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THE PARISH DEVELOPMENT MODEL

TWO YEARS LATER

A CSO POSITION PAPER ON THE IMPLEMENTATION OF THE **PARISH DEVELOPMENT MODEL** IN UGANDA

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LIST OF ACRONYMS AND ABBREVIATIONS

BDS	*Business Development Services*
CSO	*Civil Society Organisations*
DLG	*District Local Governments*
FY	*Financial Year*
KCCA	*Kampala City Council Authority*
LCI	*Local Council One*
LCII	*Local Council Two*
LED	*Local Economic Development*
LGA	*Local Governments Act*
LGs	*Local Governments*
MAAIF	*Ministry of Agriculture, Animal Husbandry and Fisheries*
MICT &NG	*Ministry of Information, Technology and National Guidance*
MoFPED	*Ministry of Finance, Planning and Economic Development*
MoLG	*Ministry of Local Government*
NDP III	*National Development Plan Three*
PDCs	*Parish Development Committees*
PDM	*Parish Development Model*
PDM SACCO	*Parish Development Model Savings and Credit Cooperative*
PDM	*Parish Development Model*
PEAP	*Poverty Eradication Action Plan*
PPCP	*Public-Private-Community-Partnership*
PRF	*Parish Revolving Fund*
SACCO	*Savings and Credit Cooperative Societies*
SDG	*Sustainable Development Goals*
UBOS	*Uganda Bureau of Statistics*
UGX	*Uganda Shillings*
UGX	*Uganda Shillings*
UNHS	*Uganda National Household Survey*
UWEP	*Uganda Women Entrepreneurship Program*
YLP	*Youth Livelihood Program*

EXECUTIVE SUMMARY

Uganda is at critical crossroads in its development today. Recent estimates from the Uganda National Household Survey 2019/20[1] show that 20.3% of Ugandans live below the poverty line (the figure goes up to 42.1% on a multidimensional score), while 39% of households rely solely on subsistence farming. Over 8.3 million citizens struggle for their next meal daily.

Although Uganda's national poverty rate has reduced by more than half from 56% in 1993 (Afrobarometer), Uganda remains one of the world's poorest countries. This situation has been further exacerbated by the impacts of the COVID-19 pandemic, which plunged 300,000 more Ugandans back into poverty. [2]

To breathe new life into its push to realise the aspirations of Vision 2040[3], the Government of Uganda (GoU) introduced the Parish Development Model (PDM) on 26th February 2022, a poverty-alleviation program aiming to elevate 17.5 million Ugandans in 3.5 million households from subsistence living to active participation in the monetary economy. Its operational framework is built on seven pillars: (1) Production, Storage, Processing and Marketing; (2) Infrastructure and Economic Services; (3) Financial Inclusion; (4) Social Services; (5) Mindset Change; (6) Parish Based Management Information System; and (7) Governance and Administration.

The PDM is not the first poverty-eradication program of its kind. Previous initiatives like the Poverty Eradication Action Plan (PEAP), Entandikwa, Bonna Bagagawale, Zoning, Four-acre, Youth Livelihood Programme, Women Fund, and Operation Wealth Creation have jointly yielded dismal results. The PDM stands out from its predecessors by being the first to use a "whole government" approach.

Based on the principles of participatory development, the PMD aims to promote sustainable economic growth by boosting small and medium-scale enterprises (SMEs) and value chains in rural areas. It aims to improve access to essential services like healthcare, education, and clean water in 10,594 parishes in 146 districts nationwide. By far Uganda's most ambitious stimulus program yet, the PDM ringfences UGX 490 billion for local communities, empowering them to build their own prosperity. It is potentially a significant shift in power.

As Uganda approaches its second year of implementing PDM, the jury is still out on whether the program will fulfil its promise or join a long list of predecessors in failing to arrest Uganda's poverty problem. To help reformists and policymakers answer this question, this paper draws from a deep well of implementer experiences, government reports, and scholarly/civil sources to offer fresh insights into the successes and setbacks in PDM implementation thus far. The authors intend for this analysis to inform/inspire the crafting of solutions that transform the lives of Uganda's most vulnerable citizens.

In developing material for this paper, the authors thoroughly reviewed existing literature from government ministries and departments and reports by leading scholars and civil society organisations in the field. While these secondary resources provided crucial insights into the structural workings and challenges of the PDM process, the authors also buttressed their analysis with case studies in four districts (Kibuku, Budaka, Maracha, and Yumbe). These were conducted through focus group discussions and key informant interviews with implementers, beneficiaries, and observers.

Generally, this study finds that there have been definite gains in bringing infrastructure and services (e.g. roads, water, energy, etc) closer to the people. The unprecedented use of a whole government approach at the parish level has been instrumental in encouraging higher levels of citizen participation in government programs and, by extension, more remarkable improvement in income and business growth. However, these gains are marred by operational setbacks like unreasonable bureaucratic hurdles, weak administrative structures at the parish, political interference, a lack of clear guidelines, and the familiar two-headed hydra of corruption and misuse of office.

On a balance of scales, institutional weaknesses and political interference in Uganda's local government system pose the most significant threat to the PDM's success. The reforms needed to counter these threats include involving communities in the design and decision-making of parish-level interventions, strengthening the parish and sub-county local government structures, providing clear guidelines for the administration and use of resources, and aligning public-private partnerships with banks and other stakeholders to the lived realities of target beneficiaries on the ground.

Unless urgent action is taken to reform these areas (and more), the analysis of this paper is that the PDM is at a high risk of following its predecessors in failing to deliver on its promise.

1. INTRODUCTION

Uganda grapples with significant poverty, as evidenced by a 20.3% poverty rate in monetary terms and 42.1% on a multidimensional basis. According to the most recent poverty estimate from the Uganda National Household Survey 2019/20 (UNHS), 7 million individuals in rural areas and 1.3 million in urban areas live below the poverty line. The predominance of a subsistence economy is stark, encompassing 39% of households (est. 3.5 million households), of which 56% solely rely on subsistence farming[4]. The COVID-19 pandemic exacerbated the situation, with the proportion of individuals falling below the poverty line escalating from 18.7% to 21.9% after the pandemic[5].

Aligned with Uganda's long-term development strategy, Vision 2040, which aims to transition the nation from a peasant society to a modern and prosperous society, the government crafts medium-term development plans. The ongoing NDP III (2020/21 – 2024/25) seeks to bolster household incomes and enhance the quality of life for Ugandans by fostering resource-led industrialisation. This strategic approach aims to add value to critical sectors such as agriculture, Information and Communication Technology (ICT), and minerals, ultimately catalysing essential structural changes and shifting labour from low-paid agricultural roles to more remunerative industrial employment opportunities.

The Government of Uganda launched the Parish Development Model (PDM) on 26 February 2022 to operationalise this. The PDM aims to transform subsistence households into a money economy and lift 17.5 million Ugandans in 3.5 million households out of poverty. The Parish Development Model embodies a multi-sectoral approach to elevating Ugandan households entrenched in subsistence living to active participants in the monetary economy[6]. It envisages comprehensive government involvement, increasing production, improving infrastructure, enhancing service delivery, and boosting grassroots-level economic activities.

One essential facet of the PDM is the pro-poor orientation in PRF's financing structure. Featuring an interest rate of Inflation Rate + 1%, in contrast to a 5% surcharge under the Youth Livelihood Program and a 5% service fee under the Uganda Women's Empowerment Program[7], the PRF offers a cheaper source of capital financing for marginalised groups like women, youth, and Persons with Disabilities.

Nearly two years have passed since the launch of the PDM, revealing a mixed landscape of successes and notable challenges. This paper offers a comprehensive exploration of the critical issues that have emerged during the implementation of the PDM since its inception. Drawing upon a rich blend of original case study findings and a diverse array of secondary data sources, including perspectives from scholars and civic society organisations, this study delves into the best practices and nuanced challenges stemming from this implementation. Beyond merely examining the contemporary obstacles, the research sheds light on the structural impediments that underlie the model's implementation, providing a holistic understanding of its journey so far.

From the onset, it is imperative to underscore that the PDM derives its conceptual underpinnings from the developmental state paradigm, notably observed in prosperous Asian nations like Singapore, South Korea, Taiwan, and Malaysia [8]. These countries are lauded for their robust domestic institutions and their capacity to forge effective coalitions between the state, private sector, and civil society[9].

Given the parallels between the PDM and prior poverty eradication programs, this paper explores the safeguards embedded in its policy framework, focal areas, and budgetary allocations to ensure its efficacy. *What ground-breaking innovations, particularly regarding accountability mechanisms, are imperative for superior outcomes in contrast to Uganda's preceding programs?*

1.1. Background

On February 26, 2022, President Yoweri Kaguta Museveni inaugurated the Parish Development Model, a program aiming to eradicate poverty through localised development initiatives at the parish level. With an allocation of UGX 490 billion, this model builds on the principles outlined in the National Development Plan III (NDP III). It centres the parish as the primary administrative hub for delivering services directly to communities, stimulating local economic growth. The Parish Development Model represents a comprehensive and strategic endeavour focused on transitioning households from subsistence to monetary economies. It leverages local resources and encourages collaborative efforts to drive holistic economic transformation across sectors and communities.

The PDM is an extension of the approach to development envisaged under the National Development Plan III, with the parish being the lowest administrative and operational hub for delivering services closer to the people and thereby fostering local economic development. The primary goal of the PDM is to elevate household incomes, enhance the overall quality of life, eradicate poverty, and reduce vulnerability across Uganda.

Drawing from the NDP III's strategic orientation, the PDM prioritises empowering local communities as the primary driver of progress. It extends the Whole-of-Government approach to development and governance (program-based planning, budgeting and delivery) to the parish level. This is significant because the parish is the lowest administrative body in Uganda's local government structure. It is, therefore, the ideal hub for bringing services closer to the people. Under the initiative, each parish is supposed to get 17 million shillings in the current financial year to start implementing the program and then 100 million Shillings with effect from the next financial year.

Envisioned as a nationwide initiative, the PDM aims for comprehensive development by consolidating fragmented services, promoting financial inclusivity, fortifying Local Government (LG) systems, and enhancing agricultural productivity. It, therefore, operates harmoniously with several governmental objectives, including decentralised governance initiatives dating back to 1992, constitutional mandates, planning guidelines, and commitments outlined in the National Resistance Movement (NRM) Manifesto.

1.2. Structure and Scope of the Model

The structure of the PDM has seven pillars:

i. Production, processing and marketing across all relevant value chains in agriculture and non-agriculture sectors;
ii. Production infrastructure (Roads, Energy, Water ICT, etc.);
iii. Social services (Health, Education, Water and Social Development);
iv. Financial inclusion through integrated systems that include SACCO, Cooperatives and use of the revolving fund's approaches;
v. Mind-set change, business development services, extension services and other crosscutting issues such as gender and climate change;
vi. Community Management Information System with the associated data
vii. Governance and Administration.

In terms of geographical coverage, the PDM covers the entire country. It is being implemented in 146 districts, 2184 sub-counties/towns/municipalities, 10,594 parishes and 70,626 villages. Given that resources will be distributed per parish/ward, each district will receive resources (under the revolving fund) aligned to the number of parishes or wards in that particular district.

Operational Structure

i) **The National Policy Committee**: At the national level, the National Policy Committee (NPC) is the apex forum that provides overall policy direction to the PDM. It is mandated to oversee and guide the operationalisation of PDM Programs and ensure alignment with NDPIII and NRM Manifesto.

   The National Policy Committee is equivalent to a Cabinet Sub-Committee of the respective Ministers, giving the PDM the highest political leadership and decision-making level. It is chaired by the President (or Vice President), and the Prime Minister is the overall supervisor of the PDM.

ii) **PDM Secretariat**: The PDM Secretariat is mandated to support the NPC and Working Groups. It is domiciled at the Ministry of Local Government (MoLG) and is steered by a PDM Coordinator and Deputy Coordinator, a manager for each of the 7 PDM pillars, a representative from Operation Wealth Creation (OWC), and strategic technical support staff.

   The Secretariat has various functions, including coordinating the activities of national and sub-national level stakeholders; coordinating the activities and facilitating meetings of the NPC and PDM Working Groups; monitoring and tracking the compliance of work plans and budgetary resources; developing Action Plans for PDM implementation; producing and submitting reports to the NPC; developing and implementing a communications strategy for the PDM; reviewing and updating PDM guidelines for approval by the NPC, and; supervising, monitoring and evaluating PDM implementation.

iii) **PDM Working Groups**: The Working Groups are comprised of Ministers, Permanent Secretaries, and Technical Officers. Seven (07) Working Groups are aligned to the PDM's seven (07) pillars. They serve as an avenue for consultation and review and are supposed to report to the PDM Secretariat every quarter. PDM Working Groups are mandated to review and propose amendments to the Operational Guidelines and respective pillar manuals developed by every participating ministry. Their role is to align the plans and budgets of MDAs to the PDM.

iv) **Local Governments and Cities**: The PDM is implemented through the existing structures of the District/City and Municipal Councils. Accounting officers like Chief Administrative Officers or Town Clerks designate PDM focal persons (FPPs) from Technical Planning Committee (TPC) members. The FPPs act as 'community champions' and report directly to the District/City Executive Committee on PDM issues.

v) **The Parish and Wards**: Parish Chiefs play a significant role in the PDM's management structure. The Parish Chief/Town Agent coordinates all government efforts at the parish/ward and reports to the sub-county chief, who remains accountable to the Chief Administrative Officer. The Parish Chief/Town agent is expected to mobilise the leadership of all local stakeholders to form Parish Development Committees (PDCs) and Parish Co-operative Associations (PCA) called PDM SACCOs, where s/he is an ex-officio member.

A PDM SACCO is an amalgamation of various enterprise groups at the parish level. On the other hand, a Parish Development Committee (PDC) comprises state and non-state actors at the Subcountry level. Its membership includes the LCII chairperson, all Parish Chief /Town Agents, a Secretary of Women Affairs, a Secretary of Youth Affairs, a Secretary for PWDs, an Opinion Leader, and the Chairperson of the ruling party at the Parish/Ward.

1.3. Methodology

Research for this paper was mainly done through a comprehensive literature review, sourcing information from secondary documents like guidelines and reports from key governmental agencies. These included the Ministry of Finance, Planning and Economic Development; the Ministry of Gender, Labour and Social Development; the Ministry of Agriculture, Animal Husbandry and Fisheries; the Ministry of ICT; the Ministry of Local Government; and the Ministry of Trade, Industry and Cooperatives. Additional reference was made to the National Development Plan III and budget call circulars for FY 2022/2023 and 2023/24, as well as academic and civil society reports and research papers delving into the Parish Development Model (PDM) further contribute to the depth of understanding.

Central to the study's design was the conduct of case studies detailing the experiences of implementers at the local government level. These were done through Key Informant Interviews (KIIs) carried out in four districts— Kibuku, Budaka, Maracha, and Yumbe. Over 24 leaders, such as District Chairpersons, Resident District Commissioners, Chief Administrative Officers, Production Officers, Commercial Officers, Community Development Officers, Local Councillors and Parish Chiefs, were interviewed across the selected districts. These interviews provided boots-on-the-ground insights into success stories and struggles of PDM implementation at various administrative levels.

The KIIs were conducted using a key informant guide to make reasoned inferences on the most probable, feasible, and convincing explanations. The interviews aimed to collect practical and context-specific examples and explore the relationship between the actions of the different actors and program outcomes. We used process tracing to examine the various explanations for the outcomes reported through the KIIs. Through these, we generated evidence that explains the success and failures of the program.

To augment these findings, we also conducted eight focus group discussions (two per district) involving PDM beneficiaries, members of Parish Development Committees (PDCs), opinion leaders, religious leaders, Parish Chiefs, and potential PDM beneficiaries, along with other members of the public residing in the selected sub-counties. This diversity in the range of participants allowed us to fully grasp the sentiments and perceptions of PDM at the grassroots level.

In threading the conclusions of this paper, we triangulated the data from key informant interviews, literature review, and focus group discussions through group consensus.[10] This collaborative approach was instructive in extracting nuanced insights and patterns from the data. It enhanced the credibility, validity, and reliability of our findings, thereby enriching the understanding of implementing the PDM.

1.4. Key Findings

The findings of this study show that the PDM's implementation has focused mainly on Pillar 3 - Financial Inclusion, particularly the PRF. While there have been commendable achievements under this pillar (e.g. an 87% PRF disbursement rate, with 42 LGs achieving 100% disbursement), challenges persist in at least nine Local Governments (mainly in the Karamoja Sub-region) where disbursement is below 50%. A deeper analysis of Local Government budgets reveals an increasing trend, yet the allocation for service delivery has decreased.

While ambitious in addressing poverty, the PDM in Uganda faces structural and operational challenges. Issues in collaborating with banks and Local Government officials' capacity constraints highlight the model's complexity.

Proactive approaches in Kibuku and Maracha show challenges such as a subsistence mindset and disharmony among pillars. The study identifies best practices, including the domestication of PDM guidelines, the formation of district task forces, and innovative financial disbursement methods. However, emerging constraints, such as contradictory guidelines and insufficient monitoring, pose potential threats to achieving the PDM objectives.

Key PDM Implementation Challenges

i) **Structural Challenges at the Parish Level**: Extending responsibilities to Parish Development Committees has strained their operational dynamics, leading to a misalignment with legal frameworks. Weaknesses in parish structures, inadequate training for Parish Chiefs, and deficient infrastructure pose hurdles, raising concerns about the model's ability to drive socio-economic transformation at the grassroots level.

ii) **Ineffectiveness of PDC and PDM SACCO Committees**: The effectiveness of Parish Development Committees (PDCs) and PDM Savings and Credit Cooperative Organizations (SACCOs) is hindered by delayed facilitation, conflicts in comprehending their roles, and reported instances of corruption and bribery. PDM SACCOs' functionality is constrained due to limited member ownership, resource shortages, and operational support deficiencies. The absence of facilitation for PDM SACCO Executive Members poses a significant challenge to their operational capabilities, leading to accusations of soliciting unofficial payments from potential and selected members, compromising the committees' integrity.

iii) **Loan Approval Process and Operational Constraints:** The loan approval process for the PDM PRF is characterised by limited transparency, inadequate borrower engagement, and inadequate communication. The extensive documentation process is lengthy for committees and beneficiaries, especially in areas with limited literacy rates. Concerns about loan processing costs and banking fee inconsistencies further complicate the process.

iv) **Political Patronage and Potential Abuse:** The PDM faces the dual challenge of political patronage and potential abuse. Political interference, misinformation about the nature of funds, and scepticism about the uniqueness of the initiative raise concerns. The misconception that the PRF is a gift rather than a loan for investment poses a significant obstacle. Enhanced transparency, accountability measures, regular audits, and efforts to clarify the nature and purpose of the PRF are recommended to mitigate the risk of misuse and ensure the success of the PDM.

v) **Limited Citizen Participation and Voice in PDM Projects**: The PDM faces challenges due to the limited incorporation of citizen input and the failure to integrate local expertise. Despite opportunities for citizen participation in government budgeting and development planning, PDM-related processes lack the necessary citizen voices. This limited engagement may stem from ignorance, collective action problems, and a lack of understanding about how citizen input can transform communities.

vi) **Hangover from Predecessor Programs**: Uganda's development context, marked by persistent poverty, sets the stage for the PDM as the latest initiative in a series of poverty-reduction programs. Past programs have yielded modest successes, but scepticism arises regarding the transformative potential of the PDM due to limited documentation of the outcomes of predecessor programs. The singular focus on the PRF and the historical underperformance of similar interventions contribute to citizens questioning the efficacy of yet another initiative. A balanced approach prioritizing mindset change, skill development, and a comprehensive understanding of sustainable development is imperative for success.

vii) **Change of Business Enterprises by Beneficiaries:** Beneficiaries of the PDM have experienced shifts in chosen business enterprises without guidance, often due to challenges such as diseases, limited options, and the failure to find suppliers. To address this, Local Governments are advised to provide continuous training, support disease control measures, and expand the range of government-selected enterprises. Ensuring a monitoring system to track deviations from initially chosen enterprises is crucial for the program's success.

viii) **Ambiguity in Guidelines and Regulations**: The ambiguity in the PDM guidelines and messaging raises critical concerns, including the absence of regulations on using interest on PDM SACCO accounts, contradictory messages from politicians and technical staff, and conflicting guidelines on PRF loan amounts. Resolving these issues requires clarifying the purpose of the PRF, dispelling misconceptions, and establishing effective coordination mechanisms between political and technical officers to ensure consistent messaging.

ix) **Banking Challenges and Dissatisfaction:** Commercial banks tasked with disbursing funds struggled to adapt their operations to the PDM, causing delays and challenges for beneficiaries, especially those unfamiliar with formal banking systems. Service quality dissatisfaction, long queues, and safety risks during bank visits were reported, particularly with DFCU Bank and Housing Finance Banks in Mbale City. Unexpected bank deductions, contrary to agreements, further eroded beneficiaries' interests. Districts without Commercial Banks faced inconveniences due to distant fund disbursements. Capacity constraints in banks, led to delays and long queues. Gaps in banking infrastructure and delays in providing bank accounts, as observed in Kibuku District, added to the challenges. Additionally, reports of banks failing to fulfil commitments, such as providing essential tools like laptops to Parish Chiefs, were noted.

1.5. Recommendations

Based on the above findings, this paper makes several recommendations that include the following:

a) **Mitigating Skepticism and Building Trust among Citizens:** The government needs to conduct sustained awareness campaigns to tackle scepticism around the PRF, emphasising transparency, accountability, and positive impacts. Local Governments must showcase success stories and engage in open dialogues to address citizens' concerns and provide transparent information about the program.

b) **Address Discrepancies with Commercial Banks:** Proactively engage with banks, notably Finance Trust Bank and DFCU, to resolve challenges, secure favourable banking terms, streamline procedures, and enhance customer service for efficient PDM operation and a positive banking experience.

c) **Address Misconceptions and Contradictory Messaging:** Intensify community sensitisation, involve local leaders in dispelling misconceptions, and establish a communication framework for consistent messaging to counter misinformation and ensure a unified understanding of the Parish Revolving Fund's purpose.

d) **Address Challenges Related to Political Patronage and Potential Abuse:** Implement transparency measures, community engagement, targeted communication, and strengthened accountability structures to mitigate misappropriation risks. Communicate criteria, reinforce oversight mechanisms, conduct external audits, and empower communities to hold leaders accountable.

e) **Improving the Functionality of PDM SACCOs and PDCs:** Combat corruption through oversight mechanisms, address capacity limitations of Parish Development Committees (PDCs), provide operational support for Savings and Credit Cooperative Organizations (SACCOs), simplify documentation processes, offer clear guidelines for interest utilisation, improve infrastructure, and promote member participation and ownership.

f) **Optimize Performance of LG Structures:** Elevate funding for Local Government operations, provide internet accessibility, address delayed facilitation, offer adequate office space and tools, institute ongoing business development support, introduce sanctions for non-payment of the PRF, establish clear success metrics, and implement a performance-based incentive system for technical officials.

g) **Foster Innovation and Cross-Sector Collaboration:** Establish platforms for idea-sharing, institute regular feedback loops, and integrate processes to foster innovation within the PDM. Encourage cross-sector collaboration by promoting partnerships between different sectors involved in the PDM.

2. EXPERIENCES OF PDM IMPLEMENTATION IN SELECTED LOCAL GOVERNMENTS

This section of the paper presents the status of implementing the PDM in selected districts, highlighting their unique experiences. It examines the district-specific performance of each pillar of the PDM, highlighting unique issues and challenges faced. It also showcases the best practices that have emerged from the target districts.

2.1. Status of Implementation of PRF

This paper has established that three pillars are already being implemented under the PDM. Pillar 1 – Agriculture Value Chain Development (Production, Processing and Marketing); Pillar 3 – Financial Inclusion (Parish Revolving Fund); Pillar 6 – Community Mobilisation and Mindset Change. However, it was noted that the implementation of Pillar 3, which has primarily focused on the PRF, has progressed more than all other pillars. Table 1 provides the status of implementing the PRF across the country.

Table 1: Summary of the Status of Implementation of the Financial Inclusion Pillar (Parish Revolving Fund)

Particulars	Status
Local Governments [1]	177
Local Governments with 100% Disbursement	42
Total Capitalisation	1,142,786,778,658
No. of PDM SACCOs	10594
No. of HHs that have accessed the PRF	1,041,850
Amount of PRF disbursed as of November 28, 2023	996,168,276,448
Balance on PRF as of November 28, 2023	146,618,502,210
Percentage of the Amount Disbursed	87%

Source: PDM Secretariat as of November 28, 2023

Table 1 demonstrates the remarkable progress the government has made in implementing the financial inclusion pillar. The data indicates that 87% of PRF was disbursed to the targeted beneficiary by late November 2023. Also, 42 local governments disbursed 100% of the PRF, while 38 LGs disbursed 99%. Given the magnitude and depth

1 These Include Districts, regional Cities, Municipal Councils and KCCA.

of the PDM, this performance is commendable. However, there were nine (09) Local Governments whose performance in terms of disbursement of the PRF was below 50%, as presented in Table 2 below. Most districts that have performed below 50% are in the hard-to-reach parts of Karamoja Sub-region.

Table 2: PRF Disbursements Below 50 Per cent

	Local Government	Total Capitalisation	No. of PDM SACCOs	HHs that have accessed the PRF	Amount of PRF disbursed as of Nov 28, 2023	Balance on PRF as of Nov 28, 2023	% of the Amount Disbursed
1	Bulambuli LG	3,368,379,267	122	8,013	6,613,570,000	6,754,809,267	49%
2	Kalangala LG	1,820,800,425	17	896	883,500,000	937,300,425	49%
3	Nabilatuk	2,570,239,608	24	1428	1,154,199,000	1,416,040,608	45%
4	Kotido LG	6,227,046,518	58	2621	2,465,430,000	3,761,616,518	40%
5	Karenga	4,001,000,000	37	1306	1,304,200,000	2,696,800,000	33%
6	Nebbi-Mc	985,668,100	9	280	276,000,000	709,668,100	28%
7	Koboko LG	5,338,774,254	49	2606	1,485,860,000	3,852,914,254	28%
8	Sironko	24,192,400,736	224	8,983	6,227,999,800	17,964,400,936	26%
9	Kaabong LG	9,422,638,971	85	1213	1,213,000,000	8,209,638,971	13%

Source: PDM Secretariat as of November 28, 2023

2.2. Financing for Local Governments

The Local Government budget has been increasing steadily, with an average growth rate of UGX 386.7 billion per financial year, rising from UGX 1.9 trillion in 2012/13 to UGX 5.4 trillion in 2021/22. Specifically, GOU allocated UGX 2.3 trillion to 133 Local Governments (LGs) in the Financial year 2015/16, translating to an average financing of about UGX 17.8 billion for each LG. Since then, the budget allocation to Local Government has risen by 10.5%, going up from UGX 2.36 trillion in 2015/16 to 5.4 trillion in the 2021/22 financial year.

This increase in budget allocations to LG is primarily attributed to the rise in the number of Local Governments. For example, while there were only 33 districts and 1 capital city in 1986, this number has expanded to 135 districts, 10 cities, 31 municipalities (as of 2022) due to fragmentation of the existing LGs.

The downside of this proliferation of LGs has been increased administrative expenditure, reducing the available budget for service delivery. Furthermore, the allocation for LGs in proportion to the national budget has declined from 17% in 2012/13 to 12.7% in 2021/22. Consequently, financing for service delivery at the Local Government has experienced a reduction from FY2012/13 to FY2021/22, as shown in Table 3.

Table 3: Budget for Selected LGs (Billions)

Local Govt	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Arua District	47.6	53.0	55.4	62.6	66.4	95.4	37.2
Budaka District	15.4	15.7	15.8	19.8	22.3	23.7	28.2
Bududa District	13.4	15.6	17.4	19.7	21.6	25.9	33.3
Kibuku District	13.7	14.8	16.0	18.4	21.8	25.2	26.0
Maracha District	16.0	16.5	16.1	19.1	20.9	32.4	28.3
Yumbe District	24.2	26.8	27.0	33.9	41.4	93.4	93.1
Zombo District	13.9	15.4	15.6	18.8	20.1	24.8	28.1

Source: District Performance Reports 2015/16 -2021/22

The current investment in the PDM, particularly the PRF, is almost 30% of the district budget. This is a substantial additional fiscal transfer directly to the communities to improve the people's livelihoods. However, this investment does not address existing funding gaps in staff recruitment, tooling, monitoring and transport, among other critical functions for implementing the PDM.

A comprehensive needs assessment of the PDM framework is crucial to address the challenge of insufficient funding. This assessment needs to encompass factors such as staff recruitment, tooling, monitoring, and transport, which are essential for program success. Prioritizing these areas would ensure that the program's budget adequately supports essential functions beyond the PRF, enhancing the initiative's overall success.

In addition, increasing budgetary allocations for LG service delivery is imperative. Studies by CSOs like ACODE have identified UGX 3.1 trillion currently managed by various MDAs during FY 2023/24 but relevant to LG mandates. Reallocating such funds would free up significant resources for LG service delivery.

2.3. Status of Implementation of PDM in Selected Districts

This sub-section presents our findings on district-specific experiences of PDM implementation in Yumbe, Budaka, Kibuku and Maracha districts. The data indicates that these districts received the PDM enthusiastically and optimistically.

This is mainly attributed to the government prioritising PRD disbursements to PDM SACCOs nationwide. According to the PDM Secretariat Report (November 28, 2023), the PRF's coverage in these districts was 59% (Yumbe), 76% (Budaka), 97% (Kibuku), and 99% (Maracha), respectively.

2.3.1. Budaka District Local Government

So far, the district is implementing the PDM in all 18 sub-counties and 4 town councils. The details of the status of implementation are stated in Table 4 below.

Table 4: Status of Implementation of PDM in Dudaka District

Pillars	Pillar Heads	Status of Implementation
Pillar 1: Agricultural Value-Chain Development (Production, Storage, Processing and Marketing).	District Production Officer	• The beneficiaries who received the PRF have already started investment in the production stage of several agricultural enterprises • 100 % registration of Enterprise Groups
Pillar 2: Infrastructure and Economic Services[11]	District Engineer	• No reported activity

Pillar 3: Financial inclusion (Co-operatives, SACCOs and Revolving Fund):	District Commercial Officer	• Training of target beneficiaries completed • Sensitization of the people about PDM undertaken. This covered visioning, business planning and the loan application process. • Formation and registration of SACCOs completed. 76 SACCOs registered. • 93 % disbursement of Money on PDM SACCO accounts to 7,705 households/ beneficiaries
Pillar 4: Social services (Health, Education, Water and Social Development);	DHO	• No reported activity
Pillar 5: Community Mobilisation and Mindset Change	DCDO	• Mindset change training was conducted • Mindset change training was insufficient
Pillar 6: Parish-Based Management Information System	IT Officer	• 100% of data capture completed.
Pillar 7: Governance and Administration.	CAO	• Recruitment of the Parish Chiefs completed

Source: Key Informant Interviews with CAO, DPO and Literature Review, November 2023

Below are our observations of the status of the implementation of PDM in Budaka District Local Government:

a) The District Planner is the designated PDM Focal Person in the District.
b) Operation Wealth Creation has been co-opted into the PDM Monitoring Team.
c) For Pillar 3 on Financial Inclusion, an Officer at the district has been designated to work with the banks, regularly monitoring money movement from SACCO Accounts to individual accounts.
d) The CAO works with Parish Chiefs to confirm the receipt of funds by beneficiaries.
e) There has been an improvement in coordination and communication among MDAs. This has minimised the issuance of conflicting guidelines. All guidelines now come through the PDM Secretariat.
f) At the time of undertaking this study, 10 out of the 76 PDM SACCOs had not yet disbursed all the money in their accounts, as indicated in Table 4.

2.3.2. Kibuku District Local Government

Kibuku District Local Government is implementing the PDM in all 18 sub-counties and 4 town councils. Table 5, below details the status of implementation.

Table 5: Status of Implementation of PDM in Kibuku District

Pillars	Pillar Heads	Status of Implementation
Pillar 1: Agricultural Value-Chain Development (Production, Storage, Processing and Marketing).	District Production Officer	• The beneficiaries who received the PRF have already started investment in the production stage of several agricultural enterprises • 100 % registration of Enterprise Groups
Pillar 2: Infrastructure and Economic Services.[12]	District Engineer	• No reported activity
Pillar 3: Financial inclusion (Co-operatives, SACCOs and Revolving Fund).	District Commercial Officer	• Training of target beneficiaries completed • Sensitization of the people about PDM undertaken. This covered visioning, business planning and the loan application process. • Formation and registration of SACCOs completed • 100 % disbursement of Money on PDM SACCO accounts to beneficiaries
Pillar 4: Social services (Health, Education, Water and Social Development).	DHO	• No reported activity.
Pillar 5: Community Mobilisation and Mindset Change.	DCDO	• Mindset change training was conducted.
Pillar 6: Parish-Based Management Information System.	IT Officer	• 100% of data capture completed.
Pillar 7: Governance and Administration.	CAO	• Recruitment of the Parish Chiefs completed.

Source: Key Informant Interviews with CAO, DPO and Literature Review, November 2023

As shown in Table 5, PDM implementation has started for some pillars, especially 1, 3, and 6, while other pillars have yet to report any activities. Given that these pillars reinforce each other, the late start of implementation of some pillars will probably affect the outcomes of other pillars in the district. Below is a snapshot of the PDM's performance in this district:

a) The District, Sub-County Community Development Officers, and Parish Chiefs coordinate effectively at the Parish level biweekly meetings. This ensures timely mobilisation and registration of all beneficiaries.

b) The District relies on Senior Assistant Secretaries at the Sub-counties to address gaps in beneficiary registration and data collection.

c) Multi-stakeholder engagement involving the district council, Sub-County leaders, and PDCs is undertaken to mobilise communities.

d) The District Commercial Officer disclosed that approximately 70% of beneficiaries have invested in the intended enterprises. The remainder either haven't yet invested or have chosen different enterprises from their registered preferences.

e) A subsistence mindset persists among community members. There is yet to be a shift towards a capitalist perspective.

f) The PDM is perceived as a distinct project, lacking integration with other district activities and programs. Consequently, technical officials are exploring alternative funding sources for PDM implementation.

g) Observable disharmony exists among the intra and inter-pillar pillars, resulting in disjointed centres for planning, communication, and executing PDM activities. This often manifests as competition rather than collaboration.

PRF *Disbursements from* **MoFPED**

During the first and second disbursements, MOFPED disbursed UGX 2,513,617,766 to 92 Parish SACCOs accounts. The third disbursement of June 2023 was UGX 7,523,617,766, including a balance of UGX 448,617,766 from previous disbursements. Approximately UGX 2,365,000,000 was paid to the beneficiaries, as shown in Table 6.

Table 6: Cumulative Disbursements for Parish Revolving Fund

	1st and 2nd Instalment		3rd Instalment		Total	
Category	**Number**	**Amount**	**Number**	**Amount**	**Total Beneficiaries**	**Total Amount**
Women	711	711,000,000	2,257	2,257,085,330	2,968	2,968,085,330

Youth	642	642,000,000	2,257	2,257,085,330	2,899	2,899,085,330
Men	546	546,000,000	1,504	1,504,723,553	2,050	2,050,723,553
Elderly	240	240,000,000	752	752,361,776.60	992	992,361,777
PWD	226	226,000,000	752	752,361,776.60	978	978,361,777
TOTAL	**2,365**	**2,365,000,000**	**7,522**	**7,523,617,766**	**9,887**	**9,888,617,766**

Source: Kibuku District PDM Report, October 2023

UGX 9,888,617,766 was released for the PRF and disbursed to 9,887 beneficiaries, representing 35.7 % of the district budget for FY 2022/23.

Kibuku District stands out for its proactive implementation of the PDM program, particularly in Pillars 1, 3, and 6. This is evinced by remarkable achievements like 100% registration of Enterprise Groups and SACCOs, in tandem with comprehension training and sensitisation. Additionally, the district prioritises regular biweekly meetings to ensure timely mobilisation and registration, demonstrating a commitment to efficiency. However, the district acknowledges persisting challenges, such as a prevalent subsistence mindset and occasional disharmony among pillars.

2.3.3. Maracha District Local Government

Maracha DLG has 2 constituencies (Maracha and Maracha East) with 19 lower Local Governments (Sub-counties and Town Councils) and 91 parishes. The district received a total of UGX 9.6 billion for its 91 PDM SACCOs. So far, 11,288 households have benefited from the PRF. However, 2.6 billion shillings (approx 27%) had not been paid to beneficiaries.

The District Production Officer and Commercial Officer confirm, highlighting the meticulous sensitisation of leadership at all levels. Maracha demonstrates effective governance and financial management through a comprehensive infrastructure, evidenced by the establishment of 91 PDM SACCOs and a 97% disbursement rate of the 9.6 billion shillings received. Additionally, completing mindset change training and capturing data for the Parish-Based Management Information System further bolsters Maracha's success.

Generally, implementation of the PDM is going well in the district. We first sensitised the district leadership, the sub-county leadership, and even the community level so that everybody speaks the same language to avoid

mixed messages. So, I think that's why we started on a good note. To date, most of the PDM SACCO beneficiaries have received the funds they applied for, and the next step is to see how they will spend this money. ***The District Production Officer, Maracha District***

The performance of the implementation of Pillar 3 (Financial Inclusion) is presented in Table 7.

Table 7: Status of implementation of the Financial Pillar in Maracha DLG

Number Of SACCOs	91
Total Funds Received	9,640,064, 512
Total Funds Disbursed	9,363,008,717
Balance Undisbursed	277,055,795
Total Number of Beneficiaries	14,527
Disbursement Rate	97.127

Source: CAO's Report on PDM Disbursement Status, November 21, 2023

While 97% of the funds had been disbursed to the beneficiaries (demonstrating commendable performance), the delay in disbursing the remaining 3% was attributed to inefficiencies in the banks paying the money directly to beneficiaries. Despite this minor hurdle, reports indicate that this outstanding performance has brought the government closer to the people. As one respondent in a Tara Sub-county FGD put it:

At least PDM has brought the Parish leadership closer to the people today. Before the PDM, it was uncommon for people to know their Parish Chiefs.

1.3.4. Yumbe District Local Government

Yumbe District has 26 Lower Local Governments, comprising 19 Sub Counties, 07 Town Councils, and 202 Parishes/Wards. Of the 202 parishes/wards, the Ministry of Local Government gazetted 197 as eligible to form PDM SACCOs. The 6 that were not gazetted are Kanabu Parish[2] (Kei-Sub-County), Loya and Limbe Wards (Midigo Town Council), Legu and Kiri Parishes (Romogi Sub-County) and Rube and Peace Wards (Yumbe Town Council). Only 1 of the 197 gazetted parishes/wards had not yet established a PDM SACCO at the time of reporting.

Table 8, below shows the Status of PRF disbursement and access in Yumbe DLG.

2 It's non-existent and not operational.

Table 8: Status of PRF Disbursement in Yumbe DLG

PRF received FY 2021-2022 (A)	1,526,761,353
PRF received FY 2022-2023 (B)	19,600,000,000
Cumulative PRF Received (A+B)	21,126,761,353
Total Number of Beneficiaries	16,317
Total Number of Parishes accessing PRF	195

CAO's Report, September 8, 2023

Yumbe District has actively embraced the PDM as a mechanism for eradicating poverty. As the FGD in Kei Sub County revealed, this commitment is highlighted by the government's intention to use the parish as a centre for poverty eradication. The implementation status in Yumbe is promising, particularly in Pillar 3 (Financial inclusion). Key achievements include the completion of beneficiary training, successful sensitisation, and the formation of 76 registered SACCOs. Notably, 93% of the PDM SACCO funds have been disbursed to 7,705 households, showcasing a substantial impact on financial inclusion in the district.

The disbursement of the PRF paid particular attention to the categories of beneficiaries (men, women, youth, elderly and PWDs as provided for under the guidelines. The disbursements to each of these categories are indicated in Table 9.

Table 9: Disbursements to Special Interest Groups

Category	**Total Number of beneficiaries**	**Total Loan Amount accessed by beneficiaries**
Men	3,794	3,526,700,000
Women	5,945	5,020,310,400
Youth	3,361	3,181,455,200
PWDs	781	684,280,500
Elderly	2,236	1,961,089,000
Total Amount Loaned		**12,741,430,100**

Source: Yumbe District PDM Report, September 2023

The PRF disbursements shown in Table 9 reflect a concerted effort to enhance inclusion by addressing gender disparities, promoting youth empowerment, safeguarding the well-being of the elderly, supporting persons with disabilities, and adopting a holistic approach to community development. Through targeted interventions and equitable distribution of resources, the PRF contributes to building a more inclusive and resilient society.

Table 10, below shows the categories of enterprises supported in this district. The majority of the beneficiaries (11,566) are involved in cassava growing, followed by beans (1,726) and Ground Nuts (1,131) in that order.

Table 10: Enterprises and Beneficiaries per Enterprise

Value Chain Segment	Enterprise	Number of Beneficiaries
Agricultural Inputs Supply	Local Seed Business	18
	Assorted Fruit and Tree Seedlings-Nursery	1
Production	**Crop Enterprises**	
	Cassava	11,566
	Beans	1,726
	Sunflower	8
	Rice	145
	Sorghum	201
	Maize	53
	Soya beans	14
	Simsim	2
	Horticulture	116
	Bananas	2
	Ground nuts	1,131
	Livestock Enterprises	
	Goats	645
	Poultry	117
	Piggery	136
	Apiculture	14

Primary Processing	Milling	1
Retail Trade	Butchery	2
	Fish and Fish products	25
	Produce buying and selling	25

Source: CAO PDM Status Report, September 2023

At the sub-county level, it was established that the ordinary citizens understood the government's intention in introducing the PDM Strategy. This was, for instance, illustrated in an FGD in Kei Sub County:

> ***Most government efforts and projects have not delivered Ugandans out of poverty. The government wants to eradicate poverty through this PDM strategy using the Parish as a centre for eradicating poverty and creating development.*** ***FGD Respondent, Kei Sub-country, Yumbe District.***

Overall, the data from the 4 districts demonstrates that implementing the Financial inclusion Pillar has progressed ahead of the other pillars. The PDM Secretariat Report (November 28, 2023) indicates that the Performance of the districts was 99%, 97%, 76%, and 59% for Maracha, Kibuku, Budaka, and Yumbe District Local Governments, respectively. This is mainly because the government has prioritised the PRF ahead of the others and released the appropriated resources to the respective PDM SACCOs across the country.

In summary, while each district faces unique challenges, the overall implementation of PDM in Yumbe, Maracha, Budaka, and Kibuku reflects positive strides toward the government's goal to bring structures closer to the people and eradicate poverty at the grassroots level. Continuous monitoring and adjustments will be crucial for sustained success, especially in addressing fund disbursement discrepancies and mindset shifts.

2.4. Best Practices

The following best practices have been observed in the implementation of the Parish Development Model:

a) **Domestication of PDM Guidelines:** Local Governments have endeavoured to localise and operationalise the PDM guidelines in their jurisdictions with varying success levels. These efforts encompass staff training, educating target beneficiaries, and coordination with different departments.

b) **Formation of District PDM Task Forces:** Task forces with multi-stakeholder representation, including Heads of Departments, Office of the RDC, and Operation Wealth Creation (OWC), were found to be operational in some of the districts. While it was established that they fostered inclusivity and ownership by considering diverse perspectives in their decision-making, there was limited or no representation of community leaders, NGOs, and private sector entities.

c) **Use of WENDI Mobile Wallet Pioneered by Post Bank:** In some districts like Yumbe, Kibuku, and Budaka, Post Bank successfully introduced a mobile wallet called WENDI. This eliminated queues and delays typically seen at banking halls, ensuring easy access and seamless transactions for beneficiaries in remote areas.

d) **Coordination of Local Government Stakeholders:** In some districts like Kibuku and Budaka, it was noted that there are regular meetings and updates involving key stakeholders to review progress and address challenges and strategies for the successful implementation of the PDM. This has promoted effective communication and collaboration among Local Government stakeholders.

e) **Monitoring of Utilization of PRF:** In Yumbe District, it has been confirmed that monitoring the utilisation of the PRF is being done. This is primarily facilitated by community-level structures such as PDCs and PDM SACCOs, which relay information to the district officials. However, this monitoring is not yet well structured and coordinated due to operational resource constraints.

3. KEY PDM IMPLEMENTATION CHALLENGES

This section highlights the challenges encountered in PDM implementation. It sheds light on obstacles at the grassroots level, highlighting issues relating to PDM structures, citizen voice, financing arrangements, citizen behaviour, regulations and messaging, and relationships with commercial banks.

3.1. Challenges with the “One Size Fits All” Approach

One significant challenge in the PDM initiative is adopting a “one size fits all” approach, which overlooks the diverse characteristics of regions and parishes. This approach fails to consider variations in geographical size, population density, economic activities, social differentiation, and enterprise needs. Budgeting for PDM activities also follows this uniform model, disregarding the differences in financial requirements across enterprises. While some enterprises may need more substantial financial support, others may need less. Therefore, the UGX 1,000,000 earmarked for each enterprise may not meet the required capital needs, leading to inequitable funding distribution.

In addition, rural and urban areas face distinct challenges and opportunities. While rural areas may focus on agricultural production and small-scale enterprises, urban areas often have different economic structures and needs, such as access to markets, infrastructure, and services. To overcome these challenges, transitioning to a zoning model that considers regional characteristics and needs is essential. This zoning strategy would cluster regions based on their unique advantages, allowing for tailored support programs aligned with specific economic potentials.

Moreover, adopting a more nuanced funding allocation system based on thorough assessments of each enterprise’s financial requirements is crucial for ensuring equitable support across diverse economic activities. This approach will ensure that the disbursements align with the actual financial requirements of each enterprise, acknowledging the diversity of economic activities and risks involved.

3.2. Structures for Implementing PDM at the Local Government Level

The PDM is being implemented within the decentralised Local Government system, relying on the parish as the epicentre of implementation. PDCs have been given extra responsibility in the delivery of the PDM, while PDM task forces, comprising heads of departments and district leaders, have been established at the district level. Also, each district has designated a PDM focal person to coordinate and oversee PDM activities.

At the Parish Level, other new structures created at the Local Government level include enterprise groups that bring people involved in a homogeneous enterprise together and PDM SACCOs as vehicles for delivering financial services to enterprise groups. Thus, this sub-section gleans out issues regarding the functionality of these structures.

3.3. Capacity of the Parish as an Administrative Unit

The implementation of the PDM has introduced new responsibilities for parishes/wards that surpass what was originally mandated by the Local Governments Act (1997). This extension of responsibilities, not initially outlined in the legal framework, has resulted in a significant shift in the operational dynamics of these administrative structures.

While sub-counties/divisions retain certain roles (such as facilitating planning and providing technical support), the bulk of responsibility under the PDM has been redirected to PDCs — a voluntary administrative entity lacking planning, budgeting, legislative, and oversight powers. This departure from the decentralisation framework contradicts the focus of NDP III[13], which prioritized strengthening sub-counties/divisions for socio-economic transformation[3].

These challenges in the PDM's implementation underscore the need to align newly assigned responsibilities with existing legal frameworks and operational capacity. Addressing the infrastructure deficit, improving coordination between technical and political entities, and ensuring that messaging aligns with established guidelines are crucial. The PDM's effectiveness in driving socio-economic transformation at the grassroots level can be optimised by taking these pivotal steps.

3.4. Weak Parish/Ward Structures

The utilisation of the "parish" as the foundational administrative unit in the PDM has raised concerns among stakeholders. While the government perceives parish structures as viable for program management despite acknowledged capacity constraints, several

3 See the National Development Plan III (2020/21-24/25), p42.

challenges have surfaced during implementation. For instance, Parish Chiefs play a crucial role in this structure. They are expected to have substantial education and proficiency in financial literacy, business development, agronomy, and Information and Communication Technology (ICT) to oversee Parish SACCOs effectively. However, many Parish Chiefs lack the necessary technical capacity for these multifaceted responsibilities.

Moreover, although the government recruited many individuals for parish positions, many appointees initially lacked the requisite knowledge and experience in local governance or similar programs, hindering efficiency. At the parish level, implementation of development policy rests with the PDCs/Ward Development Committees(WDCs). Tasked with extensive responsibilities such as community mobilisation, needs identification, action plan formulation, beneficiary selection, data collection, and fostering community engagement for Public-Private Community Partnerships (PPCP), a different level of technical competence is required for the PDCs/WDCs to discharge their mandate adequately.

Lastly, although the program is inclined towards agricultural production and marketing, many parishes lack key infrastructure like roads, water and electricity to support these activities. In June 2022, Members of Parliament voiced concerns that the PDM is likely to fail because most parishes are not yet prepared[14]. For example, Rakai District Woman MP, Hon. Juliet Kinyamatama, expressed apprehension that her constituents are likely to 'eat' the funds since some of her parishes lack water to engage in agriculture and roads to transport produce to the markets.

> ***Why do you want to give out money before we have roads and water? For us in Rakai, if you give us that money, we shall eat it because we do not have the facilities to support PDM.*** ***Hon Juliet Kinyamatama***[15]

In essence, while the parish-based administrative framework forms the bedrock of the PDM, challenges relating to their capacities to service the varying needs of the parishes and wards adequately abound. Addressing these challenges is pivotal to harnessing the true potential of the PDM and ensuring its effectiveness in fostering community development and partnerships.

3.5. Operations and Functionality of the PDM Committees

The PDC serves as the operational engine of the PDM and is responsible for crafting action plans, budgets, and reports. Its primary duties involve mobilising the community for public-private partnerships. Chaired by the LCII Chairperson, who heads the second tier in the hierarchy, the PDC operates with the Parish Chief serving as its secretary. Alongside these critical roles, members of the parish executive oversee portfolios such as production, information, and environment and represent special interest groups, including youth, women, and persons with disabilities.

Interestingly, compensation for PDC members has caused friction in similar setups. It seems left to local discretion, potentially leading to varied practices across different localities. This lack of explicit guidance regarding compensation could possibly lead to disparities or conflicts unless clarified and standardized within the framework of the Parish Development Model.

3.6. Functionality of PDCs and PDM SACCO Committees

The functionality and effectiveness of PDCs and PDM SACCO Committees play a pivotal role in successfully implementing the PDM. However, several key challenges have emerged from the data collected in the districts under study, shedding light on critical issues that impede their efficacy.

One prominent issue revolves around delayed facilitation for the PDCs. Funds are deposited into the Parish Chiefs' accounts without transparent communication regarding the timeline, leading to a plea for timely notifications from the PDCs. Furthermore, PDC allowances are contingent on government disbursement, requiring accountability upon allocation to the committee. One Parish Chief noted receiving UGX 20,000 every quarter, often experiencing delays in transmission from the Central Government. In addition, LCIIs decried the financial constraints faced due to limited funds and considerable workload, requesting an increase in the allocation to address strains within the system.

Another significant hurdle is reported role conflicts between PDM SACCO Committees and PDCs. In the FGDs, DC and PDM SACCO Executive Committees acknowledged that conflicts in roles and authority led to strained working relationships. This conflict underscores the importance of clarity in defining roles to ensure harmonious collaboration between PDM SACCOs and PDCs to foster PDM's seamless management and operations.

Improving the functionality of PDM SACCOs and PDCs requires a multi-pronged approach. Firstly, it's crucial to combat corruption within these structures. Establishing robust oversight and whistleblowing will detect and address corrupt practices. However, there's a need for simultaneous capacity building of PDCs. Whereas additional training and resource allocation will greatly enhance the PDCs' ability to serve their communities, partnerships with NGOs and other institutions can provide the necessary technical support to augment their competency.

Operational support of PDM SACCOs is critical for sustainable functioning. Additional funds for administrative expenses like transport, data acquisition, and meeting coordination are required. Government can collaborate with local businesses, CSOs, and stakeholders to provide the logistical backing necessary for these SACCOs to thrive.

Simplifying documentation processes and developing clear guidelines for accessing and utilizing funds are pivotal measures for transparency and efficiency. The Ministries of Trade and Finance should collaborate to improve infrastructure for PDM SACCOs, clarify roles and responsibilities, and educate SACCO members on operations and regulatory frameworks that will promote participation and ownership.

3.7. Facilitation for PDM Executive Members

The lack of facilitation for PDM SACCO Executive Members threatens their operational capabilities. PDM SACCO chairpersons have voiced dissatisfaction with the absence of facilitation or allowances despite their pivotal role in managing SACCO business and addressing member account issues. Tasked with spearheading SACCO operations, including frequent ban visits to resolve member accounts and SACCO record issues, they face real financial constraints, yet they are excluded from being PRF beneficiaries. This absence of support has inadvertently led to accusations of soliciting unofficial payments, exacerbating localised instances of petty corruption.

Furthermore, the limited capacity of PDCs to monitor enterprise compliance raises concerns about their efficacy. While tasked with monitoring, they are restricted to observational roles, lacking the ability to gauge resource deployment or provide technical support effectively.

Most concerning, however, are the reported instances of corruption and petty extortion within both PDM SACCO Executives and PDCs. Incidences of bribery for inclusion in beneficiary lists and demands for facilitation fees for administrative procedures have tainted the integrity of these committees. These were reported as common features among these structures across the districts, as can be seen in these voices from focus group discussions in Kibuku District:

> ***When you do not pay a bribe to the LCII Chairperson, your name cannot make it to the list of beneficiaries. In the first phase of registration of beneficiaries, we were required to pay a bribe of UGX. 100,000, and now it is UGX 60,000.*** *FGD Participant, Goli Goli Sub-county, Kibuku District*

> ***The PDC members removed beneficiaries from a PDM SACCO because they failed to pay a bribe. It is common for some leaders to receive bribes to include non-SACCO members on the beneficiaries' list. They pay up to UGX. 100,000.*** *FGD Participant, Tirinyi Sub-county, Kibuku District*

> ***The PDM SACCO leadership has been asking for petty bribes in the form of facilitation for paperwork to speed up administrative approvals.*** *A Parish Councilor in Bulangira Sub-county, Kibuku District*

The Commercial officer at the District further revealed that there were other reported cases of corruption, such as "speed money," "registration money," "photos money," "file money," and "Lubricant." Reports of bribery, extortion, and accepting illicit payments significantly hinder the equitable and transparent distribution of resources intended for the PDM.

3.8. Functionality of PDM SACCOs

At the heart of the government's strategy for the PDM is the establishment of SACCOs at the parish level. The program's design assumes that communities have capacity to mobilize financial resources locally. Thus, PDM SACCOs have been positioned as the primary hubs for business interactions with communities, receiving allocations from the centre for PDM initiatives. However, one crucial challenge emerging from the interviews across the country is a lack of member ownership of PDM SACCOs.

SACCOs are traditionally member-organized, owned, and controlled entities founded on the principles of self-help, self-responsibility, voluntarism, democracy, equality, equity, and solidarity. Yet, PDM SACCOs were formed as top-down special-purpose vehicles where members were mobilized to receive government-provided capital. Members, therefore, perceive them as belonging to the government because they were neither required to pay membership fees nor buy shares to join a PDM SACCO.

It is worth noting that PDM SACCOs do not receive operational support from the government despite incurring significant costs like documentation and transport costs. Consequently, SACCO leaders often resort to using personal funds or request reluctant group members to contribute finances to procure stationery and related expenses. This, added to resource deficits like office space, stationery, and equipment, hampers SACCO leaders' ability to execute operations and monitor beneficiary enterprises effectively, raising questions about the sustainability of SACCO functions. Clarifying these issues is essential to enhancing the effectiveness and integrity of PDM SACCOs.

3.9. The Loan Approval Process

The checklist for loan disbursement provides for processes, activities, and documents, as indicated in Table 11.

Table 11: Loan Approval Process and Documentation

Loan process	ACTIVITY	Documents to be checked
Pre-application (Leadership of the Enterprise Group)	Technical and business training	Training report
	Preparations by the enterprise owner (HH) (sweat capital etc.)	Report of the Field Technical Team
Application (Leadership of the Enterprise Group)	Filling of business plan template.	a) Duly filled out the business plan template (including project appraisal)
	Filling out the application form	b) Duly filled application form c) A copy of the National ID or record of NIN (or PDMIS reference number)
	Group meeting to review application form & business plan, guarantee & recommend	d) Minutes e) Attendance list f) Site visit report by committee members g) Duly signed out the recommendation form
Appraisal (PDM SACCO Loan Committee)	Desk appraisal/ Loan Committee meeting	a) Application documents in (1) above b) Business eligibility under the SACCO loan policy
	Field appraisal	a) Application documents in (1) above
	Loan Committee meeting	a) Application documents in (1) above b) Desk appraisal report c) Field appraisal report

Uploading the application on the PDMIS/Filing documents (PDM SACCO Loan Committee)		a) Application documents in (1) above b) Desk appraisal report c) Field appraisal report
Approval (PDM SACCO Board)	Board meeting to approve/ reject/defer the loan	a) Application documents in (1) above b) Desk appraisal report c) Field appraisal report d) Recommendation of the loans committee e) Minutes of the Loans Committee
	Notifying the applicants	Letter/ list of approved loans displayed
Disbursement (PDM SACCO Board)	Training borrowers on loan terms, etc. (loan sensitisation)	a) Loan agreement
	Loan Scheduling	a) Loan repayment schedule
	The signing of loan agreements	a) Signed loan agreement with PDM SACCO b) Loan repayment schedule
	Disbursement	a) Loan ledger

Source: MoLG (2022). Users Handbook for PRF; PDM SACCO Checklist for Loan Disbursement, 2022.

With regard to the loan application process, the following observations were made:

a) **Lack of transparency in the appraisal stage:** The appraisal stage mentions "business eligibility under the SACCO Loan Policy" without specifying the criteria or guidelines used to determine eligibility. It would be helpful to clearly outline the criteria and evaluation process used during the appraisal stage to ensure transparency and fairness.

b) **Limited borrower engagement:** The loan approval process does not include any provision for borrowers to review or respond to appraisal reports or recommendations. It would be beneficial to allow borrowers an opportunity to address any concerns or provide additional information, if needed, during the appraisal and approval stages.

c) **Inadequate communication during the approval stage:** The loan approval process does not mention any direct communication with applicants regarding decisions made by the SACCO board. It would be important to establish a clear communication channel to notify applicants about the approval, rejection, or deferral of their loan applications and provide reasons for any rejections or deferrals.

d) **Lack of post-disbursement monitoring:** The loan application process does not mention any specific mechanisms for monitoring the utilization of the disbursed funds or the progress of the projects. It would be beneficial to incorporate a monitoring component to ensure that the funds are used as intended and to provide support and guidance to borrowers if needed.

e) **Costs associated with loan processing:** Community members expressed concern about the costs associated with the loan. In Kibuku, Budaka, Yumbe, and Maracha Districts, the beneficiaries noted that the bank had deducted banking fees ranging between UGX 20,000 and 30,000. The loan agreement, however, states that the borrower would incur costs not exceeding UGX 5,000.

f) **Excessive bureaucracy:** The number of documents to be checked is extensive and could pose a challenge for PDM committees and beneficiaries. It was reported to be a severe constraint to communities with limited literacy rates. The documentation process could be simplified and streamlined by condensing overlapping documents, specifying which documents are essential for each stage, and guiding applicants through the submission process. Due diligence needs to be balanced with the practical considerations and capabilities of the community.

3.10. Political Patronage and Potential Abuse

Implementing cash transfer programs like the PRF presents a potential challenge of political patronage and corruption. While intended to bridge the gap between the populace and their leaders, these programs also serve as fertile ground for political manipulation and misuse. As PRF funds started to flow into parishes in 2022, they became a breeding ground for patronage. Local officials began directing funds towards PDM "sensitization" seminars and private wealth creation projects, leveraging these opportunities for political gains.

Politicians framed the funds as gifts from the president, clouding the program's purpose by urging beneficiaries to use the money freely and tapping into campaign networks to access resources. Such political interference raises concerns, particularly regarding loan disbursements and their subsequent recovery, potentially jeopardizing the integrity and effectiveness of the model. Some stakeholders have argued that the political economy of PDM is thus driven by self-interest in retaining power, leading to suspicions that the PDM might serve as a channel for resource transfer towards the incumbent party's political strongholds. Considering the historically low credibility of such expansive frameworks in Uganda, the success of the PDM rests on authorities,

The misconceptions around the PDM is a significant issue. Recovery coincides with the 2026 general, therefore, Government must take urgent action to inform beneficiaries that they are required to refund money.

Data emerging from the field augments this argument. A prevailing misconception among beneficiaries regarding the PRF has painted it as a gracious gift from the President rather than recognizing its essence as a revolving fund loan. This misunderstanding echoes sentiments like "The PDM money is a gesture from the President for our loyalty over the years."

In Lyama Sub-county, many recipients fail to grasp the intended nature of the PRF, viewing it not as a loan for investment but rather as funds for immediate consumption. This perception starkly contradicts government guidelines emphasizing borrowing, investment, and timely repayment.

This widespread misunderstanding has been fueled by misinformation, often perpetuated by local politicians. Discussions in Bulangila sub-county in Kibuku District during FGDs unveiled how politicians misleadingly frame PDM funds as intended for personal use. As one participant expressed, "Community members perceive it as a token of appreciation from the government for their support of the current regime."

Despite concerted efforts by Parish Chiefs and political leaders to clarify the intended use of the PRF, some individuals still lean towards diverting the funds for immediate needs. This inclination is sometimes rationalized by believing that the government may not take legal action against defaulters.

To address political patronage and potential abuse in the implementation of the PDM, there is a need for enhanced transparency and accountability measures at both the local and national levels. Establishing robust monitoring mechanisms to track the use of PDM funds is important. For instance, conducting regular audits (both internal and external) can provide checks and balances to ensure that funds are utilised for their intended purposes and disbursed to the right beneficiaries.

Secondly, there should be a concerted effort to clarify the nature and purpose of the PRF to beneficiaries. This involves addressing the prevailing misconception that the funds are gifts from the president rather than loans for investment. Additionally, strengthening communication channels between Parish Chiefs and political leaders to relay accurate information about the PRF consistently is essential. Thirdly, strengthening local institutional and accountability structures is imperative, including clear guidelines on fund disbursement, sanctions for misuse, and mechanisms for reporting suspicious activities. Collaboration between government agencies, civil society organisations, and local communities is essential to create a collective commitment to ensuring the integrity of the PDM.

3.11. Limited Consideration of Citizen Voices

The limited incorporation of citizen input and the failure to integrate local expertise and experiences within enterprises pose potential challenges for PDM business projects. There's a widespread sentiment that the allocations from the PRF fall short for certain enterprises like dairy farming. Residents in the districts under study believe that determining a reasonable amount of funding for each parish should have entailed a village-by-village consideration.

None of the political or technical leaders we interviewed believed the PDM was inherently inappropriate. However, they highlighted shortcomings in the design process that could have been rectified through the inclusion of input from citizens and LG leaders. This perspective underscores the missed opportunity to include citizen and LG voices in refining the PDM's design.

"Some of the beneficiaries have bought cows, pigs, and turkeys. We can only wait to see if they sustain these enterprises".

CAO Budaka DLG

Whereas the involvement of CSOs in district-level budgets and other multi-stakeholder forums and public meetings may have facilitated direct citizen participation in the government's budgeting and development planning cycles, PDM-related voices remain silent.

The apparent limitation of citizen participation and voice in PDM-related processes may result from citizens' ignorance of the opportunities offered by decentralisation. Many citizens are unable to demand appropriate conduct and satisfactory services from public agencies due to waning interest in collective interests.

Few citizens understand how citizen voice can transform their communities or increase individual productivity. Thus, the call for enhanced citizen participation in PDM issues might not fully address these challenges.

3.12. Hangover from Predecessor Programs

The context of persistent underdevelopment in Uganda has occasioned numerous poverty reduction programs. Since 1986, poverty reduction has been at the core of government policy. In the 1990s, the Program for Alleviating Poverty and Social Cost Adjustment (PAPSCAD), the Community action Program (CAP) projects, and the Uganda Poverty Alleviation Project (PAP, 1994/95 to 1997/98) all sought to alleviate grassroots poverty through the provision of credit for employment-creating and income-generating micro-projects. Since then, other initiatives have been adopted to drive Uganda to Middle Income Status under the auspices of Vision 2040.

The PDM, thus, follows a host of earlier poverty-reduction/wealth-creation interventions, such as the National Agricultural Advisory Services (NAADS); the Northern Uganda Social Action Fund (NUSAF I-IV); Northern Uganda Poverty Rehabilitation Program (NUREP); Peace, Recovery and Development Plan (PRDP); the Development Response to Displacement Impact Project (DRDIP); Rural Farmers Scheme; the Entandikwa; Uganda Women Entrepreneurship Program (UWEP); Operation Wealth Creation (OWC); Youth Entrepreneurship Scheme (YES); Youth Livelihood Program (YLP); Emyooya and now PDM.

However, the recent programs have led to modest successes due to challenges in design and implementation, as well as political economy imperatives like institutional capacity, program depth and reach, and quality of governance. This has collectively yielded disappointing results; skepticism arises regarding the transformative potential of the PDM.

The program's disproportionate focus on the PRF has inadvertently created a perception that its entire model revolves solely around this fund. Consequently, the prominence of financial inclusion has overshadowed the other six pillars, leading to a fragmented understanding and interpretation of the program among the populace.

Given the historical underperformance of similar programs, citizens question the efficacy of yet another initiative. Prioritizing the same under the PDM risks downplaying the pivotal role of cultivating the collective mindset conducive to sustainable development. There's a looming concern that without these foundational preparations within communities, there might be a frenzied rush to access the funds. This could result in a scenario where even those without viable ventures scramble for money, ultimately leading to the collapse of the PDM, as was the fate of previous interventions.

To avert this potential pitfall, a balanced approach is imperative. Prioritizing mindset change, skill development, and a comprehensive understanding of sustainable development should precede the disbursement of funds, ensuring the PDM's success and sustainability.

3.13. Reluctance to form or join enterprise groups

Initially, citizens did not trust the government's commitment to executing such a substantial program. Many viewed it as mere political rhetoric, unlikely to materialise. Consequently, many citizens hesitated to form enterprise groups or join PDM SACCOs. Nevertheless, a notable shift occurred following the disbursement of the first batch of PRF to beneficiaries. This event triggered a sudden and enthusiastic response, leading to a surge in interest and galvanising community involvement.

To foster sustainable economic growth, the Ministry of Finance, Planning, and Economic Development should prioritise consistent allocation of resources towards robust sensitisation initiatives. These efforts should aim at reshaping beneficiaries' perspectives regarding the Parish Revolving Fund (PRF), urging them to perceive it not merely as a token but as an instrumental investment. Encouraging this shift in mindset is pivotal for steering away from a subsistence-driven economy towards one rooted in capitalist principles, fostering long-term prosperity and economic empowerment.

An essential prerequisite is equipping intended beneficiaries with the requisite mindset and skill sets for optimal utilisation of funds allocated under the PDM. There should have been deliberate efforts to mobilize citizens for increased productivity, establish criteria for assessing the economic viability of different groups, and ensure a prudent selection process for fund beneficiaries. Skills for poverty alleviation ought to have been imparted before extending credit, ensuring a more effective utilization of resources.

3.14. Change of Business Enterprises by Beneficiaries

District officials reported that they completed training for beneficiaries in enterprise development for various enterprises such as poultry, dairy farming, and piggery. However, beneficiaries altered their initially chosen enterprises due to the substantial incidence of avian diseases causing fatalities and business losses.
The findings from Bulangira sub-county in Kibuku District indicate that almost two out of every five individuals have changed enterprises (after receiving funds) and invested their money in enterprises they did not register or train for. They attributed this to rampant diseases for birds, lack of adequate knowledge in disease control, and lack of feeds for pigs.

In Tirinyi sub-county in Budaka District, the FGD participants revealed that the change of enterprises is due to limited options among the government-selected enterprises:

Government identified little enterprises for community members, that is why there is a high level of change of enterprises because we are gifted differently. For instance, watermelons perform better in this subcounty but [they are] not part of the priority enterprises. The Government should allow people to do the enterprises they can manage instead of the PDM-guided enterprises.

PDM Beneficiary, Tirinyi Sub-county, Budaka District.

Concerns were also raised regarding youths' capacity to manage business ventures financed through PDM funds effectively. Some youths diverted requested funds intended for various enterprises to acquire motorcycles for Boda Boda riding. There were also shifts from pig farming to bricklaying and charcoal burning or poultry (turkeys) to dairy farming.

Change of enterprises (post-loan) has sometimes been occasioned by the failure to find reliable suppliers. As the CAO Budaka DLG noted:

Some beneficiaries failed to find suppliers. For instance, one registered for turkey but failed to find a supplier for turkey and they switched to piggery because the suppliers were available.

Addressing the random change of enterprises requires the Local Governments to:

i. Hold continuous training for beneficiaries on the chosen enterprises,
ii. Consider procuring for communities to enable reliable access to supplies,
iii. Establish a monitoring system to track and address deviations from initially chosen enterprises,
iv. Continuously provide training and support for beneficiaries in disease control, optimal enterprise management, and addressing challenges related to their chosen enterprises.
v. Support the private sector service providers for other services like extension, drugs, and feeds for pigs and chickens, among others.

The Central Government may need to re-evaluate and expand the range of government-selected enterprises to offer beneficiaries more diversified options that align with local capabilities and preferences.

3.15. Misuse of PRF Funds

In all four districts covered by this study, there were many cases of PRF funds being used for consumption expenditure instead of investment, as evidenced by these voices from the FGDs.

This PDM has become personal drinking money. That is what people have now baptised PDM money of late. One of the members of the Abu New Farmers Association, where I belong, received one million shillings. He went straight to the market bar and drank some of the money, bought four goats and returned with them at home.

PDM beneficiary, Tara Subcounty, Maracha District

Even though many youths have taken up drinking alcohol, their savings culture has been enhanced by the PDM. At least 60% of the beneficiaries have invested the money disbursed for the right cause, with many beneficiaries planting cassava and beans.

CDO Tara Sub-county, Maracha District

When some of the beneficiaries for PRF received their money, they bought mattresses. The shops dealing in mattresses run out of stock. Other people have bought iron sheets to roof their homes.

FGD beneficiary, Kei Sub County, Yumbe District

As seen above, mindset change has not yet taken root despite ongoing sensitisation efforts. Despite the guidance and training that farmers have received, some are still inclined to use the funds primarily for consumption, disregarding the initial purpose of borrowing for investment and repayment.

This mindset hinders the optimal utilisation of resources. It underscores the need for continued education and outreach to foster a more informed and strategic approach to fund utilisation among the beneficiaries. However, the LG staff consider the mindset change pillar largely abstract for technical officials and target beneficiaries. It is unclear what should be the focus as there are no clear performance indicators.

3.16. Ambiguity in Guidelines of Regulations and Messaging

Absence of regulations on the utilization of interest on PDM SACCO accounts: FGD participants raised concerns over their inability to utilize interest accrued on their funds in PDM SACCO accounts despite facing challenges with covering operational costs. In one case, the District Commercial Officer advised participants against accessing the accumulated interest on SACCO accounts, citing the absence of guidelines for utilising such funds. However, they maintained that interest should be used to facilitate the management of accounts and cover other administrative costs.

Contradictory messages on PDM from politicians and technical staff: Exploiting the community members' unfamiliarity with their respective roles, politicians take advantage of their position as implementers alongside technical staff. Politicians and technical officers often send conflicting messages when addressing PDM questions on broadcast media, especially radio. Some politicians have suggested that beneficiaries can use PRF funds as they wish, contrary to the established guidelines.

Such discrepancies can impede the attainment of PDM objectives and the goals of the revolving fund initiative. Thus, the LGs should establish a mechanism to coordinate messaging from political and technical officials, intensify community sensitisation, and clarify that PRF funds are an investment tool. Local leaders, too, should be involved in dispelling misconceptions that the PDM is a token from the president through community engagements.

The WENDI Platform by Post Bank has made disbursements to members more convenient. This Platform uses Mobile Money and Airtel Money to send the PRF to the registered and approved beneficiaries' mobile phone or bank account. "And Post Bank has performed exceptionally well because of this WENDI mobile money platform"

–DCO Budaka District

Contradictory guidelines on PRF loan amounts: The Cabinet directive initially mandated a reduction in fund disbursements to UGX 500,000 from the earlier communicated UGX 1,000,000 (per the PDM guidelines), leading to considerable confusion. Further confusion ensued When this decision was reversed, and several affected beneficiaries have yet to receive the supplementary amount. Such conflicting guidelines contribute to confusion in the implementation process.

3.17. Challenges with Commercial Banks

The government sought to deliver the PRF through commercial banks in a Public-Private Partnership (PPP) arrangement. Integrating commercial into PRF infrastructure aimed to smoothen the disbursement of funds has not been smooth. However, several obstacles have hindered the effective execution of this initiative.

While all commercial banks initially exhibited readiness to adapt their operations to accommodate PDM transactions, many struggled to adjust account opening and verifying procedures for PDM beneficiaries, slowing down disbursement. More so, beneficiaries who are new to formal banking are experiencing challenges with keeping a consistent signature. Some lack standard requirements like National Identity Cards or telephone contacts.

FGD participants also expressed dissatisfaction with service quality at certain banks, notably DFCU and Housing Finance Banks in Mbale City. PDM beneficiaries have raised concerns over the arduous process of accessing their accounts and the absence of customer care at the bank, highlighting instances where they felt underserved by the bank staff.

"What contract does the District have with DFCU Bank that they cannot transfer our money to a friendlier bank? When is this contract ending? We are tired of their mistreatment."

Beneficiary respondent in Kameruka Sub-county, Budaka District

It was reported that some banks established disbursement schedules for PDM beneficiaries communicated through SACCO leaders. However, beneficiaries often undertake long journeys (approx 30 km) to reach the banks in Mbale, only to encounter lengthy queues that result in unfulfilled services. According to beneficiaries in Bulangira and

Tirinyi sub-counties, some clients have waited from 9.00 am to 9:00 pm without getting service. Added to the financial strain is the safety risk of leaving the banks at night.

Significant gaps in banking infrastructure were more apparent in districts without commercial banks domiciled therein, such as Budaka and Kibuku despite the presence of banking agents for Centenary Bank and Stanbic Bank, disbursement of funds still occurred in distant locations, often inconveniencing beneficiaries. The banks only came to the ground to open accounts, but money was disbursed in Mbale.
The overwhelming capacity constraints faced by DFCU Bank and Housing Finance Bank, entrusted with handling numerous PDM SACCO accounts in the region, led to delays and perpetuated long queues.

There were also delays in beneficiaries' acquiring bank accounts. This was more common in Kibuku District. It was noted that the district hosts five banks—Centenary Bank, DFCU Bank, Finance Trust Bank, Post Bank, and Housing Finance Bank. However, Housing Finance Bank experienced delays in providing bank accounts to beneficiaries in Kalampete, Namawondo Ward, Bukatikoko Ward and Kenkebu, which delayed individual disbursements.

At one time, we were called at 9.00 pm to go pick up people stranded in Mbale. They had been called by the Bank to go and pick up their money and the Bank was not able to provide the money. People were stuck.

Principal Assistant Secretary, Kibuku District

Further frustrations emerged with unexpected deductions for bank charges and minimum account balances, contradicting earlier agreements to waive such fees. Bulangira and Tirinyi Sub-Counties Beneficiaries reported receiving less than the expected lumpsum of UGX 1,000,000. Banks such as Finance Trust Bank and DFCU have been making deductions of UGX 20,000 for Bank Charges (15,000) and account minimum balances (15,000).

The PDM SACCO Executives in Kameruka Subcounty (Budaka District) noted that some SACCO and beneficiary bank accounts have attracted bank charges. As a result, interest in SACCO accounts is being eroded while the members' bank accounts are attracting higher bank charges. Members were not adequately guided on the type of bank accounts they should open. Some opened current accounts instead of savings accounts, yet current accounts attract higher bank charges.

Additionally, the government has a standing agreement with financial institutions to provide districts with essential equipment (e.g., laptops and smartphones) to facilitate the work of Parish Chiefs in registering PDM beneficiaries and delivering progress reports to the district. Districts were yet to receive these tools at the time of writing this report. It is imperative for the government to pursue the enforcement of this commitment by financial institutions.

To address the above issues identified with the Commercial Banks, the following measures should be undertaken:

Engage Commercial Banks: There is a need to engage with Commercial Banks to mitigate discrepancies in bank deductions and minimise associated charges. The central government should insist on adherence to the commitments agreed to in the PPP agreements. The banks should be required to adequately inform beneficiaries about fees linked to their accounts, streamline disbursement procedures to enhance efficiency in processes and improve customer service through digital platforms.

Engaging commercial banks to waive specific charges for PDM beneficiaries is a critical step toward alleviating financial burdens. The Ministry of Finance, Planning, and Economic Development's (MoFPED) involvement in negotiating these terms could significantly ease the financial strain experienced by beneficiaries, ensuring a more accessible and equitable financial framework.

Financial Literacy: Continuous financial literacy training for SACCO members is imperative to address bank charges affecting PDM SACCO and beneficiary accounts. Equipping them with a deeper understanding of account types and methods of favourable terms with partner banks through MoFPED will help reduce costs borne by SACCO beneficiaries.

Minimise Delays: Efforts to streamline banking procedures are essential. Collaboration between Local Governments and commercial banks is pivotal in addressing extended waiting times and improving service efficiency for SACCO group members. Advocating for streamlined procedures and enhanced coordination between banks and PDM SACCOs becomes paramount to minimise delays and inconveniences beneficiaries face.

Timely disbursement of PRF funds is vital for the smooth execution of PDM initiatives. Establishing a streamlined disbursement process with transparent timelines and regular updates on fund allocation and disbursement through community leaders will ensure timely access to funds, fostering trust and enabling effective utilisation.

Fulfil Commitments: Addressing instances of commercial banks failing to fulfil commitments demands proactive engagement by the MoFPED and the PDM Secretariat. Collaboration with central government authorities to ensure compliance from financial institutions is crucial. Additionally, prioritising the provision of essential tools and equipment for Parish Chiefs by allocating necessary funds will augment their effectiveness in executing PDM tasks.

3.18. Limitations for Local Government Officials

From inadequate operational funding for day-to-day activities to the scarcity of essential resources like office space, gadgets, and tools, there are several impediments to the effective execution of the model. For instance, the funds allocated for essential day-to-day activities, such as procuring data for internet connectivity, stationery, transportation, mobilising and coordinating meetings, and supporting monitoring efforts, are inadequate.

Each registered beneficiary should have a payment voucher issued by the CDO at the sub-county. However, there is no stationery or even equipment for printing these vouchers. In rural areas, getting where to print from is impossible.

District Commercial Officer, Maracha District

This insufficiency affects crucial tasks, inhibiting advisory support to farmers and outreach activities crucial for agricultural productivity. It was reported that the beneficiaries were sometimes requested to contribute UGX 1000 for internet data connectivity to facilitate data entry in the PDMIS.

It was reported that Maracha District Production Department did not receive funds for the first and second Quarters of the current fiscal year (FY 2023/24). The District Production Officer wondered how they could provide advisory services to the farmers, yet 90% of the beneficiaries have selected agriculture enterprises.

Agriculture extension workers need transport for outreach activities to interact with the farmers to produce the required volumes for the market. MoFPED did not give the District Production Department Indicative Planning Figures (IPF), yet the department is expected to support the implementation of the first pillar of the PDM.

The dearth of office space and tools for facilitating the District PDM task force crucially impacts data organisation and effective information storage for officials like Parish Chiefs, leading to operational inefficiencies. Given the substantial volume of information handled by Parish Chiefs, adequate office space becomes imperative to ensure efficient data organisation and storage. The lack of office space and tools like laptops and data capture modems further creates operational inefficiencies.

The digital divide exacerbates the situation, particularly concerning the online registration of beneficiaries in the PDMIS. The registration of PDM beneficiaries in the PDMIS is expected to be done online. This requires data for internet connectivity. However, the Parish Chiefs and CDO are not facilitated with internet/data bundles for this purpose. Officials resort to personal resources for internet/data bundles, potentially opening avenues for corruption, a concerning consequence of the systemic limitations.

Leaders' limited adaptability and proactive problem-solving attitude are equally concerning, resulting in a passive approach to overcoming operational constraints. This paper observed that leaders do not proactively devise or improvise ways to overcome operational and budgetary constraints exceptionally. There is a limited willingness to take the initiative to risk solving problems. Thus, there is limited adaption within the Local Government structures to address unique challenges.

Staffing shortages further exacerbate the situation, particularly in critical areas like agriculture extension services. The deficit of extension staff severely undermines the PDM's effective rollout, with insufficient human resources to cater to the required service delivery.

Maracha District has 19 lower Local Governments (14 sub-counties and 5 town councils) and 91 parishes; all these parishes have Parish Chiefs in place. However, out of the 19 lower Local Governments, we have only eight (08) lower Local Governments with agriculture extension staff in place. But 11 LLGs are without extension staff, and this is where the challenge is.

For effective implementation of PDM, we need the human resources, the people who are supposed to deliver services. The District is at 42% staffing level, which is below average. One extension staff is supposed to serve 500 households. But to date, we have one (01) extension staff for every 1,496 households, almost three times above the minimum threshold. The production department is below 50% staffing level because no wage is available for recruiting staff.

District Production Officer, Maracha District Local Government

In light of the LG government constraints illuminated above and the pivotal role of LGs in the implementation of PDM, the following key strategies can significantly enhance their performance:

i. Augmenting funding operations across various tiers remains crucial, from the district to the parish. The Ministry of Finance, Planning, and Economic Development needs to elevate allocations for PDM activities. This step ensures adequate financial resources for seamless PDM-related tasks, facilitating smoother execution.

ii. Internet accessibility for registration purposes is indispensable. District LGs must provide ample internet/data bundles to Parish Chiefs and Community Development Officers (CDOs). This provision is fundamental for their efficient involvement in PDM operations, particularly in data management and connectivity.

iii. Addressing delayed facilitation for Parish Development and PDM Committees is imperative. Improving communication on fund disbursement timelines is essential. Additionally, evaluating and adjusting allowances for Parish Development Committees (PDCs) in alignment with the magnitude of their responsibilities is necessary for optimal performance.

iv. LGs should prioritise the provision of adequate office space and tools. Constructing and furnishing offices for Parish Chiefs and extension workers significantly enhances operational efficiency. Equipping these officers with requisite tools remains central to the success of the PDM initiatives.

v. Resolving data entry challenges in the Parish Development Management Information System (PDMIS) requires collaborative efforts. District LGs should collaborate with technical experts to identify and rectify issues causing automatic logouts during data entry. Moreover, providing training and support to enhance Parish Chiefs' proficiency in utilising the PDMIS efficiently is essential for data accuracy and management.

vi. Instituting ongoing business development support for PDM beneficiaries is critical. Collaboration with relevant agencies to offer training and mentorship programs aids in sustaining enterprises and fostering economic growth among beneficiaries.

vii. The central and Local Governments should foster a culture that encourages technical officials to proactively identify, adapt, improvise, and solve problems, allowing for innovation in addressing challenges.

viii. The PDM Secretariat should establish platforms facilitating idea-sharing and collaborative problem-solving among Local Government officials. This can be enhanced by regular feedback loops and integration of continuous improvement processes into the PDM framework to adapt to changing circumstances and ensure sustained success.

ix. The government structures should encourage and empower officials to identify, adapt, and innovate in addressing challenges that can foster an environment conducive to creative problem-solving. Implementing regular feedback mechanisms and integrating continuous improvement processes within the PDM framework are crucial steps to ensure adaptability to evolving circumstances and secure sustained success in addressing dynamic challenges.

x. Building a competent local government bureaucracy and implementing a performance-based incentive system for technical officials tied to successful PDM execution is paramount. Designing transparent evaluation processes that recognise and reward achievements through promotions, bonuses, or tangible incentives encourages motivation and excellence among officials, aligning with the overarching goals of the PDM.

3.19. Absence of clearly defined performance and success parameters

The deficiency extends beyond resources to include conceptual shortcomings. There's a distinct lack of defined success parameters for the PDM, reflecting a broader ambiguity in goals and targets. This lack of clarity inhibits effective planning and evaluation, hindering the model's overall success. This study observed that neither Local Governments nor elected leaders know what the success of the PDM looks like beyond the disbursement of the PRF to beneficiaries. There are no assigned targets in terms of agricultural production per enterprise or changes in incomes per household. It is broad and ambiguous.

Furthermore, the absence of bureaucratic incentives and limited entrepreneurial experience among officials compound these challenges. Technical officials lack the necessary incentives tied to performance, which impacts their commitment and effectiveness in implementing the PDM. It has been observed that for technical officials to effectively execute the PDM, appropriate rewards, compensations, and promotions are necessary to be commensurate with their technical contributions. However, the existing framework lacks incentives and sanctions tied to performance or non-performance in implementing PDM. This deficiency is anticipated to impact the outcomes of the PDM significantly.

Establishing clear success metrics linked to production, value addition, and household incomes is pivotal for goal alignment and assessment. Collaborating with stakeholders to define specific and measurable targets, such as agricultural production and income changes, is essential. Communicating key performance indicators (KPIs) to stakeholders ensures clarity and fosters a culture of accountability and transparency in reporting progress and challenges within the PDM.

Introducing sanctions for non-payment of the Parish Revolving Fund (PRF) is essential. Reviewing and updating guidelines to incorporate sanctions for individuals who fail to repay the PRF encourages accountability and responsibility among beneficiaries.

3.20. Barriers to Inclusion

The barriers encountered by potential beneficiaries seeking access to the Parish Revolving Fund (PRF) encompass multifaceted challenges that hinder various marginalised groups from leveraging this financial support. Firstly, the absence of National Identification Cards substantially impedes youth participation. During a focus group discussion in Tara Sub-County, it became evident that lacking a national ID card was a primary obstacle preventing youth from benefiting from the PDM despite the 30% reservation allotted for their participation. It should be noted that there have been several reports of both structural and administrative within the system that caused unnecessary delays in the acquisition of the ID[16].

Several young people have to travel long distances and stand in long queues[17] to get enrolled, yet reports of technical gaps and corruption among officials continue to hinder their enrolment. Additionally, Persons with Disabilities (PWDs) encounter distinct apprehensions that deter them from pursuing the PRF. Their reluctance stems from the explicit indication that the funds obtained through the PDM constitute a loan. Many PWDs express concerns about their ability to meet repayment obligations, fearing legal repercussions and possible incarceration due to their condition. This fear of legal consequences significantly discourages PWDs from applying for the fund. Consequently, there's a clear need for targeted and extensive sensitisation programs to alleviate these fears among PWDs, assuring them of the supportive nature of the funds and clarifying the terms of access without instilling undue worry about potential legal ramifications.

Both scenarios highlight critical issues that obstruct marginalised groups from accessing the PRF, underscoring the necessity for proactive measures to address these barriers. Resolving the lack of National ID cards for youth and dispelling the apprehensions surrounding loan implications for PWDs requires concerted efforts through sensitisation campaigns, policy adjustments, and potential procedural reforms. Such initiatives can pave the way for a more inclusive and accessible PRF, ensuring that marginalised populations can effectively utilise these financial resources without undue barriers or apprehensions.

3.21. Challenges Around Domestication of Guidelines

This subsection offers insights into implementer experiences with the PDM guidelines. These observations are mostly drawn from actors at lower LG levels. They detail how the guidelines function within the LG structure and the challenges.

a) **Training for LG staff:** The MDAs provided for the training of all levels of LG staff on implementing PDM guidelines. The Parish Chiefs have had at least two training on how to mobilise communities and oversee implementation, and they are supposed to ensure that PDCs and PDM SACCOs are meeting regularly and preparing quarterly reports. However, capacity constraints remain as the district cannot optimally implement the PDM effectively due to insufficient staff and limited financial resources for facilitation and tools.

b) **Prescriptive guidelines:** These guidelines provide detailed instructions on implementing the PDM at the LG level. They include the scope of enterprises, target beneficiaries, formation of enterprise groups, formation of PDM SACCOs, member registration, timelines for PRF repayment, and other procedures. However, some districts have received contradictory guidelines.

For instance, the PDM Secretariat sent Budaka District Local Government instructions to transfer PRF funds directly to PDM SACCO accounts in commercial banks. At the same time, the Permanent Secretary and Secretary to the Treasury's (PSST) guidelines required funds to be sent to the District General Fund Accounts.

Additionally, while the PFMR regulations[18] require ministerial approval for reallocating funds, there were guidelines where the PSST[19] advised repurposing funds budgeted for gadgets and tools to the PRF. These contradictions confused LG actors.

c) **Inflexible guidelines:** These guidelines provide more general guidance on implementing the PDM at the LG level. They neither allow for more flexibility in implementing the PDM, considering each LG's specific local needs and circumstances nor do they provide for how grievances by beneficiaries need to be handled. Yumbe District has, however, adopted the principle of using available structures for this purpose. For instance, a grievance at the household level is advised to be reported to the LC1 of the area; at the enterprise level, the PDC SACCO handles such cases. Depending on their magnitude, those beyond the PDC are reported to the sub-county and district.

d) **Coordination among departments:** The implementation of PDM was communicated as a whole-of-government approach where all departments are expected to work together. However, departments in the district still work in silos as budget alignment to cater for PDM facilitation has still failed, according to the Principal Assistant Secretary, Kibuku District. Some want to protect their budgets. Others are demotivated because they have no budget allocations for PDM activities since there may be conflicting priorities and agendas at different levels of government.

3.22. Monitoring and Evaluation Challenges

It is vital to monitor and evaluate the implementation of the PDM to ensure that it is effective. However, there are no explicit targets for performance beyond distributing the PRF to the beneficiaries. It is not clear what success or failure looks like across departments.

a) **Absence of a standardised approach to capturing and reporting performance data:** There are several disparities in how the districts capture and report data on PDM performance. Notably, inconsistencies were observed in the data collected, with some districts lacking crucial information regarding marginalised or special interest groups, the number and type of supported enterprises, etc. These inconsistencies in the capture and synthesis of data hinder effective decision-making at both local and national levels.

b) **Absence of a Loan Recovery Plan:** The FGDs confirmed that there were beneficiaries in various districts who could not utilise and repay the RPF funds due to a lack of experience managing businesses and loans. While the cabinet directed that every borrower be given UGX 1 million, some district leaders are sceptical about recovery. Besides the extended grace period of 24 months, funds are sometimes diverted to meet livelihood needs.[4] The absence of a clear recovery plan in the guidelines increases the likelihood that some funds may not be recovered.

4. CONCLUSION AND SUMMARY RECOMMENDATIONS

The Parish Development Model (PDM) in Uganda is a bold and comprehensive attempt to address the deeply entrenched issues of poverty and economic stagnation, particularly in rural areas. Founded on the developmental state paradigm, mirroring successful models in Asia, it demonstrates an ambitious approach to catalysing socio-economic transformation led by the state. However, a critical examination of the PDM implementation exposes structural and operational challenges threatening its effectiveness.

A delicate balance is required to navigate the political landscape without compromising the program's integrity. For instance, redefining roles and responsibilities at the parish level and the intricate relationships between Parish Development Committees (PDCs) and Parish SACCOs necessitates a recalibration of existing institutional frameworks to align with the available capacity. In addition, there are concerns about political patronage and corruption.

The challenges reported in relation to collaborating with commercial banks expose the complexity of executing a model of this scale in largely rural populations with limited levels of sensitisation. The capacity limitations faced by Local Government officials further emphasise the need for adequate operational funding and essential resources to ensure smooth implementation. Moreover, the PDM's singular focus on the Parish Revolving Fund raises questions about the balance between financial inclusion and holistic development envisioned in the other dimensions of the PDM.

While financial resources are undoubtedly crucial, a more comprehensive approach prioritising mindset change and skill development is essential. The citizens' behavioural patterns and historical scepticism regarding similar poverty alleviation programs underscore the importance of fostering a collective understanding and support for the PDM to thrive.

Finally, this paper suggests that the success of the PDM hinges on proactively addressing these identified challenges. Recommendations include refining the program's institutional framework, enhancing coordination between technical and political elites, ensuring transparent communication in fund disbursements, extensive sensitisation, and incorporating citizen input in program design.

Moreover, the financial aspects must be revisited, such as considering the allocation of funds based on population size, the nature of the enterprises, and potential alternatives to commercial banks. As Uganda navigates the complexities of implementing the Parish Development Model, a collaborative and adaptive approach that puts civil society and the private sector at the centre is imperative for ensuring its success in fostering sustainable socio-economic development.

This paper is valuable for policymakers, stakeholders, and the government. It sheds light on the challenges and presents actionable recommendations to rectify program design deficiencies and implementation challenges. It emphasises the need for proper targeting to address the populace's needs best while safeguarding against historical challenges of corruption and political patronage that have scarred previous similar initiatives.

4.1. Summary Recommendations

Given that the PDM is committed to addressing the dynamic challenges of development, this paper acknowledges the need for adaptability and proactive approaches. Thus, recommendations have been proposed to address specific issues identified in implementing the PDM described above. From dispelling misconceptions to optimising the functionality of key structures and encouraging innovative problem-solving, these recommendations are strategically designed to enhance the effectiveness and sustainability of the PDM. A summary of the key recommendations is presented as follows:

a) **Mitigating Skepticism and Building Trust among Citizens:** It is imperative for the government to proactively tackle scepticism surrounding the Parish Revolving Fund (PRF). To achieve this, a sustained and targeted awareness campaign is essential. The campaign should effectively communicate the Government's unwavering commitment to the program's success, emphasizing transparency, accountability, and the positive impact it aims to create.
Additionally, Local Governments need to play a pivotal role in dispelling doubts by showcasing success stories and tangible benefits arising from PRF disbursements. These success stories will serve as powerful testimonials, illustrating how the program has positively impacted local communities. To further enhance public confidence, it is recommended that the government

engage in open dialogue with community members to actively address emerging citizens' concerns and provide transparent information about the program's objectives, implementation, and outcomes.

b) **Address discrepancies with commercial banks:** Proactive engagements with banks, notably Finance Trust Bank and DFCU, to resolve the identified challenges will allow for the timely resolution of any discrepancies and ensure a seamless banking experience for PDM beneficiaries. In parallel, negotiations with banks facilitated through MoFPED should be conducted to secure favourable banking terms for SACCO members. This includes exploring reduced transaction costs, lower interest rates, and other financial incentives that can alleviate the financial burden on beneficiaries. Such negotiations can contribute significantly to creating a more supportive financial environment for the PDM participants.

   Streamlining banking procedures is equally paramount for the efficient operation of the PDM. This involves simplifying processes, reducing bureaucratic hurdles, and exploring integrating online platforms to enhance accessibility and convenience for beneficiaries. An emphasis on enhancing customer service for PDM beneficiaries is crucial. Banks should prioritise providing clear and timely information, addressing queries promptly, and ensuring a positive overall banking experience. Training bank staff to understand the unique needs of PDM participants and implementing customer-friendly policies will contribute to the success and sustainability of the program.

c) **Address misconceptions and contradictory messaging:** This paper recommends intensifying community sensitisation to clarify the PRF's purpose, countering misinformation, and involving local leaders in dispelling these misconceptions, leveraging their influence and credibility to build trust. Coordination between political and technical officers is crucial to ensure consistent, unified, and coherent messaging. The PDM Secretariat should take the lead in establishing a communication framework that includes clear and concise messaging to avoid contradictory messaging.

d) **Address challenges related to political patronage and potential abuse:** This requires a combination of transparency, community engagement, targeted communication, and strengthened accountability structures to mitigate the risk of misappropriation or misuse of public funds. Targeted communication strategies play a pivotal role in dispelling concerns related to political patronage. Clearly communicating the criteria and procedures for beneficiary selection, fund distribution, and purpose is essential.

Strengthening accountability structures is another key component. This involves reinforcing existing oversight mechanisms and introducing additional layers of accountability. Measures may include establishing an independent audit committee, conducting periodic external audits, implementing a whistleblower protection program, and empowering local communities to hold leaders accountable through an established reporting mechanism.

e) **Improving the Functionality of PDM SACCOs and PDCs:** The paper proposes a multi-pronged approach, including combating corruption through establishing oversight mechanisms, addressing capacity limitations of PDCs, operational support for SACCOs, simplifying documentation processes, providing clear guidelines for interest utilisation, infrastructure improvement, and promoting member participation and ownership. The overarching goal is to create an environment that not only combats corruption but also addresses capacity limitations and provides operational support, which is crucial for their effective functioning. By providing them with the necessary tools and expertise, PDCs can better navigate their roles and responsibilities, contributing to the overall success of the PDM initiative.

f) **Optimise Performance of LG Structures:** Optimizing LG structures requires strategies such as elevating funding for operations, providing internet accessibility, addressing delayed facilitation, offering adequate office space and tools, instituting ongoing business development support, introducing sanctions for non-payment of the PRF, establishing clear success metrics, and implementing a performance-based incentive system for technical officials. This is essential for successfully implementing the Parish Revolving Fund (PRF).

Elevating funding for LG operations is imperative to ensure that LG structures have the necessary resources to carry out their functions efficiently. This includes budgetary allocations for essential activities and operational expenses. Providing internet accessibility and offering adequate office space and tools, for example, is foundational to their functionality.

g) **Foster innovation and cross-sector collaboration:** To foster innovation and adaptive problem-solving within the Parish Development Model (PDM), it is crucial to establish platforms for idea-sharing, instituting regular feedback loops, and integrating processes that cultivate an environment conducive to innovative problem-solving.

One key strategy is establishing collaborative platforms where stakeholders within the PDM can actively share ideas. This could involve regular brainstorming sessions, workshops, or virtual forums, allowing participants to exchange insights, experiences, and innovative solutions to challenges faced during program implementation.

Cross-sector collaboration is another pivotal aspect; by fostering partnerships between different sectors involved in the PDM, such as Non-Governmental Organisations and private sector entities, a diverse range of perspectives and expertise can be leveraged.

END NOTES

Endnotes

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