A Proposed Constituency Development fund (CDF) Policy

Submitted to the Government of Uganda for Regulation of the Constituency Development Fund of the Parliament of Uganda

April 2007

A Publication of the Africa Leadership Institute (AFLI)

A PROPOSED CONSTITUENCY DEVELOPMENT FUND (CDF) POLICY

Submitted to the Government of Uganda
for the regulation of the Constituency Development Fund
of the Parliament of Uganda

April 2007

A Publication of the Africa Leadership Institute (AFLI), Kampala

Disclaimer
With all intentions and purposes, this policy draft has sought to be accurate, factual and simple. Any unintended errors and misrepresentation of data are regrettable.

A PROPOSED CONSTITUENCY DEVELOPMENT FUND (CDF) POLICY
(April 2007)

A publication of Africa Leadership Institute funded by the Government of the United States of America and the Royal Netherlands Embassy in Uganda.

Design and Printing by Some Graphics Ltd
Tel.: +256 752 648 576

AFRICA LEADERSHIP INSTITUTE
For Excellence in Governance, Security and Development
P.O. Box 23277 Kampala, Uganda
Tel.: +256 41 578739, +256 312 277124
Naguru Summit View Road
E-mail:info@aflia.org

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

AFLI : Africa Leadership Institute
Bonna Bagaaggawale : "Prosperity for All" Micro-credit scheme
CAO : Chief Administrative Officer
CDC : Constituency Development Committee
CDF : Constituency Development Fund
CEDAW : Convention for the Elimination of all forms of Discrimination Against Women
CPI : Corruption Perception Index
DCC : District CDF Committee
DRC : Democratic Republic of Congo
EAC : East African Community
GDP : Gross Domestic Product
GNP : Gross National Product
HIPC : Highly Indebted Poor Countries Initiative
IBEACO : Imperial British East African Company
IMF : International Monetary Fund
km2 : Kilometres
LCV : Local Council 5
MDGs : Millennium Development Goals
MFPED : Ministry of Finance, Planning and Economic Development
mm : Millimetres
MP : Member of Parliament
NAADS : National Agricultural Advisory Services
NCC : National CDF Committee
NGO : Non-Governmental Organisation
NIMES : National Integrated Monitoring and Evaluation Systems
NRA : National Resistance Army
NRC : National Resistance Council
NRM : National Resistance Movement
NRM-O : National Resistance Movement Organisation
NUSAF : Northern Uganda Social Action Fund
PAF : Poverty Action Fund
PEAP : Poverty Eradication Action Plan of Uganda
PHC : Primary Health Care
PMA : Programme for the Modernisation of Agriculture
PPOA : Political Parties and Organisations Act
SACCOS: Savings and Credit Co-operatives
UBOS : Uganda Bureau of Statistics
UNDP : United Nations Development Programme
UPDF : Uganda People's Defence Forces
UPE : Universal Primary Education
US$: United States Dollars
WB : World Bank

ACKNOWLEDGEMENT

The publication of this policy proposal was made possible with AFLI Team headed by Oscar Okech Kanyangareng, Paul Edotu and Patrick Muhuumuza who conducted the Research into CDF which results have been published separately and was used to inform this draft CDF policy proposal.

Thanks also go to Frank Muhereza a Consultant and Board Member of AFLI who edited this CDF policy proposal.

The AFLI Executive Board Chairman Hon. David Pulkol deserves commendation for the insight, initiative and strategic steering of the organization in conducting the research and producing this document. Other board Members equally deserve praise for their support and advice during the review of this draft policy. These are; The Vice Chairman Elly Karuhanga , The Treasurer Tobias Onweng, Jessica Eriyo, Juma Okuku, Sylvestor Kugonza and Levi Ochieng.

The following former and current members of Parliament participated in reviewing this draft report at a peer review meeting at AFLI offices. These were Hon.Ken Lukyamuzi, Hon. James Mwandah, Hon.Aggrey Awori and Hon. Dr. Peter Esele among the current MPs in the 8th Parliament are; Alex Ndeezi.

The Netherlands Government and United States Government deserves credit for the financial support to AFLI, without which this document would not have been produced.

EXECUTIVE SUMMARY

1. This is a proposed Constituency Development Fund (CDF) policy. It presents the development context in Uganda, the CDF policy context, goals, principles, policy issues, policy statements and implementation arrangements generated from a rapid appraisal of the performance of the CDF in four constituencies of Aruu, Bukedea, Makindye and Kiruhura. Key informant interviews were also conducted at district level and at national level. The study was conducted between April-August 2006 and covered the first year of the CDF implementation from November 2005 - June 2006. A detailed report of this study has been published separately and is available on request at AFLI offices. Each MP was given Ushs. 10 million for constituency development without any enabling law or policy to guide it. The study found out that the effective and efficient utilisation of the funds was at the personal discretion of each MP.

2. The policy is arranged under five sections. Section one is the background. The CDF conceptual framework is provided in section two. Section three examines the CDF in the context of the national development framework. Section four discusses the CDF administrative and management framework, while section five examines the CDF policy implementation framework.

3. The policy will be presented to the government for consideration. Government, with support from AFLI, will conduct public consultations with MPs and other stakeholders in order to reach a consensus on a final CDF policy document .The consultations will cover:
   - The format of the policy
   - Issues covered in the content of the policy
   - How realistic, economically and politically, the CDF policy is in Uganda's development context
   - How effective and efficient, the implementation arrangements are
4. This CDF Policy proposal, based on AFLI research, broadly has a number of key policy issues, on the basis of which the recommendations below for the adoption of a CDF Policy are based. These include, the following among others:
   - The CDF can be a useful avenue for contributing towards poverty eradication. It provides direct service delivery to the grassroots and makes up for the scrapped graduated tax gap. CDF also ensures equitable development in the era of multipartism as the party in government might be biased in ensuring equitable development across all constituencies.
   - CDF should be budgeted for annually under Parliamentary Commission budget.
   - In its current amount, the fund is inadequate and should be increased progressively in accordance with the availability of funds.
   - The Fund shall be sent directly from Ministry of Finance to the districts CAOs who will in turn channel them to the respective CDF projects.
   - Accountability will also be done through the CAOs to the Ministry of Finance.

- The MPs shall not be signatories to the accounts but the CAO and CFO or with one other CDF committee member identified by the committee
- An MP shall appoint and chair the CDF committee at constituency level.
- The CDF Committee shall identify and prioritize projects which the MP shall submit to Parliament and the Ministry of Finance with copies given to the CAO.
- CDF Committees at constituency and the Parliamentary Commission will regulate the funds.
- The fund should be channelled through local government systems to the beneficiaries and not through a personal account of an MP.
- The District Community Development Officer and sub-county Community Development Officers shall monitor the implementation of the fund, and shall make reports to the CAOs who will send these reports to the Parliamentary Commission and Ministry of Finance, Planning and Economic Development (MFPED).
- The fund shall target increasing production and incomes at household and community levels.
- The fund should have a linkage with other development initiatives in local government and Non Governmental Organisations.
- The CDF shall use existing government and community structures.
- The CDF shall have a 5 year policy implementation plan with a budget broken into annual budgets.
- The Clerk to Parliament shall be the National Coordinator for the CDF A regular monitoring and evaluation mechanism shall be developed to measure progress made and assess impact of the CDF.

1 BACKGROUND

1.1 COUNTRY BACKGROUND

1.1.1 GEOGRAPHICAL FEATURES AND ECOLOGY

Uganda is an East African country bordered by Sudan to the North, the Democratic Republic of Congo (DRC) to the West, Rwanda and Tanzania to the South, and Kenya to the East. It's total area is 241,039 km2, lying between latitudes 420 north and 150 south and longitudes 280 and 350 east. The country occupies a plateau averaging 915 meters above sea level. Rainfall ranges from 812 mm -1,500 mm. Temperatures range from 50C in the South to 350C in the North of the country.

1.1.2 POPULATION

According to the State of Uganda's Population Report 2006, Uganda's population with a growth rate of 3.2% is 28.2 million in mid-2006. It is projected to reach 55 million by 2025. . Over 86.5% of Uganda's population live in rural areas. The high population growth rate poses a burden towards sustainable natural resource use, infrastructure development, provision of social services and effectiveness of poverty reduction programmes.

1.1.3 POLITICAL ORGANISATION

Uganda has had nine presidents and four constitutions in its 45 years of independence. After years of military coups and political upheavals, Uganda since the coming to power of the National Resistance Movement (NRM) government in 1986 has been governed, first under the 'no-party' political system (1986-1995),and subsequently under a multiple political party system (1996 to date). This followed the amending of the 1995 Constitution and provided for a Multi-party political system. The amendment which was passed in August 2005 also lifted the Presidential term limits, which allowed then incumbent President Yoweri Museveni to contest for re-election under the NRM Organisation (NRM-O Political Party). This significant political change was formalised by the repeal and adoption of a new Political Parties and Organisations Act (PPOA) in October 2005. Presently, Uganda has over 30 political parties but only eight are represented in the national Parliament following the recently concluded Parliamentary elections held in February 2006. The Eighth Parliament has 332 Members, who include 215 Constituency Representatives; 79 District Woman Representatives; 10 Uganda People's Defense Forces Representatives; 5 Representatives of the Youth; 5 Representatives of Persons with Disabilities; 5 Representatives of Workers and 13 Ex-offi cio Members. Of these, 213 belong to NRM-O; 38 to the Forum for Democratic Change (FDC); 39 Independent; 9 to the Uganda People's Congress (UPC); 8 to the Democratic Party (DP); 1 to the Conservative Party (CP); 1 to the Justice Forum (Jeema).

The executive arm of government comprises the President, Vice President, Prime Minister and cabinet Ministers. There are a total of 69 Ministers including 25 Cabinet Ministers and

44 Ministers of State. Under a decentralized system of public administration, government delivers social services through district local governments, which currently number 80. There is a judiciary as an arm of government and is supposed to be independent.

1.1.4 ECONOMY

Uganda's economy is still predominantly agricultural, with agriculture contributing 43% to GDP and 90% to total exports. In the last few years the rate of growth of the Agricultural Sector has continually declined from 3.8% in 2003/4 , 1.5% in 2004/05 to 0.4 % in 2005/06. The agricultural sector is considered the growth engine of the economy, providing a livelihood to about 86% of the population and employment to about 77% of the labour force, who live in rural areas. A few minerals, including cobalt, gold, tin, phosphates and marble, are mined in small quantities. Uganda is heavily dependent on aid to finance its budget. By 2005/06, aid accounted for about 50% of both domestic revenue and recurrent expenditure. The Government is also heavily dependent on grants disbursed through General Budget Support funds. The total Government budget, including donor projects, increased from Ushs 1,759 billion in 1999/2000 to Ushs 4,106 billion in 2006/07 in nominal terms, i.e. an average growth of 12.9% per annum. Real public expenditure grew by only 7.1% annually. Given population growth rates of 3.2-3.5% during the same period, the increase in real public expenditure per capita has been in the order of 3.6% per annum.

Government is working towards achieving its overall government development objective of reducing the proportion of the population living below the official poverty line to less than 10% of the population by the year 2017. According to the Human Development Report of 2006, Uganda had a Gross Domestic Product (GDP) of U$1,478 in 2004. Growth of GDP has been slightly below the 7% annual PEAP target. The incidence of poverty in Uganda fell from 56% in 1992 to 34% in 2000/01 then to 38% in 2002/03. The National Household Survey 2005/06 preliminary results show a decline in poverty from 38.8% in 2002/03 to 31.1% in 2006/07. Of the number of people living below the official poverty line, 59.7% were in rural households and 27.8% were living in urban areas. Between 1992 and 2000, inequality was basically steady. However, this trend changed slightly when, not only income poverty increased from 34% in 2000 to 38% in 2003 (with 42% and 12% among rural and urban dwellers respectively), but inequality also increased from a ratio of 0.39 to 0.43. Although poverty generally increased in all parts of the country between 2000 and 2003, there was a particularly sharp rise in poverty conditions in Eastern Uganda. Northern Uganda remains the poorest part of the country, with population living in absolute poverty having increased from 3.3 million in 2002 to 3.9 million in 2004.

1.2 THE DEVELOPMENT PROFILE OF UGANDA

1.2.1 DEVELOPMENT HISTORY OF UGANDA

Since colonial and pre-colonial times, Uganda has grappled with several development approaches. To date, it is still addressing these challenges. Economic activity in pre-colonial Uganda was subsistence farming of both livestock and crops. This was combined with hunting and gathering and nomadic livestock production in some communities. Most of the authority and control over resources was under the Kings and Chiefs of the various communities. Development in colonial Uganda was characterized initially by slave trade, as human labour was exported to plantations in the Caribbean. Subsequently after slave trade was abolished, cash crops were grown in the colonies and minerals mined to feed the British Industries. The exploitation of resources in British colonies was controlled by the Crown government in England. Provision of social services in the colonies was undertaken to ensure raw material production to service British industries. A railway line was built for exporting raw materials to Britain. The Imperial British East African Company (IBEACO) regulated trade and resources. Later, Indians came to run small shops and process raw materials such as cotton for export to England. As the number of cash crop farmers and workers in the farms and factories increased, they formed cooperatives to press for their rights. These cooperative movements were later to develop into political movements/ political parties that contributed to agitation for independence.

After independence in 1962, Uganda started implementing a socialist development approach under President Milton Obote (1962-1971). This was funded mainly by high coffee and copper exports. During the reign of President Idi Amin (1971-1979), Uganda's economic development was greatly retarded. Amin's 'Economic War', which culminated into the expulsion of Asians and nationalization of industries led to the isolation of Uganda's Amin, to the extent that by the time Amin was overthrown in 1979, government was importing and distributing essential commodities like salt, soap and sugar. After returning to power through the highly disputed elections of 1980, Milton Obote, who maintained a socialist leaning, started to implement some World Bank and International Monetary Fund (IMF)-led economic reforms in 1982. The impact of these austerity economic measures was greatly undermined because of a civil war that raged between 1980/81-1985/86. Milton Obote was overthrown in July 1985, and replaced by a short-lived military junta led by Bazilio Okello, who was also overthrown in January 1986 by Yoweri Museveni's Guerrilla National Resistance Army (NRA) that had waged an armed struggle since the disputed elections of 1980. Yoweri Museveni came to power as a Marxist-leaning ideologue, but by November 1987, with pressures from the IMF and World Bank, he slowly began implementing open market liberal economic reforms. By 1990, Uganda had started implementing some of the most radical pro-capitalist reforms in Africa. Uganda became the first country on the African continent to implement decentralisation policies that devolved power to lower local governments. The sub-county Local Government became the lowest focal point for development planning and implementation in Uganda.

1.2.2 DEVELOPMENT IN CONTEMPORARY UGANDA

Poverty among the population remains unacceptably high, with over 31% of Ugandans living below poverty line. Poverty is recognized as the major cause of powerlessness and related social injustices in society. The Government of Uganda has committed itself to the fight against poverty through the Poverty Eradication Action Plan (PEAP), which provides the overarching framework for the fight against poverty. Government is working towards achieving its overall development target of reducing the proportion of the population living below the official poverty line to less than 10% of the population by the year 2017. Uganda is also one of the countries that have joined the rest of the world in pursuit of the United Nation's Millennium Development Goals (MDGs).

The current government of President Yoweri Museveni, has over the last 21 years it has been in power, introduced a series of macro, meso and micro-level economic policy and institutional reforms, which have spurred the economy to grow at an average of 6% per annum. A 2007 report by the Economic Commision for Africa states that economic growth is down to 5%i.. Among these reforms included the following: deregulation of the economy, privatisation and liberalisation of the economy; decentralisation. The state divested its interests in almost all public enterprises. The implementation of the Plan for Modernisation of Agriculture (PMA) has been undertaken through increasing access to productive assets; improvement of rural physical and financial infrastructure; the creation of rural markets; and Universal Primary Education (UPE), Primary Health Care (PHC), access to safe water and sanitation. Physical and social infrastructures have improved, as well as HIV/AIDS prevalence rates, which have declined to 6%, from 30% in 1992. Primary school enrolment has increased markedly nationwide following the introduction of Universal Primary Education (UPE). Uganda has also registered great achievements in education with over 76% literacy levels in the country, far beyond the 50% target by 2015. Access to primary healthcare service and safe water has also improved tremendously. While macroeconomic indicators have generally shown a positive improvement over the years, human development indicators have showed a chequered success, implying that the benefits of economic growth have not trickled down to the ordinary person in most rural areas, and especially conflict afflicted areas of Northern and North-Eastern Uganda, where poverty incidence had remained exceptionally high. A Baseline Survey for the Northern Uganda Social Action Fund (NUSAF) conducted by the Uganda Bureau of Statistics (UBOS) in 2004 and published in the 2006 Statistical abstracts shows that 70% of the population in the 18 districts in the NUSAF region were living below the poverty line. Poverty was much higher in the rural areas (73%) compared to urban areas (43%). At the sub-regional level, poverty was less pronounced in Teso region (66%) and most pronounced in Karamoja region (82%) followed by Acholi sub-region (73%).

Major challenges are still faced in the health sector, where mortality levels of both infants and mothers had remained unacceptably high at 80 per 1000 live births and 505 per 100,000 respectively. HIV/AIDS prevalence also remains a big challenge as it has stagnated at 6% (Uganda National Household Survey, 2006). Geographical access to social services is still a big problem; in rural areas the problem is most critical, with the nearest social facility situated 5-10 kms away, and health units as far as 40 kms
away in remote areas like in Karamoja.

Government efforts to reduce and eventually eradicate poverty in different parts of the country are faced with several challenges that undermine progress and impact of government programmes. These include the following, among others: huge government expenditure on public administration compared to capital development; national debt servicing burden; unfavourable terms of trade, characterised by slow growth in incomes from exports compared to imports; perseverance of armed conflicts and civil strife in some parts of the country; high levels of corruption; and some critics have argued, limits to the exercise of certain civil liberties and freedoms. Despite several anti-corruption measures put in place by government, Uganda has achieved limited improvements in the perception on corruption. Using the Corruption Perception Index (CPI), Transparency International has categorised Uganda as a country with 'severe corruption problems'. Uganda's CPI ranking increased slightly from 1.9 in 2001 to 2.5 in 2005. Incidence of corruption also increased at district level where, decentralization led to significant public resources have been invested in key poverty reducing priority areas under the Poverty Action Fund (PAF). It has for example been reported recently that only 40% of the funds in education sector disbursed through the districts reach the targeted beneficiaries (Uganda Debt Network, 2002). Corruption denies the poor access to vital social services. Other factors that have been highlighted include: Costly project delivery mechanisms that take away a disproportionate amount of funds that would otherwise have gone to the poor; Inadequate funding that leaves many poverty issues un addressed; Bureaucratic processes that both delay and deny the effective and efficient provision of vital social services; Legal road blocks in seeking justice, fairness and equity; the poor, of course, not only do not understand modern law, but also can not afford to hire a lawyer to represent them in courts of law. In many areas, due to limited citizens participation in development, development models not tailored to the unique circumstances of the respective areas of the country have been imposed (for example, on pastoralists and fisher communities, among others). The latter creates a feeling of powerlessness and voiceless ness among the poor, leading to the attendant victimization of the poor by blaming them for their suffering. Public spending on the PEAP priority sectors; agriculture, roads & works, education, health, water, and economic and social service functions has suffered in favour of other sector budgets like defence and public administration. The real growth in budget allocations from 1999/2000 to 2006/07 to these pro-poor priority areas was 6.5%, i.e. below overall real budget growth of 7.1%.

The above manifestation of the challenges faced by government in poverty eradication calls for a multi-faceted approach, if poverty eradication interventions are to succeed, hence the introduction by government in 2005 of the Constituency Development Fund to support the implementation of special development projects in constituencies through elected Members of Parliament (MPs).

2 THE CONCEPTUAL FRAMEWORK FOR CDF POLICY

2.1 THE ORIGINS OF THE CONSTITUENCY DEVELOPMENT FUND (CDF)

During the Obote I government, there was a programme in the Parliament of Uganda where every Member of Parliament received Ushs 150,000 for the purpose of assisting him or her in the constituency projects, which were not within the development plan of the country. Discussion to re-introduce a similar fund started during the National Resistance Council (NRC). It was discussed in the 6th Parliament (1996-2001) and never concluded, until at the beginning of the 7th Parliament in 2001, when President Museveni made a promise to Members of Parliament concerning the establishment and maintenance of a Constituency Development Fund.

In July 2004, government sent the then Minister for Parliamentary Affairs, Hon. Hope Mwesigye and Hon. Charles Bakkabulindi to Kenya to study how the CDF works. In Kenya, the Constituency Development Fund (CDF) was established in 2003, and operationalised in January 2004 following the enactment of the CDF Act. Following their visit, a cabinet paper was prepared and approved. On 11 October 2005, the Parliamentary Commission appointed a committee of seven Members of Parliament to formulate interim guidelines and procedure for the establishment of the CDF for the financial year 2005/2006. The committee prepared Interim Guidelines for the implementation of the CDF. Thereafter, Ushs 2.9 Billion (US 1,657,000) was transferred from Ministry of Finance, Planning and Economic Development (MFPED) to the Parliamentary Commission, and each constituency was given Ushs 10m (USD 5,714) in November 2005. The money was transferred to the personal accounts of respective MPs. The money was used by MPs at their personal discretion. So far not many MPs have accounted for the CDF.

2.2 THE JUSTIFICATION FOR THE DEVELOPMENT OF A CDF POLICY

2.2.1 WHY A POLICY AND LEGAL FRAMEWORK IS NECCESSARY

Government of Uganda formally announced the introduction of the Constituency Development Fund, for funding development projects through Members of Parliament in 2005. The announcement was made by President Yoweri Museveni during the State of the Nation Address to the Parliament of Uganda. Each MP was allocated Ushs.10 million from the Parliamentary Commission's Annual Budget (Parliamentary Hansard 2005). The CDF is intended to add impetus to the fight against poverty at the household and community levels using MPs as a direct conduit for development funds. However, there are already several poverty reduction initiatives by the central government through district local governments. CDF is considered as one of several government funding mechanisms for disbursement of public resources to achieve objectives of poverty eradication. If efficiently used, the CDF can become an instrument of achievement of PEAP objectives of poverty reduction which contributed to the realisation of MGD-related outcomes and impacts.

In order to guide the implementation of the CDF, there is a need for a proper policy and legal framework. This will enable the CDF to enhance the potential benefits of providing additional financial investment in locally identified priority development interventions. Previous implementation of the CDF has encountered a number of loopholes due to the absence of appropriate institutions and a regulatory framework as well as an enabling law. Money was paid to MPs with no policy guidelines or accountability protocols, which makes it very difficult to sanction those who abuse or misuse public funds. The penalties for those found to have abused/misused CDF have not been specified. There is no mechanism for holding MPs and those who benefit from CDF funding, financially accountable to guard against misappropriation of CDF funds.

Given the occassional mismanagement of public funds disbursed through other service delivery channels, which are not downwardly accountable to those who are beneficiaries from the services provided, channelling some development funds through democratically elected leaders has great potential to enhance this downward accountablility, democracy and development outcomes. This is because popularly elected leaders such as MPs are assumed to have their constituents at heart. Secondly, it is presumed that such leaders who are under intense public scrutiny will not divert the funds for fear of losing an election. Thirdly, MPs are considered as people of high integrity and with an interest to see tangible developments take place in their constituencies.

2.2.2 DRIVERS FOR THE DEVELOPMENT OF A CDF POLICY

One of the drivers of the CDF is the high incidence of poverty at household level. Despite a lot of efforts and resources that have been committed to poverty reduction, poverty incidence at household level is not only still high at 31% in 2006, but has been fluctuating. It was originally 56% in 1992 and reduced to 34% in 2000 before bouncing back to 38% in 2002 (Ministry of Finance 2003, Household surveys by UBOS, 2007). The CDF is, therefore seen as an additional avenue for a multi-faceted approach to tackle poverty and reach out to the weak, marginalized and vulnerable sections of the Ugandan society, most of whom are by-passed by the normal service delivery system.

The development of this CDF policy is also informed by research undertaken by the Africa Leadership Institute on the effectiveness and outcomes of the implementation of the CDF, which was carried out one year after the CDF was operationalised . The research indicated that voters in all the constituencies where research was undertaken expected their MPs not only to legislate in Parliament, but also to contribute actively towards the socio-economic development of their constituents (see Africa Leadership Institute 2006). While citizens and MPs in constituencies where the AFLI study was conducted in 2006 endorsed the CDF as a positive force for poverty reduction, a number of challenges faced the implementation of the CDF.

Apart from the amounts of moneys involved being so meagre to achieve any tangible development impact worthy to speak of, it was not possible to achieve democratic control over the decision making regarding the allocation of funds to constituencies disbursed through personal accounts of MPs, rather than to a constituency account for which the area constituency MP would be a trustee. The management of the fund, especially selection of projects to be funded under the CDF was not done in a transparent manner at the constituency level. In some constituencies, CDF Committees were monopolised by political cronies, hence funds ended up benefiting campaign managers, political supporters and relatives of the sitting MPs. There was no systematic framework for the selection of project to enhance national poverty reduction objectives. On what basis, for example, were the funded projects selected at constituency level? What was the rationale, in terms of constituency poverty dimensions, were funded projects chosen and not others? What was the selection criteria used in the constituencies?

The majority of the citizens in the constituencies were never afforded much opportunity to participate in setting their local area development agendas through CDF. Awareness of the CDF modalities, its objectives and desired outcomes was not as widespread in the constituencies as would have been anticipated. There were limited provisions for citizen participation in the implementation of the CDF as one of the newly introduced government-led funding mechanisms for achieving poverty reduction. There were no guidelines for enhancing popular participation of the intended beneficiaries in planning of projects to be funded under CDF.

In Uganda, poverty has regional dimensions, and constituencies were of different sizes and varying development needs. However, each MP was given the same amount of money as CDF, irrespective of the perceived levels of poverty in the respective constituencies. MPs representing urban constituencies, as well as those representing special interest groups received the same amount of money as MPs representing rural constituencies, irrespective of the levels of needs for additional development support to correct regional development imbalances. In Kenya, for example, 75% of the Constituency Development Fund is allocated equally amongst all constituencies. The remaining 25% is allocated according to the poverty levels in each constituency. A maximum 10% of each constituency's annual allocation may be used for an education bursary scheme.

The sustainability of the operationalisation of the CDF was still an issue of concern since it was also not clear how much of the locally generated funds from the consolidated account would be committed to the CDF nationwide. While positive perceptions regarding the utility of CDF funds existed among both MPs and constituents, the returns from investment made in CDF was very difficult to see, in the short term and in the long-term because of a lack of a progress monitoring and outcome/impact evaluation framework (respectively) at constituency, district and national levels. Regular assessments of the performance of CDF at the various levels were not undertaken.

Governance and development outcomes from the disbursement of the CDF funds were not efficient. In most of the constituencies, the potential outcomes were undermined by inadequate controls and checks in the disbursement of the funds. Most of the MPs used the moneys at their own discretion. Even the brief interim guidelines produced, notwithstanding their limitations, were never followed. For example, no committees were formed in any of the constituencies and CAOs were never involved in the disbursement of the funds in whatsoever way. It was not clear, in the guidelines that were formulated for the CDF, whose mandate it was to investigate and prosecute those who misused resources from the CDF. The guidelines did not specify any sanctions for those who would be found guilty of abusing the CDF.

In the era of multy-partism,, CDF would come in to ensure equitable development across all constituencies irrespective of one's political affiliation . This is in order to counter any possibility for political bias in regional allocation of development funds by the party in power vis-as-vis the opposition areas.

Another driver of the CDF relate to the national and international context within which CDF is being implemented. At the international scene, Uganda has signed various international treaties and conventions which commit Uganda to eradicating poverty. These include, among others: the International Bill of Human Rights (comprising the Universal Declaration, 1948 and the 1966 Conventions on Civil and Political Rights and on Economic Social and Cultural Rights), the Convention for the Elimination of All Forms of Discrimination against Women (CEDAW), establishing the East African Community (1999), Agenda 21 (1992) and the United Nations Millennium Development Goals (2000). As a signatory to these instruments, Uganda is obliged to ensure that the international treaties and conventions are not only fully domesticated in national legal and policy frameworks but are operationalised through deliberate policy actions and government programs. The CDF is but one way of carrying out Uganda's legal obligations under these treaties. There is also a regional political dimension. As Uganda also moves towards an East African Federation, there is a trend towards harmonizing various established laws and policies within the East African region. Kenya has already started implementing a Constituency Development Fund, which commenced in 2003, from where Uganda has a number of lessons to learn.

Nationally, the drivers are related to the politics that surrounded the CDF itself, as well as its implementation. When announcing the CDF in 2005 during the State of the Nation address, President Yoweri Museveni said it would reduce the burden of fundraising for projects in their constituencies that individual MPs are usually faced with. These pressures from constituents had forced some MPs to become 'beggars'. Others had developed unconventional avenues to raise funds to meet these financial demands. Members of Parliament were using their own emoluments to finance public projects in their constituencies in order make an impact on development, to fulfill some of the little promises they might have made whether willingly or otherwise. In so doing, most Members of Parliament had become extremely cash-strapped financially. The CDF was therefore meant to ease the burden the MPs face in their constituencies.

While some commentators have criticised the timing of the start of the implementation of CDF by government of Uganda in November 2005, coming at the end of the term for 7th

Parliament, when most Party primaries elections were taking place (with the main elections coming in 3-4 months later), with critical bills before the House (including the Political Parties and Organisations Act and the Constitutions (Amendment) Act, 2005. Constituents interviewed in a study on the CDF conducted by the Africa Leadership Institute (AFLI) commended the CDF, especially in terms of poverty reduction. The CDF was also seen to possess immense potential for increasing the interaction between MPs and the electorate, which enhances their accountability to their constituents beyond the CDF, hence increasing democracy and development outcomes.

2.3 THE GOAL OF THE CDF POLICY

2.3.1 GOAL

To contribute to reduction of poverty among households at the Parliamentary constituency level through increased ability of the poor to improve their production, competitiveness and incomes.

2.3.2 MISSION

Improved ability of the poor to overcome poverty and suffering through access to alternative financial resources for income generating projects mobilised by area members of Parliament.

2.3.3 OBJECTIVE

Increased household incomes and welfare through targeted mobilisation by MPs and Financing of income generating projects at household and community level in all parliamentary constituencies in Uganda.

2.4 GUIDING PRINCIPLES OF THE CDF POLICY

The CDF shall apply to all directly elected MPs and constituencies of MPs for youth and PWDs at regional level. MPs for workers, Army and ex-officio MPs are exempted from the CDF because their constituencies are not clearly defined for purposes of administaering the CDF. A constituency for purposes of this policy is defined as a county, a district and a region for purposes of representation for people with disabilities and the youths representatives, excluding “constituencies” of representatives of the Army, the Workers and ex-official Members of Parliament. It is against that background that we guide the dispensation of CDF.

The following principles shall guide the CDF policy:

a) All citizens have a right to development and the state has an obligation to respect, promote and provide for these rights .
b) The CDF shall adhere to and be supported by constitutional provisions as per the 1995 Constitution (as amended).
c) The CDF shall be provided for through an Act of Parliament and shall be clearly defined in Uganda’s legal system and harmonized with other existing laws to avoid

operational overlaps and contradictions.

d) The CDF shall comply with other treatises, conventions and international obligations that Uganda is party to.

e) The operationalisation of the CDF shall adhere to the principles of demand-driven community participation, putting interests of the targeted poor households and communities before anything else. It shall also respect and incorporate positive indigenous knowledge and best practices useful for localized development.

f) The management of CDF shall be characterised by smooth coordination, strong institutional linkages, and clearly defined implementation modalities at all levels in such a way that it compliments rather than undermine existing institutions in the fight against poverty.

g) The CDF shall enhance equitable and fair distribution of benefits across the constituencies without any form of discrimination.

h) Wherever necessary, the CDF shall provide for affirmative action through making additional financial and human resources available to accelerate equitable development in all Parliamentary constituencies in Uganda.

i) The CDF shall take into consideration the need to integrated gender issues in order to enhance the development role of women in the selection and implementation of projects. It shall give affirmative action to vulnerable groups like women, youth and disabled.

j) The CDF shall ensure that selected projects integrate environmental issues to ensure sustainable development. Where selected projects have potential to generate negative environmental consequences, remedial measures should be put in place. Emerging cross-cutting issues of disability, youth, people living with HIV/AIDS shall also be given adequate attention.

k) The government shall ensure financing of the CDF remains predictable to facilitate medium-term and long-term planning for development projects in the constituencies.

l) The CDF shall develop a linkage and fill the gaps in already existing policies relevant to poverty reduction and development.

m) The CDF shall be utilised on activities that directly increase household incomes, agricultural production, creation of markets and small scale agro-industrial promotion. All selected project will have to demonstrate how they promote the advancement of individual households as well as the community as a whole.

n) A high level of efficiency and accountability, in line with standard principles of financial accountability, under the Finance Act and regulations governing public resources, shall be observed in management of CDF to ensure value for money is maximized.

o) In the implementation of the CDF, Parliament shall ensure minimal political interference and influence peddling that undermines the core objective of the policy.

p) In the implementation of the CDF, technical assistance shall, where necessary, be sought from other government agencies/departments, NGOs and international institutions to enhance the efficiency of the outcomes from the investments made through the CDF.

q) Management of the CDF at the national, district and constituency levels shall ensure bureaucratic procedures and paper work are minimised to avoid unnecessary delays and costs to the poor.

r) It is the responsibility of Parliament to ensure that the institutional framework for the management of the CDF is decentralised, democratic, cost-effective and transparent.

s) The CDF shall be increased increamentally, at a pace commensurate with the growth of Uganda's economy, social systems, institutions and structures.

s) There shall be developed systems for continuous progress monitoring and impact evaluation in order to learn lessons from on-going implementation and assess outcomes and impacts from implementation of the CDF.

3 CDF POLICY IN THE NATIONAL DEVELOPMENT FRAMEWORK

3.1 THE POLICY CONTEXT

The 1995 Constitution of Uganda provides for development as a right of all citizens, and thus the duty rests upon the state to ensure that this right is enjoyed by all Ugandans. The Local Government Act of 1997 also empowers the district and sub-county local governments with the authority to undertake development programmes, in collaboration with NGOs, private sector and other stakeholders. The 1995 Constitution of Uganda provides for the role of an MP to include representation, legislation and oversight of the executive. The proposed CDF Policy bestows on MPs new roles to take lead in implementation of certain development initiatives. Uganda has developed the Poverty Eradication Action Plan (PEAP) which is now in its third phase of implementation. The PEAP is Uganda's overarching framework for poverty reduction. The current phase 2004/5-2007/8 has five pillars, namely: (1) Macro-economic management; (2) Enhancing production, competitiveness and incomes; (3) Security, Conflict Resolution and Disaster Management; (4) Good governance, and; (5) Human Development. The CDF directly contributes towards achievement of results under PEAP Pillars 2 and 5. Pillar 2 is complimented by the Programme for the Modernisation of Agriculture (PMA), which is the government's Programme for transforming rural areas through the commercialisation of Agriculture. Pillar 5, addressing issues of improving the quality of life through improved access to education and skills development, health, water and sanitation, also compliments Pillar 2 by enhancing productivity in the population. The CDF is one of the various funding mechanisms that government is using to channel additional resources for poverty reduction targeting the poor. Apart from the conditional and non-conditional funding grants to district local governments, other existing mechanisms include the following, among others: the Poverty Action Fund (PAF) through which resources from HIPC-Debt relief are channelled to direct poverty reducing priority areas such as education, health, roads, and others; the PMA Non-Sectoral Conditional Grants; Funding grants under NAADS disbursed through farmers' groups, and the recently introduced Bonna Bagaggawale ('Prosperity for All') funds to be disbursed through Savings and Credit Co-operatives (SACCOS). The implementation of the Bonna Bagaaggawale programme, which was initiated by the government in 2005, kicked off in May 2006. The relationships between these various mechanisms need to be elaborated to justify the CDF as an additional avenue for channelling development funds to the grassroots.

3.2 THE POLICY ISSUE

With all other funding programmes available in the country, what should CDF fund? What should be left out, and how should it interface with other development programs? There are sectoral programmes and projects, designed and implemented by government ministries, department and agencies, through sector wide approaches funded under the medium-term expenditure framework. Funding for poverty reducing activities are made available from basket funds disbursed to district local governments either as conditional, un-conditional and equalisation grants. There are also a number of local government programmes and projects funded by bi-lateral donors such as the Local Government Development Programme supported by the United Nations Development Programme (UNDP). Others include: the European Union supported EDF-Micro-projects and the World Bank funded Northern Uganda Social Action Fund (NUSAF). How, therefore, does the CDF fits into this already crowded development landscape? Is it complimenting, duplicating or contradicting the already existing poverty eradication programmes? What are the legal and ethical contradictions? Are there any institutional linkages? Parliament is supposed to play a watchdog role on the Executive. How then will Parliamentarians effectively take on the operationalisation of the CDF without necessarily undermining their ability to check the executive in utilisation of public resources to execute development programmes?

These are the policy questions that this CDF policy seeks to address.

The CDF Policy shall also address the following policy issues:

- The cross-sectoral and cross policy linkages
- The focus on poverty reduction through a new approach
- Sources of funding
- Sound management of CDF
- Administration and accountability
- Implementation mechanisms and institutional linkages
- Monitoring and evaluation mechanisms.

3.3 POLICY STATEMENT

In order to address the above policy issue, the CDF:

- Shall be considered as a supplementary funding and not an alternative or substitute to existing funding opportunities for fighting poverty as grassroots level.
- The CDF shall have an institutional setup linking Parliament, MFPED, line Ministries, local governments and NGOs in such a way as not to create new structures and/or duplicate work.
- CDF shall also be linked to other policies and programmes for poverty reduction in such a way as not to add disproportionately high costs.
- CDF shall have medium term plans and be budgeted for annually and such a budget shall be reflected in the annual and strategic budgets of Parliament.
- In line with Sector-wide approaches to resource allocation, CDF-funded projects in the different sectors shall be reflected in the respective sectoral and District Development Plans.
- To ensure consistency and growth within the economy, CDF shall be indexed to 2% of national budget, with adequate allocation per constituency per year on an incremental basis as the economy can afford according to Ministry of Finance.
- Money allocated to the CDF shall be used in activities that directly increase households' incomes and productivity. It shall be used on interventions that can trigger rapid income generation, rural transformation, and economic development. It may be used in agro-processing and marketing of agro produce in concerned constituencies. CDF Money shall not be used for development of Government infrastructure programs and projects already having a vote in the national and

local government budgets.

- The CDF shall target the vulnerable individuals at the household level and the community level as well. Projects at all levels should try to link benefits so that the multiplier effect benefits all these categories, were possible. Transparent methods for identifying the vulnerable individuals should be followed with guidance from the Ministry of Gender, Labour and Social Development.
- Projects undertaken shall be owned by the beneficiary communities or households as it may apply.
- CDF shall be monitored like other PEAP projects using the National Integrated Monitoring and Evaluation Systems (NIMES).
- Parliament as custodian of integrity shall therefore at all times uphold and pronounce itself on the matters of accountability affecting itself and or any institution of Government, the CDF notwithstanding.

4 THE CDF ADMINISTRATIVE AND MANAGEMENT FRAMEWORK

4.1 POLICY CONTEXT

The government has always prided itself in ensuring efficient and effective delivery of goods and services to its citizens. Uganda has committed herself to fi ght corruption and ensure transparency and accountability. There are various institutions created to do that. These include the Ministry of Ethics and Integrity; the Inspectorate General of Government; the Auditor General; the Public Accounts Committee the Police Anti-Fraud Squad and the Directorate of Public Prosecution. There is also a budget framework which the annual planning and budgeting circle for all government programmes has to follow, and it is supposed to generate planning from the parish to the national levels. The current decentralisation policy is supposed to bring services closer to the people. The brief CDF guideline developed in 2005 by Parliament were also meant to establish CDF Committees at Constituency level, district and national levels. Most of these institutions were never established.

4.2 POLICY ISSUE

In spite of all the above commitments the country has still seen not only delays but costly implementation of projects or even outright failure. The CDF study by AFLI revealed that half the constituencies didn't know about the existence of CDF. Even where they knew (47%) said its implementation wasn't transparent. Hence the need to ensure CDF does not end up just like any other business. There is a lot of political favouritism, influence peddling and outright mismanagement and embezzlement of funds. Some times the decisions are top-down and not in the very best interest of the beneficiaries.

4.3 POLICY STATEMENT

In order to regulate the administration of the funds the following shall be followed:

4.3.1 ADMINISTRATION OF CDF

The funds shall be planned and budgeted for on a long-term basis and annually under the Parliamentary Commission and approved by Parliament. These funds shall be channeled through the CAO of each district and deposited directly in constituency CDF accounts at the district level and cheques forwarded to approved projects. The MPs shall be notified when these transfers are taking place. At least three signatories shall be required for every cheque or instrument for actual payment or withdrawal of funds from a constituency account, and the signing instructions shall be such that there shall be at least one signature of a nominee from Constituency Development Committee and the district CAO or CFO. The MP is not a signatory to the CDF account because this is in line with Parliamentary Rules of procedure and governance which recogniseses the sanctity and separation of powers between the oversight and legislative role played by the MPs on one hand and the executive arm of government in implementation of programmes.

The Community Development Officer shall be the technical person to supervise the implementation of the CDF projects at both district and sub-county levels. The Community Development Officer shall liaise with other line departments as per the needs of a particular project.

A sub committee of constituency development committee shall be appointed to handle procurement of assets and services. This will be done through the procurement regulations under the CDF Act. Accountability for the funds shall be done not later than three months after the end of the previous financial year. Accountability shall be done by the Constituency Development Committee through the CAO to Parliamentary Commission and then Ministry of Finance, Planning and Economic Development. The funds shall be audited by the government auditor or by an independent audit firm as the Auditor General may direct.

4.3.2 FINANCING OF THE CDF

The constituency development fund shall be an adequate package that shall be specified in the schedule to the CDF law shall be revised by an instrument by the Minister of Finance, Planning and Economic Development, subject to the national budget. The policy proposes constituency development fund shall be funded from the national treasury as part of the annual budget and as such an item in the national budget. It shall be 2% of the national budget . Additional funding to the constituency development projects by a local government or any other donor shall be allowed to compliment the CDF. Where such funding is provided, it shall be declared to the CDF committees and reflected in the reports of the projects. CDF financing shall strictly be for the declared projects consistent with this policy guidelines.

4.3.3 CDF COMMITTEES

There shall be a Constituency Development Committee comprising of 9 persons . The Member of Parliament shall be the Chairperson and the Committees appointing authority. The members of this Committee shall comprise of ; One councillor in the constituency; One LC3 Chairperson in the Constituency (One LC3 or Councillor in case of a city or municipality) , one Community Development Officer in the constituency; one woman representative; one youth representative in the constituency; one nominee from any active NGO in the constituency, one representative of people with disabilities and one sub-county Chief in the constituency . This committee may co-op line government departmental heads or NGOs from time to time as ex-officio members in order to provide technical advise as required.

Functions of the Constituency Development Committee shall include but not limited to, identifying and generating priority projects lists, and consulting with relevant government departments to ensure realistic project estimates, oversee the implementation of projects ,make impromptu visits to projects at such times as it deems appropriate, and ensure compliance in accordance with this policy guidelines.

There shall be a CDF Committee under the Parliamentary Commission. Representatives from the Ministry of Finance, Local government and Agriculture , Animal Industries and Fisheries shall be co-opted into this committee. Other members shall include three MPs nominated by Parliament, the Chairperson of the Parliamentary Public Accounts Commiittee, Budget Committee and Local government committee. The membership shall exclude Members of Parliament who are Ministers or Ministers of State. Proportional representation of the political parties shall be ensured. Procedures and rules for operation will be in accordance with Rules of Procedure of the Parliament of Uganda. The role of this committee shall be to ensure timely allocation and disbursement of the funds to every constituency, to ensure prudent management of the fund, to receive and discuss annual reports and returns from the constituencies/CAOs, and to ensure timely submission to Parliament of various returns, reports and information. The Committees other roles would also be proposing amendments to the policy and the law, submitting annual reports to Parliament and Ministry of Finance, and in general overseeing a policy framework for efficient delivery of development programmes financed through the Constituency Development Fund.

This committee will assign technical staff under the Parliamentary Commission, to oversee the day to day implementation of the CDF programme.

The composition of the Constituency Development Committee shall have at least 1/3 members of the opposition parties, 1/3 women and, where possible, other interest groups like the youth and the disabled should also be represented.

4.3.4 DESIGN OF THE CDF MANAGEMENT SYSTEM

CDF management refers to the authority and capacity to design, enforce, and guarantee the integrity of standards. The National CDF Coordinator shall ensure that the government will:

- Provide capacity through training and infrastructure to enable CDF management institutions to perform their functions efficiently and cost effectively.
- Develop and enforce adequate standards for the development of the CDF sector as a whole.
- Revise policies directed at the management of the CDF and related sub-sectors to ensure that they are complimentary to national CDF policy.
- Ensure compliance with regional and international CDF and poverty reduction related policy and regulatory frameworks.

5 THE CDF POLICY IMPLEMENTATION FRAMEWORK

5.1 THE POLICY CONTEXT

It is important to emphasise that, once formulated and approved as the framework for CDF development; the CDF policy must be implemented.

5.2 POLICY ISSUE

Most well-designed polices fail to get implemented and end up becoming part of the problem instead of part of the solution. For the CDF policy to be successful, it is important for all stakeholders to get involved not only in its formulation but in its implementation as well. Policy development is not just a technical matter but also a social, economic and political one. Therefore a well thought out plan to bring everyone one on board and engage in the process is important, both to debate and refine this policy and also to ensure its successful implementation.

5.3 POLICY STATEMENT

In order to ensure a successful implementation, the following shall be done:
There will be multi-media dissemination, public dialogue, programming, institution building, monitoring and evaluation, and legislating. Because few countries in Africa have initiated a CDF, there is a need for a clear outreach plan.

CDF implementation shall ensure community empowerment by involving communities in all stages of implementation ranging from project identification, implementation, monitoring and evaluation of projects. The objective of this involvement is to create sustainability, capacity building, and empowerment of communities to take charge of their own development.

The CDF policy implementation will liaise with line Ministries, MPs, NGOs, United Nations agencies and donors. There is need to cost the implementation of the policy over a five year period. This involves assessing financial, institutional, personnel and infrastructure requirements. This will determine the pace and sequencing of policy implementations. That cost must be seen not merely as expenditure but more importantly as investment in a programme expected to uplift the poor out of poverty and strengthen the economy generally.

The policy should be programmed and sequenced. A detailed monitoring and evaluation framework shall be developed in consultation with NIMES, MPs and other stakeholders.