- n) The Municipal Councils should develop targeted interventions for citizens living in informal settlements for example support to solar systems. This can supplement the efforts of NGOs like NSDFU in northern division. This is because many citizens in informal settlements may not always be able to tap into opportunities that the Municipality gets.

### Specific Recommendations to Gulu Municipality

Recommendation 1				
<p><b>Develop a Revenue Plan:</b> Gulu Municipal Council is financed by grants (Conditional and Unconditional) from the Central Government, donations, transfers from other Government Units and locally generated revenues from taxes, fees, licenses and charges. Transformation of Gulu municipality to city status will require that the municipality to raise upwards of 50 per cent of its revenue. This calls for re-calibration of revenue management within the municipality that currently relies heavily on central government transfers. The municipality should develop a Revenue Plan that maps all the potential revenue opportunities available. Strengthening own-source revenue for municipalities is critical for increasing the spending discretion of Municipal Councils, especially on services whose financing is not from the centre, such as solid waste management.</p>				
Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Revenue Enhancement Committee <input type="checkbox"/> Assistant Town Clerk- Administration
Recommendation 2				
<p><b>Establish Mechanisms that support the wider participation of private sector actors in delivering key municipal services:</b> the municipality can craft an incentive systems around the priorities for which they envisage opportunities for LED growth. Formulation of incentives relating to land, tax rebates, tax holidays etc. can enhance business growth. The municipality should aim at establishing “ease-of-doing-business” in Gulu municipality. Dealing with corruption and insider trading can attract the kind of investment necessary to drive growth. The municipality can also undertake annual ‘early warning system’ surveys to determine the needs of local businesses. Gulu municipality needs to make use of the growing private sector to deliver and co-fund some of the public sector services through explicit public-private partnerships. Setting up an ‘Investor Help desk’ to provide information to investors and businesses can ameliorate the information asymmetries. This can improve the efficiency and effectiveness of in the delivery of some local public services. Services like a City Abattoir can be provided by the private sector to relieve the municipality of up-front capital costs. The establishment of a Job-Centre facility can provide the missing link between those who are looking for employment and those who looking for employees.</p>				
Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Mayor’s Office <input type="checkbox"/> Municipal Development Forum <input type="checkbox"/> PR Office
Recommendation 3				
<p><b>Street Lighting:</b> this relates to the provision of this service owing</p>				
Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Municipal Council <input type="checkbox"/> Development Partners <input type="checkbox"/> Private sector



#### Recommendation 4

**Capacity development/Supporting VSLAs (trainings, registration support etc.):** There is need for capacity development in LED modalities across the municipality and other lower governments. The current LED Policy has not been properly articulated by technocrats in the municipality and other actors within the LED value chain (including vulnerable groups). LED can only be driven by committed champions whose specific role is to ensure that LED processes and activities are included in the municipality's budgeting process. The creation of positions like LED Officer and a Private-Public-Partnership Officer can enhance this process. LED capacity development for municipal personnel on the various principles and practices of LED. Officials like CDOs, Councillors and other senior officials need capacity building for improved awareness of LED and rural development. Members of the Municipal Development Forum also need to benefit from regular training. Politicians and other elected and appointed officials do not fully understand LED and its contextual relevance to a transforming municipality like Gulu. Such capacity building will help these critical actors to contextualize LED within the municipal development framework with a view of establishing an independent LED office to champion the different strategies highlighted in the Municipal Development Strategy.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Municipal Council <input type="checkbox"/> Sector Conditional Grant

#### Recommendation 5

**NWSC and UMEME/ Provision of Utility Services:** Utility services are critical drivers of LED and provide a strong rationale for local investment. Currently, the provision of these services is undertaken under a monopolistic market structure. This limits the leverage that many LED stakeholders at have in determining the quality and reach of these services. Moreover, the municipality does not support alternatives to these services e.g. the drilling of boreholes for alternative sources of water is illegal. The municipality can engage these utility corporations through mutual agreements in order to provide quality, reliable and affordable services. For instance, the municipality can seek to undertake some of the 'local' electricity distribution component of UMEME's work at the municipal level. This will not only provide for better ownership and provision of auxiliary services related to the quality of this service, but also create local jobs that sustainably support the local economy.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> UMEME / UEDCL <input type="checkbox"/> NWSC <input type="checkbox"/> Municipal Council

#### Recommendation 6

**Data and Knowledge Management:** the use of evidence for planning, projection and other strategic functions is limited. The Municipal authority does not regularly collect market economic data that can provide timely appraisals to inform policy and programs. Other data related to the kind of competitive advantages that the municipality has (agriculture, touring, manufacturing etc.) and their contribution to GDP are lacking. Gender disaggregated data that is necessary to inform gender-specific aspects of inclusive growth is limited. The municipality needs to come up with innovative forms of data gathering to better understand how government budgeting is likely to impact on enterprises and people in the informal sector. This data can inform the development of the Gulu Municipality LED Strategy that includes Services master plans, marketing or investment plans. Moreover, a robust system for sex and age disaggregated data will provide for a deeper analysis and understanding of gendered needs to inform gender-sensitive policy-making and programming.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Revenue Enhancement Committee <input type="checkbox"/> Assistant Town Clerk- Administration

### Recommendation 7

**LED Strategy and Roll out:** In order for LED to be more effective in Gulu Municipality, there has to be a clear distinction between LED and community development initiatives. The chosen Strategy needs to refrain to solve problems by throwing money to the problem (e.g. poor access of particular public services). The municipality should aim at addressing the root causes of market failures with a view of stimulating entrepreneurship and business development; maximize existing local resources such as finance, natural resources, and the human capital (youthful population). This will help identify and implement some of the “quick wins” projects that are sustainable for inclusive growth.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Economic Planner <input type="checkbox"/> Commercial Officer <input type="checkbox"/> Statistician <input type="checkbox"/> Town Clerk <input type="checkbox"/> Municipal Development Forum

### Recommendation 8

**Taxation and Tax education:** Comprehensive tax education needs to be conducted to ensure that all stakeholders are on board. Sustainable LED cannot be achieved without ‘ownership’ by all activities within the local economic eco-system. Currently, the tax system in the municipality is viewed as being out-of-touch with the economic realities within the local economy. Multiple taxation of certain services and ‘taxation-overload’ within a growing economy can stifle business growth due to the perceived escalation of the cost of doing business.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Media <input type="checkbox"/> REC <input type="checkbox"/> MDF <input type="checkbox"/> URA <input type="checkbox"/> Local leaders e.g. councillors

### Recommendation 9

**Public Private Partnership:** Sustainable LED is hinged on strong public-private-partnerships. In the past, the private sector has been on the fringes of LED planning and implementation. Such poor partnerships limit the success for LED driven growth. Currently, local business associations and clusters exist albeit not well organized. The Municipality ought to support these existing clusters to enhance their capacity as hubs for LED. Strengthening these business structures and supporting collaborations with the NGOs will help provide support to community projects. Gulu municipality should increase the level of engagement with stakeholders to ensure that the right services (and of appropriate quality) are provided to the community for sustainable outcomes. Currently, the MDF provides a platform for participatory decision making and social dialogue. So far, the MDF has played a strategic role in bridging the gap between the technical and political wings in the municipality by ensuring adequate representation, accountability and Value-for-Money service delivery. The activities of the MDF has resulted into some of the great success stories that Gulu municipality is known for. The MDF helps to build trust, promotes innovation and creates a platform for the typical social networks that drive local economic development. The MDF should therefore be streamlined and formalized to ensure that its contribution is attributable and measurable. Successful local economic development is not about waiting for something to happen but making things happen. The old reality of delayed government appropriations and an over-dependence on the Central government creates the systemic delays that limit the municipality’s ability to provide the quality of services for its people. This therefore demands for a more proactive approach to financing and investment. The Municipality should engage partners, donors, the private sector, philanthropists etc. for inclusiveness towards shared prosperity. The municipal authorities should come up with an LED Investment Plan to drive this engagement (the Gulu MDS has a target of developing an Urban Infrastructure investment plan and database).

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> Elected leaders <input type="checkbox"/> Chamber of commerce <input type="checkbox"/> Commercial Officer <input type="checkbox"/> Senior Planner

### Recommendation 10

**Youth/Marginalized groups Skill Development:** LED initiatives that empower historically disadvantaged individuals and groups should be priority. The prevailing inequality, unemployment and poverty can reduce the gains to development that the municipality has made if that growth ignores or ‘leaves behind’ certain groupings. The municipality needs to integrate the needs of the disadvantaged communities as a part of the overall municipal plans, contracting arrangement and tariff reforms and recognizing the need for greater emphasis on community consultation for service planning in low income communities.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/> ACDOs (30% of DDEG should go to income generating activities) <input type="checkbox"/> Municipal Council <input type="checkbox"/> Youth / Women council <input type="checkbox"/> Private sector <input type="checkbox"/> PR Office

### Recommendation 11

**Structural reform:** The Ministry of Local Government has a department for LED. However, whereas under new local government guidelines, the position of Commercial Officer has been elevated to LED, this has not happened within the structure of Gulu Municipality. Currently, the structure of Gulu Municipal Council does not adequately reflect LED. LED activities in Gulu municipality are undertaken by the Commercial Officer as part of many other activities that they do. This has resulted into limited funding for LED activities. In addition, the LED Policy identifies a “LED Resource Team” at local level to champion LED activities. This team includes the CAO/Town Clerk, Municipal Production Coordinator, Municipal Natural Resource Officer, Municipal Commercial Officer, Municipal Community Development Office and a representative of Private Sector and CSO. The structure is insufficient due to the fact that LED not a cross-cutting municipal function. The LED function must therefore be driven by all municipal departments in an integrated manner. The Municipality structure should be revised to include the position of an LED Officer within the municipality super structure. The establishment of LED Units/ departments should be priority. This will ensure that LED is more institutionalized and that LED strategies are relevant and more spatially grounded.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/>

### Recommendation 12

**Strengthen Municipal Development Forum:** There is need to strengthen existing associations of groups at municipal levels to enhance their participation and integration into municipal decision-making and action plans for gender responsive public goods and services. The MDF in Gulu has been lauded for its extensive engagement with the municipality in the delivery of key government programs. Such lobbies need to be strengthened, supported and ultimately streamlined to ensure that these voices are included in the policy discourse for owned and inclusive growth.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/>

### Recommendation 13

**Outreach and Advocacy:** Whereas the municipality has a Municipal Development Strategy, aspects within the strategy need to be better packaged to market the municipality to potential investors and other private sector actors. For instance, consistent with the “Buy Uganda, Build Uganda” strategy for development, the municipality can create a: Build Gulu Municipality” strategy (BUGUMU) which should ne a one-stop advocacy platform that showcases all the economic opportunities within the municipality and the systems that support local investment in those opportunities.

Funding Required	Short -term	Medium-term	Long-term	Actors
				<input type="checkbox"/>

## Specific Recommendations for Mbale Municipality

1. There is need for improved delivery of public goods and services notably; network of community access roads, street lighting especially in informal settlements to reduce insecurity and extend working hours for businesses.
2. Strengthen collaboration between the Municipal Council and UMEME TO address the problem of high cost of electricity installation.
3. To strengthen/initiate PPP for improved service delivery. Although there are some PPP in services like solid waste, these are weak, and citizens complain a lot about inefficiencies.
4. Open roads and improve on drainage systems in informal settlements to create a better environment for economic activity. Inaccessibility to informal settlements are flooding due to poor drainage were critical issues raised.
5. Strengthen linkage between the Municipal council, business associations, NGOs and community. This could be done through profiling of businesses associations and their needs, improved information sharing and communication.
6. The Municipal Council should improve its downward accountability to citizens to restore trust and effective engagement. It is only through this that the Council will be able to mobilise people for equitable development.
7. It is critical that citizen participation in planning, delivering and monitoring of public goods and services is strengthened. It is critical to engage them in a journey involving decision making such as on investment areas, public spaces and other aspects.
8. Develop strategy for use of public space for informal businesses especially in informal settlements. The findings have revealed that most businesses are on the street and open spaces.
9. Improve assessment and collection of taxes because this was a big concern among citizens. Tax education is needed, discipline of tax officials and improving service delivery for people to understand the rationale for paying taxes.
10. The Municipal council should strengthen the commercial office through increasing the number of staff there and aligning their roles to the LED strategy. Furthermore, a centre for enterprise support and innovation to drive LED should be set up.
11. The Municipal Council should develop targeted interventions for citizens living in informal settlements for example support to solar systems to supplement the efforts of NGOs like NSDFU.

## Conclusions for Mbale Municipality

1. Uganda has a conducive environment for local governments to operate and deliver public goods and services. However, Municipal Councils like Mbale lack control over critical services like electricity and water which limits their role in LED via such services.
2. The weak linkage between the community, private sector and municipal council is undermining local economic development. The Municipal council lacks a proactive direction in leading strong partnerships to steer the economy forward.
3. There are serious deficits in delivery of some services like street lighting, access roads, and drainage. These adversely affect citizens especially in informal settlements by reducing working hours, loss of stock and customers.

4. Citizens generally perceive the municipal leadership in negative terms hence limiting positive cooperation. Citizens hardly participate in all stages of planning, rarely get information from the Municipal council and perceive leaders as corrupt.
5. Land tenure systems are still a challenge. With citizens feeling insecure about their ownership of land, and cases of land grabbing being reported, limited investments can be done locally nor attracted from outside.
6. There is high level of unemployment especially among the youth. The youth have been blamed for being the main source of insecurity in Mbale Municipality and especially in the informal settlements. While the government has introduced youth programmes like the Youth Livelihood scheme, it is apparently being abused.
7. There is no clear center for coordination of LED activities. There are fragmented activities undertaken by NGOs, private sector organizations and community associations.

# Annexure

Annexure 1a: List of Key Informants – Gulu Municipality	120
Annexure 1b: List of Key Informants – Mbale Municipality	121
Annexure 2: TORs	122
Annexure 3a: Survey Tools	128
Annexure 3b: Survey Tools	142
Annexure 3c: Survey Tools	145

## Annexure 1a:

## List of Key Informants – Gulu Municipality

Name	Designation	Contact Details
Mego Lonyo Franscis	Market Master – Gulu Central Market	0772651514
Onyango Richard	Deputy Town Clerk and Commercial Officer, Bardege Division	
John Charles Luwo	Gulu Municipality, Economic Planner	0772695929
Agnes Oyella	Lands Supervisor	0777489520
Ruth Monday	Gulu Municipality, Community development Officer	0702181522
Patrick	Branch manager, Talanta Microfinance, Gulu	0782184627
Aligech. O. George Iapir	Municipal Development Forum	
Bongowat Richard	Secretary for Security, Layibi Central sub ward	0774615254
Rubanga Michael	Health Inspector, Layibi	
Odongkara Opio Mathius	Chairman, Keyo ALC1	0782663188
Kidega Dennis	Senior Urban Planner, Ministry of Lands Housing and Urban development	0702847844
Stephen Gang	Area Manager, NWSC	075111522
Tom Awuzu,	District Manager UMEME	
Pauline Lukwiya	Deputy Mayor, Gulu M/C	0782675803
Mr. Ayella Christopher	Coordinator Gulu Youth centre	0772348335 0772744407
	Assistant Town Clerk, Pece Division	
Mr. Emmanuel Ogonya	M&E Officer Acholi Private Sector	

**Annexure 1b:****List of Key Informants – Mbale Municipality**

Name	Designation	Contact Details
Mutwalibi Zandya	Mayor Mbale Municipal Council	
Angela Neumbe	Senior Community Development Officer	0782523464
Bin Musa Semanda	President-Mbale MDF and Chairperson National Slum Dwellers Federation-Mbale	0758119280
Wamembo Joseph	Acting Commercial officer	
Busiku Martin	Senior Assistant Town Clerk-Northern Division	0772675827
Geoffrey Nambafu	Eastern Private Sector Development Centre (EPSEDEC)	0774630000 0702630000
Rhkan David Emokol	General Secretary, Kumi Road Market, Mbale	0783241956
Wotsomu John Moses	Economic Planner	jmwotsomu@yahoo.com 0777084995 0705330156
Kenneth Khatuli	Deputy Town Clerk	0773173197
Nambafu Fred	Municipal Town Planner	0777912155
Eunice Muyama	District Physical Planner	0774209479 0706209479
Khasim Arafat	Credit Officer Vision Fund, Microfinance	0774068355
Mutenyo Godfrey	Secretary District Land Board	0774962721



Consultant for Local Economic Development for Equitable Growth in Uganda

**Advertised on behalf of:**

<b>Location:</b>	Kampala, UGANDA
<b>Application Deadline:</b>	17-Aug-17 (Midnight New York, USA)
<b>Additional Category:</b>	Crisis Response
<b>Type of Contract:</b>	Individual Contract
<b>Post Level:</b>	National Consultant
<b>Languages Required:</b>	
<b>Starting Date:</b>	01-Sep-2017
(date when the selected candidate is expected to start)	
<b>Duration of Initial Contract:</b>	Output-based contract over a 3-month period
<b>Expected Duration of Assignment:</b>	Output-based contract over a 3-month period

## Background

The United Nations Capital Development Fund (UNCDF) is a UN organization with a capital mandate (unique in the UN System) focused on reducing poverty and inequality first and foremost in the least developed countries (“LDC”s). UNCDF develops and tests out financial models which mobilize and recycle domestic resources to meet local needs and which raise investor confidence in these local economies so that they can become centres of growth. UNCDF works with local governments, promoting financial and fiscal accountability to its citizens through local development funds, performance-based grant systems, structured project finance, and by strengthening local revenue streams. It also supports accountable planning, budgeting, and decision-making at the local level, recognizing the importance of having decisions about resources being made locally, and those resources being spent or invested locally.

UNCDF in partnership with the Cities Alliance, the global partnership for poverty reduction and the promotion of cities in sustainable development with a representative global membership of over 30 full and associate members is implementing the Joint Work Programme on Equitable Economic Growth in Cities in Uganda. The JWP on Equitable Economic Growth in Cities (2016-2020) focuses on supporting equitable access to public goods and services by all citizens and formal and informal businesses in cities. It works with development partners to produce global knowledge, facilitate policy dialogues and support city-level diagnostics and policy recommendations. The goal is to support growth trajectories increasingly characterised by equity, inclusion and environmental sustainability.

UNCDF is specifically responsible for implementation of JWP Component 3: The Campaign Cities Initiative. The main objective is to assist two municipal governments in Uganda, the municipalities of Gulu and Mbale, to develop well-researched and evidence-based policy recommendations on how to improve the delivery of municipal public goods and service that contribute to equitable economic growth. Also, the project will facilitate UNCDF and other JWP members to support the promotion of equitable access to public goods and services in the selected Ugandan cities, based on local needs, capacities and priorities.

During a 24-month local support initiative, the two Ugandan municipalities will be assisted in producing a number of outputs, such as an Institutional Enabling Environment Report, a Local Assessment Report, and city-level evidence-based policy briefs and recommendations. Two themes were identified through a participatory and consultative process for Local Assessment Reports in Gulu and Mbale – Public Space and Land Management, and Local Economic Development. Local Assessment Reports are intended to provide detailed information about a particular public service, its scope, delivery mechanisms and recommendations about service improvements required to promote equitable economic growth. A Local Assessment Report contains a situation analysis and mapping of the city economy in terms of factors, systems and structures related to the provision of and access to public goods, resulting in a clearly documented evidence base. It is the key input to inform city-level evidence-based policy briefs and recommendations to specify policy, legal and regulatory actions to be employed by municipal authorities to implement the LAR recommendations.

## **Objectives of the Consultancy**

Municipal governments are the primary agents for LED because they address a wide range of economic development needs and issues: business regulations and infrastructure, tax, sites and premises, waste collection, education and training. They can identify and provide leadership, and organize coalitions and partnerships within a city and region. They have the democratic mandate and responsibility, and represent the needs of the entire community.

The New Urban Development Agenda (2016) stresses the need to take advantage of the opportunities of urbanization as an engine of sustained and inclusive economic growth, social and cultural development, and environmental protection, and of its potential contributions to the achievement of transformative and sustainable development. Specifically, it calls on businesses to apply their creativity and innovation toward solving sustainable development challenges in urban areas, acknowledging that private business activity, investment, and innovation are major drivers of productivity, inclusive growth and job creation and that private investment is an essential element of development efforts.

Hence, UNCDF seeks to engage a Consultant to prepare a Local Assessment Report on Local Economic Development in Gulu and Mbale and perform other relevant activities associated with this output. The objective of the LAR is to establish a reliable evidence base with respect to the public space and land management in the target municipalities from the perspective of public service delivery that fosters equitable economic growth.

## **Duties and Responsibilities**

The Consultant will work in close collaboration with the relevant municipal authorities and Municipal Development Forums, Ministry of Lands, Housing and Urban Development, Ministry of Local Government, Urban Authorities Association of Uganda and other relevant government and non-government stakeholders as well as with the JWP members in Uganda (Cities Alliance, DFID, World Bank and GIZ).

The Consultant for Local Economic Development working under the guidance of a Lead Consultant for Local Economic Development will undertake the tasks described below. The tasks and expected outputs are designed to be produced through a team effort of the two consultants. The exact division of labour should be agreed between the consultants and endorsed by the UNCDF focal point. The general suggested division of labour across the tasks and outputs is as following:

- Lead Consultant: overall responsibility for the delivery of all outputs; quality control across outputs; general methodological issues for the consultancy and research methodology and design of the validation workshops; final editing of the Local Assessment Reports and presentation materials; contacts and liaison with the partners and parties concerned; briefings and presentations to MoLHUD, MoLG, municipal authorities and the JWP Sounding Board;

- Consultant: specific inputs to the research methodology; management of the field research including data collection, entry and processing; inputs to the draft and final versions of the Local Assessment Reports and presentation materials as well as other outputs as agreed with the Lead Consultant.

Provide inputs to a methodology for a situation analysis that allows collection of reliable and relevant data to identify the key challenges and opportunities for local economic development to promote equitable economic growth in towns using the following guidelines:

- The methodology should combine quantitative and qualitative methods, including for example a review of administrative data and official statistics, extant research, mini-surveys, key informant and focus groups interviews, etc;
- The methodology should combine the private sector perspective with that of the public sector directly responsible for public space and land management to identify the gaps and opportunities that improved land and public space management may produce to promote equitable economic growth;
- The methodology should provide as much gender disaggregated data as possible and incorporate gender-sensitive analysis throughout to take stock of the adequacy and access levels to public space and land for private sector development along gender lines;
- Special attention should be given to the public space and land issues in underdeveloped areas of the municipality, particularly slums;
- The methodology should be adapted to the specific characteristics and needs of the municipality where it is applied;
- The methodology should be aligned, to the extent possible, with the methodology for producing a Local Assessment Report on public space and land management to ensure complementarities between the two LARs.

The methodology may cover the following areas affecting LED and private sector development to the extent that municipal authorities may, directly or indirectly, produce an influence in such areas:

**Employment and innovation:**

Access to employment for women, youth, other disadvantaged groups, pockets of social and spatial exclusion;

- Access to business development services at an appropriate level of disaggregation, particularly for informal areas (slums) and disadvantaged groups;
- Access to local development plans, official data and information;
- Access to business relevant information and marketing data;
- Access to professional training and skills development;
- Access to professional and innovation networks.

**Infrastructure and services:**

- Access to property, physical location and public spaces for business activities;
- Access to incubation facilities, equipment, machinery, etc;
- Access to infrastructure, utilities and communications, including access to affordable and reliable transport systems;
- Access to new technologies and new/potentially high-growth sectors;
- Access to and geographic and social breakdown of critical public services, such as primary and secondary education, water and sanitation, electricity primary health care.

**Institutions and regulations:**

- Tax regime;
- Access to public services, such as fire, health and veterinary inspections, business licensing, promotion and branding, etc;
- Land and construction regulation (including time and procedures to get building permits);
- Regulatory burden, ease of doing business, transaction costs (including time and procedures to register businesses).

**Enterprise support and finance:**

- Access to finance (equity and debt), short- and long-term from microfinance institutions, banks and other finance providers;
- Access to subsidies and incentives;
- Access to other types of financial contributions through the community that improve the LED environment (e.g., from the police and prisons);
- Access to export assistance.

**Conduct field research for the Local Assessment Report on Local Economic Development in two municipalities:**

- Develop a work plan for the field research and conduct gender-sensitive quantitative surveys, gender-balanced interviews and focus groups and other activities as per the agreed methodology and work plan;
- Carry out collection of data for the LED mapping and complete the processing and analysis of raw data.

**Validate and present the results:**

Provide relevant inputs to the Local Assessment Report and present the key findings from the mapping exercise, conclusions and recommendations, in the agreed format for both municipalities. The conclusions and recommendations should clearly identify

- Gaps in the delivery of public goods and services, particularly along local growth paths, that impede equitable economic growth.
- Specific challenges in accessing public services and infrastructures by different social and economic urban strata, including how access to these are also divided along gender lines;
- Opportunities, priority areas of improvement and key actions to encourage equitable economic growth that may be undertaken by (a) government agencies, particularly municipal and district authorities; (b) professional associations; (c) business entities and civil society organizations;
- Likely gains from implementing those priority improvements in terms of local economic growth, personal incomes and other relevant economic indicators;
- Provide inputs to PP presentations and handout materials for discussions of the Sounding Board to validate the findings;
- Contribute to the design of two gender-balanced City Review Workshops and relevant presentation materials to present and validate the Local Assessment Reports;
- Facilitate discussions of the Local Assessment Report at the City Review Workshops;
- Collect comments and suggestions from the stakeholders and support finalization of the Local Assessment Report for dissemination via Ugandan government partners, JWP partners and others.

## Competencies

**Corporate Competencies:**

- Demonstrates commitment to the UN's mission, vision and values;
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability; and
- Ability to maintain effective rapport with different kinds of people.

**Functional Competencies:**

- Demonstrated adequate technical experience and know-how to undertake the necessary baseline surveys and assessment work including data collection, processing and analysis;
- Ability to work in multifaceted and cross-cutting environments;
- Understanding of the urbanization challenges in Africa and in Uganda in particular in the context of urban land management.

## Required Skills and Experience

### Academic qualifications:

- Graduate degree in a relevant discipline, such as Economics, Local Development, Sociology, Development Studies, etc.  
Years of experience:
- At least 5 years of proven relevant work experience in in local economic development at the international and national level, with sound experience in Local Governance and Local Development;
- Demonstrated experience in development research and policy analysis related to local economic development, particularly in the urban context;
- Demonstrated technical expertise in data collection, processing and analysis;
- Experience in writing/editing reports for large organizations, especially within the UN system.

### Language requirements:

- Fluency in written and spoken English.

## Price proposal and schedule of payments

A lump sum payment, in seven tranches, shall be made upon successful completion and certification of work done as indicated in this Terms of Reference. Payment is based on the consultant submitting detailed reports or other deliverables against the agreed work plan, as agreed in the inception report, and a final report at the completion of the assignment.

Upon completion of the following deliverables: 20%

- Inception report describing the consultant's response to the TOR;
- Research methodology;
- Workplan of the consultancy.

Upon completion of the following deliverables: 30%

- Workplan for field research;
- Raw data from the field research in excel format or other format as agreed.

Upon completion of the following deliverables: 50%

- Draft local assessment reports for two municipalities and presentation materials for the city review workshops on key findings, conclusions and recommendations;
- Proposals for the city review workshops in two municipalities to present and validate the local assessment reports;
- debriefing session with the Sounding Board Group and presentations to the city review workshops;
- final local assessment reports for two municipalities and presentation materials summarising and explaining the main findings and recommendations in a comprehensible and easy format.

## Submission of Application

The candidate is required to submit an electronic application directly uploaded on the UNDP jobs website with all the requirements as listed here below. Annexes and further information may be downloaded on <http://procurement-notices.undp.org/>. (Reference #39777). Interested individual consultants must submit the following documents/information to demonstrate their qualifications in one single PDF document to this website - <http://jobs.undp.org> (Ref no.73857).

- Duly accomplished Letter of Confirmation of Interest and Availability using the template provided by UNDP (Annex II);
- Personal CV, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references.

**Technical proposal:**

- Brief description of why the individual considers him/herself as the most suitable for the assignment;
- A methodology, on how they will approach and complete the assignment;
- Financial proposal that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided (Annex II);
- Annexes 1 and II - may be downloaded from the UNDP Procurement Notices Website -<http://procurement-notice.undp.org/> - under reference #39777. For further clarifications, please

**“A study on Local Economic Development  
for Equitable Growth in Uganda”**

**UNCDF-CITIES ALLIANCE**

**Interview No** .....

**Informed Consent**

My name is ..... I am working on behalf of the United Nations Capital Development Fund (UNCDF). UNCDF is currently conducting a study on “Local Economic Development for Equitable Growth in Uganda” being conducted in the municipalities of Mbale and Gulu. The study will produce a Local Assessment Report to provide an evidence base on the role of public goods and services delivery in fostering equitable economic growth. Overall, the study seeks to understand opportunities and challenges for local economic development and equitable economic growth upon which recommendations will be made.

I wish to ask you a few questions related to factors affecting local economic development in this municipality. Your identity for this study shall remain confidential. What you share with me shall not be disclosed against you unless your permission is sought. You are free not to answer any questions you feel uncomfortable with.

01)	Date of Interview	
02)	Name of interviewer	
03)	Municipality	
04)	Division	
05)	Ward	
06)	Zone	

Time started ..... Timed ended .....

Examined by ..... Signature ..... Date .....

### Section One: Respondent's Socio-Demographic Characteristics

No	Question	Response
1.1	Sex of the respondent ( <b>Circle as appropriate, do not ask</b> )	1. Male 2. Female
1.2	How old are you?	1. 18-25 years 2. 26-35 years 3. 36-45 years 4. 46-55 years 5. Above 55 years
1.3	What is your highest level of education?	1. None 2. Primary 3. Secondary 4. Tertiary 5. Others ( <i>specify</i> ) .....
1.4	What is your marital status?	1. Married/Cohabiting 2. Single/Never married 3. Divorced/Separated 4. Widowed
1.5	What is your religion?	1. Anglican 2. Catholic 3. Muslim 4. Seventh Day Adventist 5. Orthodox 6. Pentecostals 7. Others ( <i>specify</i> ) .....
1.6	How many members does your household have?	1. Children .....
		2. Adults .....
		Total .....
1.7	Does any member of your household have any form of physical or mental disability?	1. Yes 2. No ( <b>skip to 1.9</b> )
1.8	If yes in 1.7 (above), what form of disability do you have?	1. Visual impairment 2. Audial impairment 3. Speech impairment 4. Mobility problem 5. Any other ( <i>specify</i> ) .....
1.9	What is the nature of your housing ownership?	1. Has own home 2. Renting 3. Lives with relatives/friends 4. Public accommodation (e.g. government housing) 5. Any other ( <i>specify</i> ) .....
1.10	What is the nature of your housing structure? ( <b>observe or ask household characteristics</b> )	1. Permanent house with bricks and iron sheets 2. Semi-permanent house 3. Mud hut 4. Makeshift hut 5. Any other ( <i>specify</i> ) .....
1.11	What are your household sources of income? ( <b>multiple answers possible</b> )	1. Business/trade 2. Salaried employment 3. Farming 4. Service provision 5. Any other ( <i>specify</i> ) .....



Section One: Respondent's Socio-Demographic Characteristics		
No	Question	Response
1.12	What is your main source of income? (state only one source from those in 1.11)	.....
1.13	What is your average monthly income in Uganda shillings?	1. Less than UGX. 100,000 2. 100,000-UGX. 200,000 3. 200,000-UGX. 300,000 4. Above-UGX. 300,000
1.14	What are your main business assets and their estimated values?	1. Land/house (estimated value)..... 2. <i>Bodaboda</i> (estimated value) ..... 3. Machines (estimated value)..... 4. Market stall (estimated value)..... 5. Any other (specify) .....
1.15	What is your Sub County and District of birth?	.....
1.16	Does any of your household member have any chronic/life threatening disease?	1. Yes (specify) ..... 2. No
Section Two: Nature of Economic Activity		
2.1	In what sector does your business fall? (write specific activity against the sector)	1. Manufacturing (specify) ..... 2. Transport (specify) ..... 3. Trading (specify) ..... 4. Production (specify) ..... 5. Any other (specify) .....
2.2	What is the legal status of your economic activity?	1. Sole proprietor (one person-business) 2. Partnership (2-20 people) 3. Family business 4. Limited liability company 5. Any other (specify) .....
2.3	Is your business formally registered? (ask for certificate of registration)	1. Yes 2. No
2.4	Where is your business located?	1. Home 2. Well-built market 3. On street 4. Open market 5. Industrial area 6. Any other (specify) .....
2.5	Status of business premises ownership	1. Owned 2. Extended family premise 3. Rented 4. Any other (specify) .....
2.6	If rented in 2.5 (above), what is your monthly expense for business premise/location?	1. Less than UGX. 50,000 2. UGX. 50,000- UGX. 100,000 3. UGX. 150,000- UGX. 200,000 4. Above UGX. 200,000
2.7	When did your business start?	State month and year.....

Section Two: Nature of Economic Activity		
2.8	How many people do you employ in your business?	1. Male 2. Female
Section Three: Access to Finance, Public Space and Business Development Services		
3.1	Have you ever received any loan for your business?	1. Yes 2. No (skip to 3.5)
3.2	If yes in 3.1 (above), where did you get the loan from?	1. Commercial Bank 2. Microfinance organization 3. SACCO 4. VSLA (membership group) 5. Municipal Council 6. Borrowed from a friend/relative 7. Any other (specify).....
3.3	Did you face any challenges in accessing the loan?	1. Yes 2. No (skip to 3.5)
3.4	What was the most critical challenge you faced in accessing the loan? (select only one)	1. Lack of collateral security 2. Long processing period 3. Lot of expenses involved 4. Bribing of credit/loan officers 5. Many forms to fill 6. Any other (specify).....
3.5	What should the M/C do to improve access of small businesses to financial services? (only one)	.....
3.6	Have you ever received any training or business development services (BDS)?	1. Yes 2. No (skip to 3.12)
3.7	What form of training/BDS services did you receive?	1. Savings 2. Record keeping 3. Customer care 4. Marketing 5. New technologies 6. Any other (specify).....
3.8	Who provided the training/business development services?	1. Municipal Council 2. Chamber of Commerce 3. NGO/CBO (specify) ..... 4. Private service provider 5. University/training institution 6. Any other (specify) .....
3.9	Did you pay for the training/BDS?	1. Yes (state amount) ..... 2. No
3.10	To what extent was the training offered relevant to your business needs?	1. Very relevant 2. Relevant 3. Somehow relevant 4. Irrelevant 5. Very irrelevant
3.11	When was the last training you attended/MDS accessed?	1. Year 2017 2. Year 2016 3. Year 2015 4. Year 2014 5. Before 2014

### Section Three: Access to Finance, Public Space and Business Development Services

No	Question	Response
3.12	What training/business development services critical for your business are you missing? (multiple responses possible)	1. New technologies 2. Communication and information 3. Professional networks 4. Any other (specify) .....
3.13	Do you belong to any local business or community association?	1. Yes (specify association) ..... 2. No (Skip to 3.15)
3.14	If yes in 3.13 (above), how has the association supported your business/household?	.....
3.15	Have you ever been evicted from your current or former place of business location?	1. Yes 2. No (skip to 3.19)
3.16	If yes in 3.15 (above), why were you evicted?	1. Inability to pay rent 2. Street vending outlawed 3. Land owner needed back his/her land 4. Construction of infrastructure services e.g. road 5. Any other (specify) .....
3.17	How was your business affected by the eviction? (multiple responses possible)	1. All stock confiscated 2. Part of stock confiscated 3. Business closed for some time 4. Business premise changed 5. I changed business type 6. Any other (specify) .....
3.18	How often have you been evicted from your business premises?	1. Daily 2. Weekly 3. Bi-monthly monthly 4. Monthly 5. Bi-annually 6. Annually
3.19	How has your business activity changed in the last two years?	1. Improved (continue next question) 2. Worsened (skip to 3.22) 3. Remained the same (skip to 3.24)
3.20	If improved in 3.19 (above), what aspects of your business improved?	1. Increased stock 2. Increased number of employees 3. Opened new business branch 4. New products introduced 5. Working longer hours now than before 6. Any other (specify) .....
3.21	What brought about the improvements in your business?	1. Opening of a new road 2. Improved street lighting 3. Accessed a loan or another financing facility 4. Business training and counselling 5. Improved drainage channels 6. Any other (specify) .....
3.22	If business worsened in 3.19 (above), what happened?	1. Reduced stock 2. Reduced number of employees 3. Closed some business branch 4. Reduced products offered 5. Working longer hours now than before 6. Any other (specify) .....

3.23	What caused your business to worsen?	1. Eviction from business premise 2. Confiscation of stock by law enforcement officials 3. Confiscation of assets by loan officers 4. Theft/burglary 5. Fire burnt business 6. Improved drainage channels 7. Any other (specify) .....
3.24	What is the single biggest problem you face in running your business? (state only one)	.....
3.25	In case of any problem in 3.24 (above), how is it affecting your business?	.....
3.26	What makes you to continue operating your business in this area?	.....
3.27	What plan do you have for your business in the next five years?	.....

**Section Four: Access (Coverage, Reliability and Affordability) to Public Goods and Services**

4.1	Does your household/business have access to the following public goods and services? (multiple responses)	1. Piped water 2. Grid electricity 3. Solid waste management services 4. Public medical facilities 5. Primary education services 6. Public toilets 7. Drainage services 8. Security 9. Fire brigade services 10. Streets lighting 11. Walkways 12. Community access roads 13. Food inspection services				
4.2	How are you satisfied with the following services? (multiple responses matching 4.1)	Very good	Good	Fair	Bad	Very bad
	Piped water	1	2	3	4	5
	Grid electricity	1	2	3	4	5
	Solid waste management services	1	2	3	4	5
	Public medical facilities/health	1	2	3	4	5
	Public toilets	1	2	3	4	5
	Primary education services	1	2	3	4	5
	Sanitation services	1	2	3	4	5
	Drainage services	1	2	3	4	5
	Security	1	2	3	4	5
	Fire brigade services	1	2	3	4	5
	Street lighting	1	2	3	4	5
	Walkways	1	2	3	4	5

**Section Four: Access (Coverage, Reliability and Affordability) to Public Goods and Services**

No	Question	Response				
		1	2	3	4	5
	Community access roads	1	2	3	4	5
	Food inspection services	1	2	3	4	5
4.3	On average, how much money do you spend on the following services every month? (select applicable)					
	<b>Public Good/Service</b>					
	Water					
	Grid electricity					
	Solid waste management services					
	Public toilets					
	Public medical facilities					
	Primary education services					
	Sanitation services					
	Drainage services					
	Security					
	Fire brigade services					
	Lighting of streets and public spaces					
	Community access roads					
	Food inspection services					
4.4	What is the most critical public good/ service required for your business operations?	.....				
4.5	What is the single most important public good/service that the M/C should address to improve people's living conditions?	.....				
4.6	In the last one month, have you had any blockages or overflow of sewerage outside your business / street?	1. Yes 2. No (skip to 4.10)				
4.7	If yes in 5.1 (above), how long did it take to be fixed?	1. One day 2. One week 3. One month 4. Never been fixed				

4.8	Who fixed blockages or overflow of sewerage?	1. Municipal department 2. Myself 3. Volunteers 4. NWSC 5. Any other (specify) .....
4.9	How does the blockage and overflow of sewerage affect your household/business? (multiple responses, ranked)	Reduced working hours
		Destruction of stock
		Loss of customers
		Bad smell
4.9	How does the blockage and overflow of sewerage affect your household/business? (multiple responses, ranked)	Any other (specify) .....
4.10	What should be done by the M/C to improve sanitation services in your area?	.....
4.11	How often do you experience electricity supply disruption (outages)?	1. Daily 2. 2-3 days 3. Weekly 4. Monthly 5. No disruption (skip to 4.13)
4.12	How does electricity outage affect your household/business? (multiple responses, ranked)	Reduce working hours
		Increased costs due to resorting to generators
		Loss of customers
		Loss of customers
		Fire outbreaks
4.12	How does electricity outage affect your household/business? (multiple responses, ranked)	Any other (specify) .....
4.13	What is the most critical challenge you face in accessing and using electricity services?	1. Frequent outages 2. Many illegal connections 3. High cost of electricity 4. Corruption of electricity staff 5. High cost of installation 6. Any other (specify) .....
4.14	What should be done to improve electricity services in your area?	.....
4.15	What is your main source of water?	1. Stand pipe 2. Well 3. Spring 4. Buying from vendors 5. Any other (specify) .....
4.16	How often do you experience water supply disruption (outages)?	1. Daily 2. 2-3 days 3. Weekly 4. Monthly 5. No disruption

**Section Four: Access (Coverage, Reliability and Affordability) to Public Goods and Services**

No	Question	Response
4.17	How does water outage affect your business?	Reduce working hours
		Increased costs
		Loss of customers
		Loss of customers
		Fire outbreaks
		Any other (specify) .....
4.18	What is the most critical challenge you face in accessing and using water services?	1. Frequent outages 2. Many illegal connections 3. High costs (specify) ..... 4. Poor quality water 5. High cost of installation 6. Long distance to water points 7. Any other (specify) .....
4.19	What should be done to improve water services in your area?	.....
4.20	<b>Have you/your household experienced any insecurity incident in the last one month?</b>	1. Yes 2. No (skip to 4.23)
4.21	If yes in 5.12 (above), what incident did you experience?	1. Robbed of money (specify) ..... 2. Robbed of assets (specify) ..... 3. Beaten by thugs 4. Break in business or home ..... 5. Sexually assaulted 6. Any other (specify) .....
4.22	How did the insecurity incident affect your economic activity or ability to work?	1. Reduced working hours 2. Business closed for days 3. Capital reduced 4. Fire outbreaks 5. Resorted to borrowing capital 6. Any other (specify) .....
4.23	What should be done by the M/C to improve security in your area?	.....
4.24	<b>How do you dispose off the solid waste generated in your business/ household?</b>	1. In my garden 2. I burn it 3. Garbage bin 4. Landfill 5. Garbage collected daily by municipality 6. Garbage collected daily by company 7. Any other (specify) .....
4.25	If solid waste is collected by the M/C/ company, how satisfied are you with the services provided?	1. Very dissatisfied 2. Dissatisfied 3. Fairly satisfied 4. Satisfied 5. Very dissatisfied

4.26	What are the main challenges you face in solid waste management? ( <b>multiple responses, ranked</b> )	Delayed collection	
		High costs (specify amount)	
		No garbage bin/collection point	
		Air pollution	
		Any other (specify) .....	
4.27	How do solid waste collection problems affect your household/business?	..... .....	
4.28	What should be done by the M/C to improve solid waste management in your area?	.....	
4.29	<b>Does your household/business premises experience flooding?</b>	1. Yes 2. No ( <b>skip to 4.31</b> )	
4.30	How does flooding affect your business/household?	1. Reduced working hours 2. Business closed for days 3. Destruction of stock 4. Reduced customers 5. Water pollution 6. Any other (specify) .....	
4.31	What should be done to reduce flooding in your area?	.....	
4.32	<b>Have you experienced any incident of fire outbreak in the last one month?</b>	1. Yes 2. No ( <b>skip to 4.36.</b> )	
4.33	What caused the fire outbreak?	1. Electricity 2. Cooking stove 3. Arson 4. Doesn't know 5. Any other (specify) .....	
4.34	How did the fire affect your business/household?	1. Death of a person 2. Loss of stock 3. Assets burnt (specify) .....	
4.35	Who put out the fire?	1. Municipal fire department 2. Myself 3. Volunteers 4. Any other (specify) .....	
4.36	How can the fire protection services be improved in your Municipality?	.....	
4.37	<b>What is your main source of energy for cooking?</b>	1. Electricity 2. Bio-gas 3. Charcoal 4. Gas 5. Firewood 6. Any other (specify) .....	
4.38	What is the <b>main</b> challenge you have in accessing energy? ( <b>select one</b> )	1. Unreliable supply 2. High cost 3. Poor installation (for gas and electricity) 4. Any other (specify) .....	
4.39	How is your business affected by energy challenge mentioned in 4.38 (above)?	.....	



**Section Four: Access (Coverage, Reliability and Affordability) to Public Goods and Services**

No	Question	Response
4.40	What are the main problems affecting your business growth and development? (multiple responses, ranked)	Lack of inputs
		Low capital
		Unreliable electricity
		Unreliable water
		Flooding
		Any other (specify) .....
4.41	What should be done to improve energy provision in your area?	.....
4.42	What is nature of toilets you/ your household use?	1. Owned toilet 2. M/C provided community toilet 3. Toilet part of rented house 4. Private service provider 5. Any other (specify) .....
4.43	What is the main challenge you have in accessing/using toilets? (select one)	1. Congestion 2. Long distance to toilet 3. High cost 4. Regular overflow 5. Lack of water 6. Any other (specify) .....
4.44	How is your business affected by access to toilet challenge mentioned in 4.43 (above)?	.....
4.45	What should be done to improve access to sanitation services/toilets?	.....
4.46	In case of sickness by a family member, where do you seek treatment?	1. Public health facility 2. Private clinic 3. Community Health Centre 4. NGO facility (specify) .....
4.47	What is the main challenge you/your household have in accessing/using medical services? (select one)	1. Long distance to health facility 2. Lack of drugs in health centers 3. Unfriendly health staff 4. High cost of treatment 5. Discrimination 6. Any other (specify) .....
4.48	How do challenges in accessing medical services affect your business/ household?	.....
4.49	What should be done by the M/C to improve access to medical services?	.....
4.50	Do you have any child attending school?	1. Yes 2. No (skip to 4.54)
4.51	Where do you take children for schooling?	1. Public school 2. Private school 3. Religious school 4. Children don't attend school 5. Any other (specify) .....

4.52	What is the <b>main challenge</b> do you face in providing education to your children?	1. High costs 2. Long distance to school (specify) ..... 3. Insecurity for children 4. Transport problem 5. Any other (specify) .....
4.53	How does the challenge in 4.52 (above) affect your business/ household?	.....
4.54	What should be done by the M/C to improve access to education?	.....
<b>Section Five: Institutions and Regulations</b>		
5.1	<b>Do you pay any taxes or any other dues to the Municipal Councils?</b>	1. Yes (specify taxes/dues) ..... 2. No ( <b>Skip to 6.1</b> )
5.2	What form of taxes/dues do you pay?	1. Business licenses 2. Market dues 3. Any other (specify) .....
5.3	How often do you pay your taxes/ dues?	1. Daily 2. Weekly 3. Monthly 4. Annually
5.4	On average, how much money do you pay in taxes and other dues every month?	1. Less than UGX. 50,000 2. UGX. 50,000- UGX. 100,000 3. UGX. 150,000- UGX. 200,000 4. Above UGX. 200,000
5.5	What are the <b>two</b> most critical challenges you face in relation to collection of the taxes or other dues?	1. Harsh collection officials 2. No tax receipts provided 3. Confiscation of merchandise 4. Many forms of taxes/dues collected 5. Corrupt tax officials 6. Non-participation in setting tax rates 7. Any other (specify) .....
5.6	What most important thing should be done by the municipal council do to improve the tax system?	.....
5.7	<b>Does your business have a license/ permit?</b>	1. Yes 2. No ( <b>Skip to 5.13</b> )
5.8	How often do you renew your business license/permit?	1. Monthly 2. Annually 3. Every three years 4. Every five years 5. Any other (specify) .....
5.9	How much money do you pay to get/ renew the license?	Specify amount .....
5.10	In case your license expired, how long does it take to renew it?	1. One day 2. One week 3. One month 4. More than one month
5.11	Do you face any challenges in getting/ renewing your business license/ permit?	1. Yes 2. No ( <b>Skip to 5.13</b> )
5.12	What is the <b>most</b> critical problem you face in accessing and renewing your business license?	.....

Section Five: Institutions and Regulations		
No	Question	Response
5.13	For only those owning land: do you have a land title?	1. Yes 2. No (Skip to 6.1)
5.14	How much money did you pay to get your land title?	1. Less than 100,000 2. 100,000-200,000 3. 300,000-400,000 4. Above 400,000 5. Does not remember 6. title inherited
5.15	What is the most critical problem you faced in accessing a land title?	.....
5.16	Are you currently accessing any financial services using your land title?	1. Yes 2. No
Section Six: Gender-Related Aspects		
6.1	Does your being a woman/man constrain you from accessing any service(s) in this municipality?	1. Yes 2. No (skip to 7.1)
6.2	If yes in 6.1 (above), what are those services that you do not access because of being a woman/man?	..... .....
6.3	How does this affect your business and household?	1. Little time for engaging in business/ professional work 2. Limited business growth and expansion 3. Exclusion from some work opportunities 4. High expenses on getting the services 5. Any other (specify) .....
6.4	Is there any work/business you wish to do but unable to do because of being a woman/man?	1. Yes (state activity) ..... 2. No (skip to 7.1)
6.5	Why are you unable to do the work/ activity in 7.5 (above)?	1. Women/men not allowed 2. Culturally women/men are not allowed 3. Child care responsibilities 4. My husband/wife does not permit me 5. Because of my disability 6. Any other (specify) .....
6.6	What is the most important thing that should be done by the M/C to improve your access to work/business opportunities?	..... .....
Section Seven: Community participation in planning for public goods and services		
7.1	Do you often participate in planning for public goods and services in your municipality?	1. Yes 2. No (skip to 7.4)
7.2	Do you participate as individuals or through a local association (e.g. of traders, service providers)?	1. As individuals 2. Through representatives 3. Any other (specify) .....

7.3	How do you participate in planning and delivery of public goods and services in your community?	<ol style="list-style-type: none"> <li>1. Deciding on location/paths of goods/services</li> <li>2. Inspections and monitoring of goods/services</li> <li>3. Budgeting for goods/services</li> <li>4. Identifying community needs</li> <li>5. Any other (specify) .....</li> </ol>
7.4	How often do you meet with your Municipal Leaders?	<ol style="list-style-type: none"> <li>1. Once a month</li> <li>2. Once in four months</li> <li>3. Twice a year</li> <li>4. Once a year</li> <li>5. Never</li> </ol>
7.5	Which services have you engaged with the <b>Provider/M/C</b> to ensure its provision?	.....
7.6	Are your views and recommendation attended to by the leadership?	<ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> </ol>
7.7	To what extent are you satisfied with engagement with the Municipal leadership/service providers?	<ol style="list-style-type: none"> <li>1. Very good</li> <li>2. Good</li> <li>3. Average</li> <li>4. Poor</li> <li>5. Very poor</li> </ol>
7.8	What challenges do you face when engaging with the municipal leadership/service providers?	<ol style="list-style-type: none"> <li>1. Irregular meetings held</li> <li>2. Resolutions not implemented</li> <li>3. Some people/areas are excluded (specify) .....</li> <li>4. Meetings are held far away from here</li> <li>5. Non-provision of information on issues for discussion</li> <li>6. Any other (specify) .....</li> </ol>
7.9	Does your municipal council often do monitor or inspect services provided in your settlement?	<ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> </ol>
7.10	What is the most important thing should the M/C do to improve its relationship with the community?	.....
7.11	What is the most important thing that the Municipal Council should do to create jobs?	.....

**THANK YOU VERY MUCH**

**“A study on Local Economic Development  
for Equitable Growth in Uganda”**

**Key Informant Interview Guide- Municipal Level**

Informed Consent

My name is ..... I am working on behalf of United Nations Capital Development Fund (UNCDF). UNCDF is currently conducting a study on “Local Economic Development for Equitable Growth in Uganda” being conducted the municipalities of Mbale and Gulu. The study will produce a Local Assessment Report to provide an evidence base on the role of public service delivery in fostering equitable economic growth. Overall, the study seeks to understand opportunities and challenges for local economic development and equitable economic growth upon which recommendations will be made.

I wish to ask you a few questions related to the role of public goods and services in local economic development in this municipality. What you share with me shall not be disclosed against you unless your permission is sought. You are free not to answer any questions you feel uncomfortable with.

#### **Section A: Roles and responsibilities:**

1. Agency/organization represented by the participant
2. Mandate of the agency/organization
3. Key roles and responsibilities of the participant

#### **Section B: Public goods and services provided**

4. What public goods and services are the agency/entity responsible for providing?  
**Probe:**
  - Water
  - Electricity
  - Road (including lighting of streets and public spaces)
  - Transport and telecommunications
  - Sewerage (including public lavatories and urinals)
  - Fire brigade services
  - Solid waste collection
  - Health services
  - Security
  - Housing
  - Education services
  - Financial services or business development services
  - Energy and environment
  - Any other services
5. Specific activities the agency/entity undertakes in public goods and service provision: (**probe:** planning, designing, financing, production, distribution, maintenance and replacement, etc.).
6. Areas covered by the services in the municipality (**probe:** areas excluded, why the exclusion, plans to extend services, etc.).
7. Any specific categories of people excluded from fully accessing some public goods and services? (**probe:** e.g. women, refugees, youth etc, why they are excluded and plans to close this gap?)
8. Are there any public private arrangements in provision of the services/good? (**probe:** nature of the PPP, modalities, successes and challenges).

#### **Section C: Community participation**

9. Mechanisms for community participation in the production and provision of the public good/service (**Probe:** how is the community involved? feedback mechanisms at what level is the community involved? challenges of involving communities effect of community participation, etc
10. Have there been cases of community demonstrations related to provision of public goods and services provided (**Probe:** goods/services, cause of demonstration, areas, solution provided, etc.)
11. What are the specific interventions being undertaken to increase access to public goods and services in informal settlements?
12. Challenges faced by the organisation in executing its mandate (**probe:** land-related, data-related, cultural related, finance-related, administrative-related, demographic-related etc).

#### **Section D: Linkage between public goods/services and local economic growth:**

13. How has the provision of public goods and services supported the growth and development of the economic activities in the M/C? (**probe:** specific services/goods and their impact)

14. What are the key missing public goods and services affecting business growth and employment creation especially in the informal settlements?
15. How has inadequate service provision affected economic activity in specific areas of the M/C? (**probe:** productivity, employability, shifting of businesses, low investments, etc.).
16. Do you have any regulations on operations of businesses in the municipality? what are the key issues in the regulations?
17. Do you regularly collect data on households/individuals accessing the public goods and services you provide? (**Probe:** kind of data collected, regularity, uses of data, etc).
18. What should be done to improve, expand or modify the provision of public goods and services to foster inclusive and equitable economic growth?
19. What is being done to create jobs and support business growth? (**probe:** attracting investors, incentives, training, financial services, informal settlements, actions for vulnerable groups e.g. women, PwDs, youth, etc.) what are plans in place?
20. What are the challenges you face in creating jobs and supporting business growth? (**probe:** land-related, financial issues, policy gaps, enforcement challenges, lack of clear regulations, skills gap among staff, etc.).
21. Who are other partners you are working with in creating jobs and supporting business growth? (**Probe:** NGOs, donors, private sector organizations, other municipalities, etc.).
22. What are your recommendations creating jobs and supporting business growth in municipalities?

**“A study on Local Economic Development  
for Equitable Growth in Uganda”**

**FGD Guide for Traders, Service Providers and Producers**

**Informed Consent**

My name is ..... I am working on behalf of United Nations Capital Development Fund (UNCDF). UNCDF is currently conducting a study on “Local Economic Development for Equitable Growth in Uganda” being conducted the municipalities of Mbale and Gulu. In Mbale Municipality, the study will produce a Local Assessment Report to provide an evidence base on the role of public service delivery in fostering equitable economic growth. Overall, the study seeks to understand opportunities and challenges for local economic development and equitable economic growth upon which recommendations will be made.

I wish to ask you a few questions related to the role of public goods and services in local economic development in this municipality. What you share with me shall not be disclosed against you unless your permission is sought. You are free not to answer any questions you feel uncomfortable with.

**NB:**

- a) *Record down all the names, age, type of business of FGD participants*
- b) *FGDs will only be unisex.*



### **Section A: Nature of Economic Activities**

1. Most common activities in the area (probe: why these activities, how have they been changing and why they are changing, etc)
2. Legal status of economic activities (sole proprietor, partnerships, family businesses, etc)
3. Are most businesses registered? (form of registration, why are some not registered)

### **Section B: Access to Finance, Public Space and Business Development Services**

1. Source of finance for running businesses e.g. banks, microfinance institutions, SACCOs, VSLAs, etc. probe: key actors involved.
2. Challenges faced in accessing loans
3. Specific Municipal Council support on accessing financial services
4. Business training or any other business development services provided (probe: providers, conditions, relevancy and frequency of training/services)
5. Existence of local business or community association and their roles
6. What skills/training/business development services critical for businesses but are missing
7. Incidents of evictions from business premises or homes
8. Causes of evictions and on businesses and community
9. Trends of economic activities in the area (improving or worsening)? What is causing this? What is the role of the municipal council in this?
10. What factors in the area that make doing business conducive

### **Theme two: public goods and services:**

1. Access (any areas or individuals excluded from public goods and services below)
2. Cost of services
3. Reliability (frequency of outages i.e. moments when the services cannot be used)
4. Problems related to accessing the services (installation, costs, etc.).
5. How problems with the services are affecting business in the area?
6. Recommendations on what should be done for each service/public good
  - Piped water
  - Grid electricity
  - Solid waste management services
  - Public medical facilities
  - Public toilets
  - Primary education services
  - Health services
  - Sanitation services
  - Security
  - Drainage services
  - Fire brigade services
  - Lighting of streets
  - Walk ways
  - Community access roads

### **Section C: Institutions and Regulations**

1. Nature and form of taxes paid
2. Challenges related to payment of taxes and other dues
3. What should the municipal leadership do to improve the tax system/collection
4. Do business owners have licenses/permits (check out how many in the group)
5. Probe: Procedures, duration and cost of the process for getting business permits/licenses
6. Any other support/incentives for business growth provided by the M/C
7. Do members have land titles or agreements? Probe: procedures, time and costs involved.
8. Procedures involved in processing building plans and securing places for enterprise location (**probe:** procedures, costs, including annual subscriptions, etc).
9. Availability of public spaces for: social interaction, relaxation, public events, etc.

#### **Section D: Gender and Environmental-Related Aspects**

1. Are there activities in which some people e.g. women/men, persons with disabilities are excluded? Probe: activities and why some people are excluded?
2. Why are they excluded? What is being done by the Municipal council to remove the exclusion?
3. What are the common environmental problems do you face?
4. How are environmental problems affecting your businesses and life?
5. How are the environmental problems being addressed? (probe actions and actors)

#### **Section E: Community participation in Municipal affairs**

1. Do you participate in planning for public goods and services in your municipality? (probe: how members participate, which services do they influence, etc)
2. What challenges do you face when engaging with the municipal leadership?
3. In case proposals proposals are ignored by the Municipal Council, what do you do?
4. What is the most important thing should the municipal leadership do to improve its relationship with the community?
5. What is the most important thing that should be done by the M/C to improve access to work/business opportunities and jobs by all people?





**Cities Alliance**  
Cities Without Slums



#### UN Capital Development Fund

---

Two United Nations Plaza  
26th Floor  
New York, NY 10017  
United States

☎ +1 212 906 6565  
☎ +1 212 906 6479

🌐 [www.uncdf.org/microlead](http://www.uncdf.org/microlead)  
✉ [info@uncdf.org](mailto:info@uncdf.org)  
🐦 @UNCDF #LDCsForward  
#FinancialInclusion #LocalDev  
📘 @UNCD