PARISH DEVELOPMENT MODEL

ISER
Facilitating Social Justice
INITIATIVE FOR SOCIAL AND ECONOMIC RIGHTS

5 THINGS GOVERNMENT MUST IMMEDIATELY ADDRESS

1. BACKGROUND/ INTRODUCTION

For many years, the current government has made strides at eradicating poverty. Right from the 1980's, it embarked on several economic and social programs to uplift the incomes of the poorest and consequently improve their living standards. These included the Poverty Eradication Action Plan; Rural Farmers Scheme in the early 1990s; Entandikwa in the run-up to 1996; Bona Bagaggawale in 2007; Operation Wealth Creation; the Youth Livelihood Programme; to the now current Emyooga program which was introduced in October of 2020.

Despite all these efforts, poverty and inequality still remain high. The country's growth rate over the five years' pre-pandemic has averaged 5 percent[1] but much of this growth has been "jobless". Unemployment levels have remained stuck at 9 percent[2] with much of the reported growth being from those sectors that employ the smallest population share. And yet even for the few employed citizens, many can barely afford to live. Out of every ten households, four[3] still aren't able to sustain their day to day needs like food, water, housing and healthcare.

By way of various "economic inclusion" programs, there now seems to be more recognition from government regarding the role that targeted interventions could play in driving inclusive growth and at the same time achieve a just recovery from COVID - 19. The World Bank within her *State of Economic Inclusion report*[4] *2021*, has described economic inclusion as a bundle of coordinated, multidimensional interventions that support individuals, households and communities so they can raise their incomes and build their assets. Such programs have been broken into three entry points namely: - social safety nets; livelihoods and jobs; and financial inclusion.

The Parish Development Model, which is government's latest program speaks majorly to financial inclusion. Through this pillar, government aims to bring the remaining 39 percent of Ugandan households from subsistence into the monetary economy.

Subsistence households have been defined as those engaged in production of goods and services whose returns are only enough or even unable to meet the basic requirements/ needs. Estimates by the 2019/20 national household survey put this figure at 3.5 million households. Through the PDM, government now aims to provide sustainable livelihoods for all these households.

1 World Bank, World Development Indicators Database, https://databank.worldbank.org/source/world-development-indicators
2 2019/20 Uganda National Household Survey; Uganda Bureau of Statistics
3 Based on the latest figure for subsistence households according to the 2019/20 national household survey: Households in the subsistence economy have been defined by the Uganda Bureau of Statistics as those that are unable to meet their basic needs regardless of whether they were engaged in any economic activity.
4 https://www.peiglobal.org/resources/state-economic-inclusion-report-2021-potential-scale-overview (last accessed 12 July 2022).

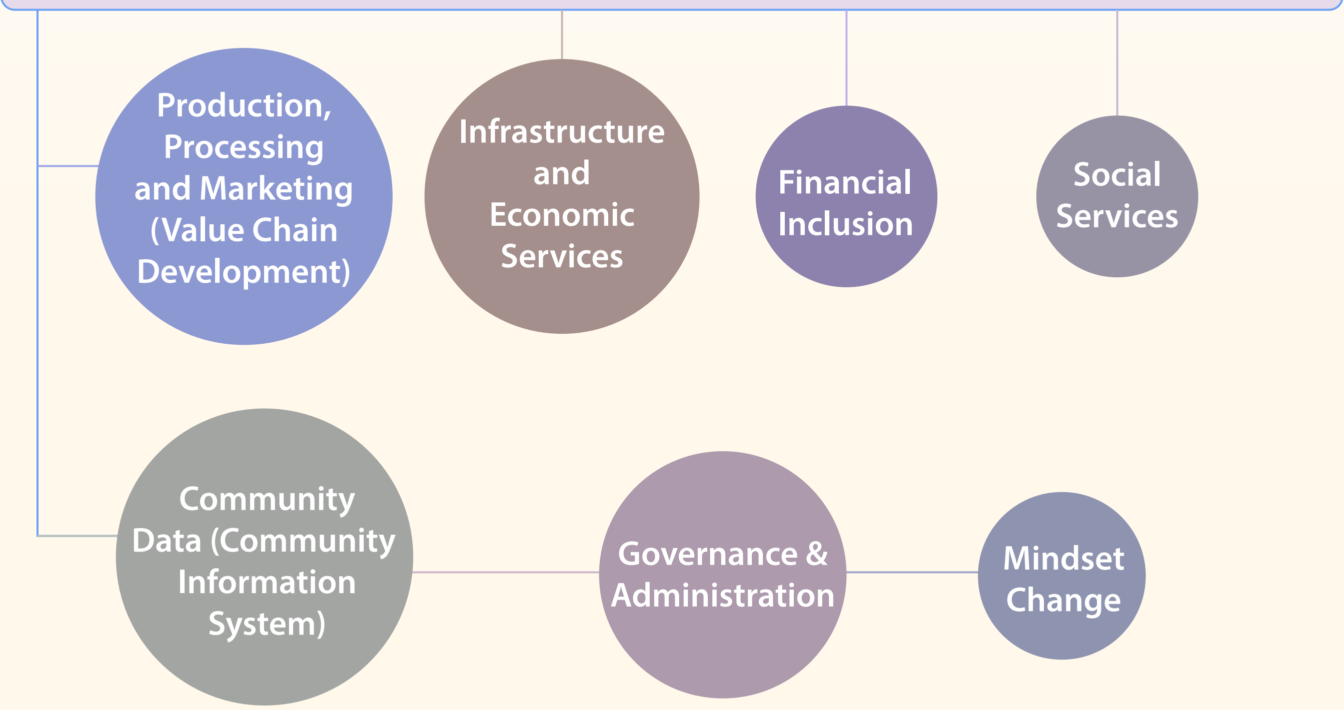
2. KEY FACTS ABOUT THE PARISH DEVELOPMENT MODEL

Started in 2021/22, the Parish Development Model (PDM) has been identified as a strategy for organizing and delivering public and private sector interventions for wealth creation and employment generation at the parish level as the lowest economic planning unit. This is in line with the National Development Plan III whose thematic focus is "sustainable industrialization for inclusive growth, employment and wealth creation."[5]

Government has observed that implementation of the PDM marks a major milestone in Uganda's development journey in three main ways:

- It accelerates implementation of Area-Based Commodity Development planning which is vital for realizing the quantity and quality of agricultural production required for agro - industrialization and export development.
- It extends the whole-of-government approach for development to the parish level in a consolidated manner as opposed to working in silos.
- It localizes Vision 2040 and the National Development Plan for effective measurement and management of development interventions.

Everything should be situated at the Parish level and is anchored in seven pillars. These pillars will be implemented by both public and private sector institutions at the central and local government levels. These are listed below.



5 Ministerial Statement on the Parish Model, https://parliamentwatch.ug/wp-content/uploads/2021/07/Ministerial-Stamen-on-the-Parish-Develop-Model.pdf (last accessed 12 July 2022).

Pillar	*Key Fact*
Financial Inclusion	Communities will be organized into business oriented groups for them to receive credit from government. Funds to these groups will be drawn from the Parish revolving fund. Applicants are required to be engaged in the production/storage/value addition/ buying and selling of any of the recommended agricultural production lines. Interested members won't have to pay any membership or administration fees. The annual interest charged will be (a five-year average inflation rate +1%). So the 2021/22 interest rate will be 6%. The maximum duration for recovery of funds will be 3 years. All payments will be made through digital means and all funds will be channeled directly from the treasury to the Parish SACCOs. Members of each Parish group shall co-guarantee one another for purposes of ensuring successful implementation of their project. The guarantees shall be by each individual in the group and enforceable individually or severally. 30 percent of the parish revolving fund will go to women; 30 percent to youths; 10 percent to persons with disability; 10 percent to the elderly; and lastly 20 percent to men and others that don't fall in the above special categories.

Production, storage, processing and marketing	For each district, they'll identify 2 priority agricultural commodities that should be promoted and branded. So all resources channeled under the revolving fund will be channeled towards production of the identified commodities.
Social Services	This pillar shall consolidate delivery of social services at the grass-root level. Focus will be on primary healthcare, education, access to clean water, transport and communication. Relevant MDAs shall identify and transfer resources to local Governments to enable them establish the best social services.
Infrastructure and Economic Services	Focus is on providing community roads; community local markets; power; safe water; Internet and ICT infrastructure at the parish level.
Community Data (Community Information System)	This pillar shall involve community profiling and data collection to inform Government planning and delivery of targeted interventions.
Governance & Administration	This pillar is responsible for implementation aspects of the PDM. Adoption of the PDM will extend to the parish level the whole-of-government approach to development and governance (program-based budgeting and delivery). The parish chief will be responsible for implementing government policies and programs in his/her area of jurisdiction.
Mindset Change	This pillar will focus on adoption of the right way of thinking and focus will be to enhance financial literacy for households; reduce negative cultural practices; and reinforce positive beliefs and norms.

HOW THE PARISH MODEL WILL BE FINANCED

For the current financial year 2021/22, each parish shall receive Shs. 17million for the Parish revolving fund. Government has planned to have this increased to Shs. 100 million starting 2022/23 financial year implying a total allocation Shs 1.05 trillion within that year. This same amount will be injected into the revolving fund for four consecutive years. It is worth noting that funding has only been planned exclusively for the Parish Revolving Fund, and MDA's will have to plan for and mainstream the other pillars within their respective budgets.

The Parish Model generally is a step in the right direction as it stipulates a course of action that could directly uplift the livelihoods of the poor by tapping into those areas with the greatest potential. It is interesting to note that financial support will now target the entire agricultural value-chain than rather focus at only the input stage.

But like many of its predecessors, the program risks missing its intended objective if a number of gaps are left unaddressed.

KEY CONCERNS

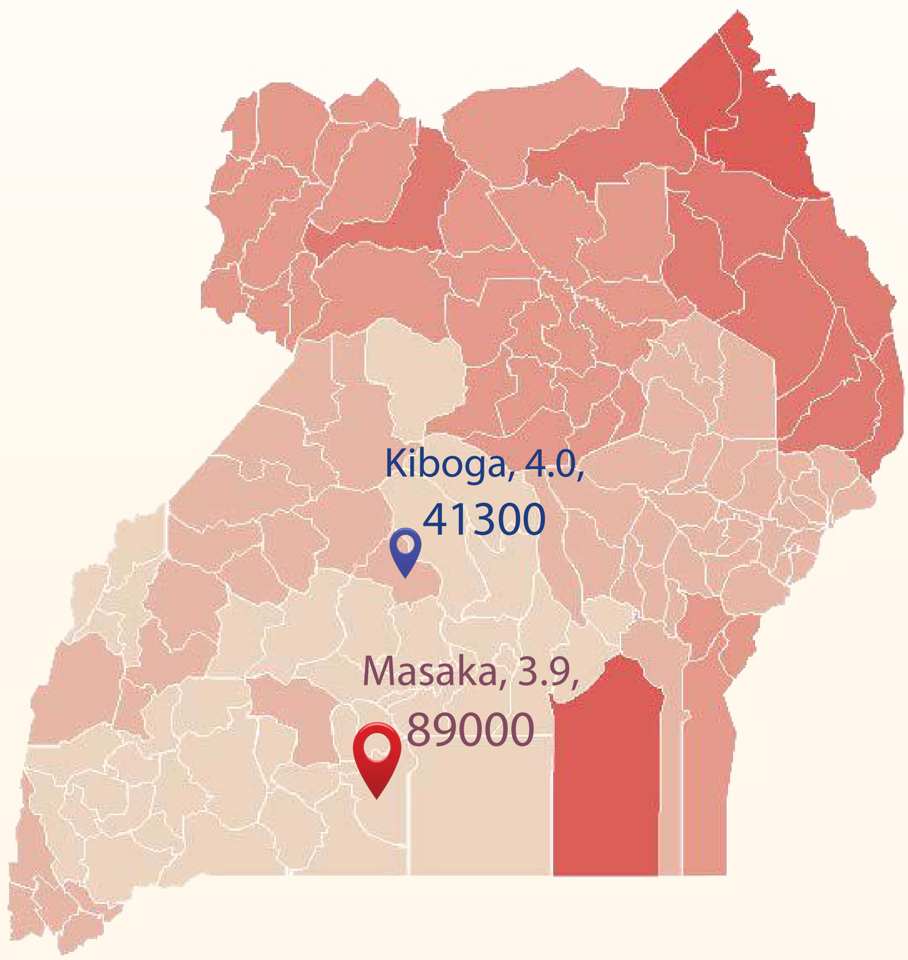
1. Insufficient attention is paid to Public Social Services within the Parish Development Model

Although noted under the guidelines that MDAs are mandated to plan for delivery of the social services pillar with the intention to bring these services to the grassroots, the line Ministries responsible have not expressly noted what they will do in that regard. As per existing policy, every parish should have a government school and a health facility within 5km reach. Many do not and without access to such critical public social services, money provided under the revolving fund risks being spent by recipients to cover pressing home needs than rather invested as intended. Hence despite mentioning public services as a key pillar within the guidelines, there still seems many questions as to how this will be actualized. When assessing MDA's budgets, will the Ministry of Finance appraise their compliance to this directive? Will there be a requirement for a particular percentage/portion of MDA's budget to go to public social services at parish level? How will the authorities ensure that parish chiefs are involving communities in drafting parish-level budgets? All these are questions that will need to be answered.

2. The current distribution plan is inequitable given differences in the size of parishes

As currently planned, each parish will receive UShs 17 million in financial year 2021/22 and another UShs 100 million starting 2022/23 financial year for four more years. A key point of concern is that while distributing these funds, consideration hasn't been made for the number of households within each Parish. This will likely see many lesser populated regions receive far larger allocations compared to those with more households. The differences can be quite stark. A case in point is Kiboga district that will receive UShs 4 billion, to cater to a 41,300 households. This when compared to Masaka (UShs 3.9 billion) is much bigger and yet Masaka harbors double the number of households in Kiboga. Moreover, a district could have less people but with more concentrated in a few parishes. Leaving out such key criteria could see less populated areas benefit more rendering the distribution inequitable.

Allocations under the Parish Model for the 2022/23 FY



Series Description: District, allocation in billions Shs, no. of households

Data Source: Uganda Bureau of Statistics, 2021 statistical abstract

While government may not have data on areas of need within parishes, it should have data on parish sizes, which would enable better targeting than providing 100 million shillings per parish.

Moreover, as the money allocated for 2021/22 was distributed, in Bududa district, while each Parish should have received UShs 17 million, because only 54 out of 160 parishes had been budgeted for by the Finance ministry, each ended up receiving UShs 7 million as the district then decided to precisely divide the money allocated amongst all parishes.[6]

3. There are no guarantees of meaningful citizen participation in developing parish plans and budget

Given that subnational plans and budgets will now emanate from the Parish, it is important that citizens together with their local leaders are granted the opportunity to take part in identifying their community needs. The Parish model although considered bottom up was top down in its design process in that communities learnt about it after it was launched rather than inform its formulation. In February this year when the President launched the Parish model, it was the first time for many especially in rural areas to substantively hear about it besides noting it as a campaign promise. At the end of April 2022, in a number of villages, only a handful of the people had heard about it.[7] Key leaders that could have aided in its dissemination like Local Council representatives are only learning about it. There are some steps being taken to raise awareness, for example within the last few weeks, women leaders in Mityana district were being mobilized to learn about the PDM, which is a good step forward. We are also now seeing Members of Parliament, Ministers and KCCA interacting with communities on the model. However, much of the sensitization focuses on the money to be received under the financial inclusion pillar, with limited or no mention of the other pillars. Many did not, for example know the link between social services and the Parish model.

The implementation guidelines for the Parish Model have stipulated that the parish action plans, budgets and reports will be prepared, coordinated and managed by the Parish Chief together with the Parish Development Committee. There hasn't been any mention however as to how citizens shall be mobilized to feed into this process. This then risks having much of their community needs left out. Community participation and ownership will be key to ensuring the functionality of the revolving fund. ***Some people do not know that the money will have to be paid back with some interest.***

6 Parish Model Programme Starts Amid Hitches In Some Parts Of The Country, NTV news 24 June 2022 https://www.ntv.co.ug/ug/news/parish-model-progamme-starts-amid-hitches-in-some-parts-of-the-country-3859232 (last accessed 12 July 2022).

7 ISER interviews with different stakeholders, April 2022.

8 Ibid.

While theoretically power seems to be brought to the people through the parish development model, in reality it seems to be top down. It is worth mentioning that too often, economic-development planning happens to communities rather than with them. Yet to achieve an economy in which the benefits are shared, leaders would need to take an approach that is fully rooted in the human perspective, directly engaging diverse voices and giving decision- making authority to the communities they seek to empower. This would be in line with the spirit of Article 176 of the Constitution which provides for decentralization "to ensure people's participation and democratic control in decision making."

4. Administrative and staff costs aren't adequately catered for

One of the major barriers to the success of previous livelihood programs – including Emyooga, has been the failure to adequately plan for the administrative costs necessary to keep them running. In the case of the Emyooga program, legislators, while presenting their reports[9] on the implementation of the program within their different constituencies across the country, noted that, its structuring had overlooked the impact of administrative costs with some SACCOs charging beneficiary groups between UShs 1.5 million to 2 million to cover costs like setting up offices. This in essence lessened the funds available for on-ward lending.

In the case of the Parish Development Model, Government did set aside UShs 17 billion and UShs 29 billion to meet administrative and staff costs respectively within the 2021/22 financial year. As concerns this FY 2022/23, much of the discourse has centered on the UShs 100 million per parish that is to be channeled through the revolving fund. It is not clear how administrative costs will be catered for this financial year.

5. There is no policy framework to guide the Parish Development Model's

To date, there is no legal or policy framework to guide implementation of the Parish Model except for the guidelines that Government has put in place. These are short of the required accountability measures to safeguard the program's execution and do not further stipulate the roles to be played by key stakeholders such as the legislative arm of Government. Parliament has asked for a policy framework but we are yet to see one. Government had rejected this arguing that the program was in line with the Constitution and does not need a separate policy. However, this could be argued for most programs. It is increasingly clear that Uganda's development model will be anchored in the Parish Development Model. A clear legal or policy framework to guide this model would strengthen accountability and help ensure government achieves the intended development gains.

6. The implementation gaps in the PDM guidelines expose the program to the risk of Corruption

It is worth noting that for a long time, many economic programs meant for livelihood support have become insolvent as funds channeled into them have gone missing, including monies for the most recent Presidential Initiative on Wealth and Job Creation "Emyooga." This was because accountability mechanisms were not sufficiently built within these programs. It is not clear government has learnt lessons from this to prevent the likely recurrence of corruption. For example the lack of clear criteria has resulted in reports that leaders are asking people for bribes, in order to be considered first for the funds.[10]

9 Parliament, https://www.parliament.go.ug/cmis/views/1ae4d375-2c38-4747-91fe-81f4f407dfd2%253B1.0 (last accessed 12 July 2022).

7. There is yet any serious safe guards by Government to preserve the sustainability of numerous revolving funds

On account of the UShs 100 million that will be injected into each Parish SACCO for four consecutive years, Government envisions the revolving fund to become self-sustaining with earlier borrowers eventually returning loan funds along with interest for this to lent out to other groups.

The guidelines state that members of each Parish Group shall co-guarantee one another for purposes of ensuring successful implementation of their approved project and that the guarantees shall be by each individual in the group and will be enforceable individually or severally. However, there is yet any mention of how such enforcement shall be carried out. The lack of a clear enforcement mechanism risks these monies getting abused by their recipients and an eventual collapse of the revolving fund.

8. Lack of Remedial Mechanisms

There is also no remedial mechanism built within the model of the program. This should follow under pillar 6: Governance and Administration. While the PDM Policy Committee will be in place, it will assess the program overall and report to cabinet on challenges. Neither the PDM Technical committee, nor any structure within the program is tasked with ensuring access to remedy. Yet there are already complaints from people questioning whether they were rightfully excluded. Local Council courts which fall under administration of justice structures would lie here. Moreover, access to justice is a key barrier many people face and the Chief Justice has called for courts at each parish level.

9. Need for more clarity on the interest Rate

The Guidelines state the interest rate will vary. While in 2021/22, it was set to be 6 %, it will be determined each year taking into account a five-year average inflation rate plus 1%. It is not clear what happens when the inflation rate is high. For example, this year, the inflation rate will be higher, averaging 7.4% according to the July Bank of Uganda Monetary Policy statement. A better model would be to set 6% as the interest rate ceiling.

10. Criteria to determine who can benefit

There is lack of clarity around how Parish chiefs will be determining who can and can't benefit. For example, we have received reports of people in villages being excluded despite being relatively impoverished simply because they have relatives who work in Kampala. Clear criteria to determine who can benefit would reduce this arbitrariness. The criteria could be publicly posted alongside beneficiaries to curb the risk of corruption. There is also no clarity on maximum that can be borrowed by any household or group so it could result in only a few beneficiaries exhausting the money or even foster corruption.

10 Tugume Godfrey, Rubanda Chiefs Ask For Bribes to Dispense Parish Development Model, CHIMPREPORTS, June 28,2022, https://chimpreports.com/rubanda-chief-ask-for-bribes-to-disperse-parish-development-model- money/, last accessed 12 July 2022.

RECOMMENDATIONS

The Parish Development Model can play a key role in driving socio-economic transformation for the country's poorest individuals. However, it could, like many well-intentioned government programs fall short of achieving its intended objective if the above identified gaps are not addressed.

Below we propose five ways the Parish Development Model could be improved in order to enhance its capacity to meet it intended objectives:

1. Ensure adequate financing and equitable distribution of the PDM funds.

1.1 Put a cap on funds to be borrowed by each household. This would enable as many groups as possible to benefit in any one given year and reduce the risk of corruption.

1.2 Establish clear criteria on who can benefit.

1.3 The Ministry of Local Government should work with Uganda Bureau of Statistics in the coming financial year 2022/23 to support data collection efforts at the Parish level. Such disaggregated data should guide any new regional allocations in the years that follow. Resources should therefore be allocated to this effort. A clear database will enable transparency, better targeting and value for money.

1.4 Put a cap on interest rates charged under the revolving fund

1.5 Ensure adequate financing for administrative costs including monitoring and evaluation.

2. Develop a policy to guide implementation of the PDM. The policy should cover clear accountability mechanisms and access to remedy.

3. Put in place a comprehensive framework for accountability.

3.1 Clear mechanisms should be put in place to disincentive corruption amongst both the recipients and those administering funds under the financial inclusion pillar. One example is that funds could be distributed based on households than rather collective groups as it seems more plausible to enforce recovery of funds on individual households than on collective groups.

3.2 Regular monitoring and sensitization are key to avoid pitfalls of prior programs like Emyooga.

3.3 Devise a structure to ensure timely and comprehensive accountability for disbursed funds. For example, there should be accountability for the 17 million allocated per parish in the 2021/22.

3.4 Ensure access to information. Post list of beneficiaries in public spaces in communities.

4. Increase investment in Public Services and access to justice at Parish level and all MDAs must account for how they have aligned their budgets to realize this.

5. Ensure meaningful citizen participation.

5.1 Regulation should be put in place to secure meaningful citizen participation in the development of parish plans and budgets.

INITIATIVE FOR SOCIAL AND ECONOMIC RIGHTS

Facilitating Social Justice

Initiative for Social and Economic Rights (ISER)

Plot 60 Valley Drive, Ministers' Village, Ntinda

P.O Box 73646, Kampala - Uganda

Email: info@iser-uganda.org Tel: +256 414 581 041

Website: www.iser-uganda.org

@ISERUganda ISERUganda ISERUganda