



EFFECTIVE DELIVERY OF COMMERCIAL SERVICES IN LOCAL GOVERNMENTS IN UGANDA: WHAT MUST BE DONE?

Overview

The Government of Uganda (GoU) through the Ministry of Trade, Industry and Cooperatives with support of the Enhanced Integrated Framework (EIF) is implementing a three year capacity building project called the District Commercial Services Support Project (DICOSS) in 25 selected districts with the aim of assisting the government deliver commercial services to the grassroots more efficiently and effectively.

The EIF is a multi-donor programme, which supports LDCs to be more active players in the global trading system by helping them tackle supply-side constraints to trade. One of the overall aims of the EIF is to mainstream trade and its defined as: integrating trade into national development and poverty reduction strategies and the operationalization of trade coverage thereof; through incorporation of trade into sectorial strategies, action plans and budget; intra governmental and government-private sector relations as well as government-donor relations.

A survey was conducted to establish the status of district commercial services and how they deliver commercial services to the people. The findings revealed that; 49% of the staff were in acting positions and this was attributed to the fact that there was a ban on recruitment by Ministry of Public Service. Also the annual turnover of SME entrepreneurs was at 4% which was very low and resulted into the collapse of SMEs.

The survey further revealed that 95% of the project districts were concentrating on

cooperative development, specifically auditing SACCOs leaving other interventions e.g. trade, tourism and industry development unattended to.

This policy brief presents the benefits of the DICOSS project, challenges experienced and gives policy recommendations.

Key Issues

- Commercial services lack an independent department. It is currently a function under production department under Ministry of Agriculture, Animal Industry and Fisheries.
- Promotion of trade, industry and tourism sectors under the district commercial services function is hugely neglected. Most commercial officers concentrate on SACCO development, specifically auditing of SACCOs, ignoring other vital sectors.

Introduction

The development approach of the National Development Plan (2010/11-2014/15) intertwines economic growth and poverty eradication. This will be pursued in a quasi-market environment where the private sector will remain the engine of growth and development. This states the importance the Government accords to the private sector as the engine of growth of the economy.

Some of the key constraints to trade development identified in the NDP are; weak policy, legal and institutional framework and systems notably the Public Private Partnerships

(PPP) and Micro, Small and Medium Enterprise (MSME) policy and the absence of trade/market opportunity response strategies such as a deliberate effort to link the productive and trade sectors.

In the tourism sector, key constraints identified by the NDP are; narrow product diversity where the country's tourism activities are largely concentrated on wildlife despite the existing potential in culture community, faith based conferences and business tourism and inadequate research on emerging trends, markets and consumer surveys as well as regular statistical information required to inform decision makers, investors and tourists

However in both sectors, the Local Governments were identified as possible intervention areas in the NDP under the theme of strengthening and implementing PPP framework measures at the Local Government level. The NDP also stated the need to enhance coordination within the trade Sector Working Group and build synergies with production sector working groups

Commercial services in this context therefore refer to any services that are provided to the private sector with the aim of improving their competitiveness with an overall goal of increasing the revenue of the districts. These include but not limited to: business licensing and registration, trade and market information, business development, cooperative registration, auditing and supervision, value addition strategies, business linkages between producers, traders and exporters, trade licensing, standards etc.

The overall aim is to improve the commercial sector of the districts, increase incomes of the people thereby increasing revenue collection of the districts. Once the districts succeed in increasing their own generated funds, they will be able to increase and improve funding of the different services they provide to their population.

The DICOSS is being implemented in 25 pilot districts as shown in the table below

A total of 23 districts have been monitored and the monitoring focused on;

i) trainings provided to the District Commercial Officers (DCOs), ii) Office equipment provided and iii) renovation of District commercial offices , iv) implementation of a US \$ 10,000 grant.

The project registered success as all the outputs mentioned with the exception of implementation of the grant were accomplished. The following were cited as the benefits from the intervention:

- The project improved the image and working environment of commercial offices in LGs. This was through renovation of offices and furniture provided.
- Through the provision of computers, printers, internet, photocopiers and motorcycles; the project contributed to the skills improvement, eased movement and facilitated knowledge sharing amongst commercial officers and stakeholders.
- Most of the staff in commercial services units were motivated given the face lift, furniture and equipment delivered.

However key issues emerged concerning the sustainability of activities initiated by the DICOSS project after its closure and the apparent marginalization of the commercial services sector.

Lack of sustainability plans after project closure: In all Districts monitored, there were no proper sustainability plans to ensure pilot districts as shown in the table below.

EAST	CENTRAL	WEST	NORTH
Soroti	Nakasongola	Kabale	Lira
Iganga	Masaka	Ntungamo	Moyo
Kaliro	Mukono	Hoima	Nebbi
Pallisa	Sembabule	Kyenjojo	Kotido
Tororo	Mubende	Isingiro	Moroto
Serere	KCCA		Pader
Kapchorwa			Apac

Source: Author

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Lack of sustainability plans after project closure: In all districts monitored, there were no proper sustainability plans to ensure sustenance of activities initiated under the project after its closure.

Poor budgetary allocations: The commercial services sector has for long been side-lined in budgetary allocations by both Local Governments (LGs) and Central Government. There is no specific sector grant allocated to the sector from the central Government while LGs are largely still unwilling to commit

locally generated resources to support the commercial services sector. This was attributed to low amount of local revenue collected at the districts and ignorance about the importance of the sector.

Lack of an independent department:

Currently DCOs are co-opted under the department of production and hence a recipient of the production and marketing Grant. This presents operational constraints because the office has to share the meagre resources allocated under the PMG with production department.

Inadequate structure: The positions at the districts are skeletal in nature. Commercial services cover the areas of industrialization, tourism and investment promotion. However in most districts, the sector is comprised of one or two officials. This overstretches the human resource and hence lack of impact.



District commercial staff working in a fully equipped office by the project in Serere District

Limited scope of trainings: The project offered training to the DCOs in pilot districts in a variety of disciplines. Though the staff were grateful for the trainings provided, it was deemed necessary to provide more comprehensive trainings instead of refresher courses. Additional training would be on cooperative development and specialized training in tourism.

Overlapping mandate: The Ministry of Trade

Industry and Cooperatives (MTIC) and Ministry of Agriculture Animal Industry and Fisheries (MAAIF) have similar mandates especially in agro processing and agribusiness which leads to duplication of activities

Conclusion

The DICOSS project being currently implemented in 25 districts served as an eye opener to the relevance of the commercial serviced sector. However, in all districts monitored, there were no clear sustainability plans to ensure continuity of project initiated activities after project closure.

The commercial services sector that has been in the doldrums for ages could regress especially in the implementing districts if steps are not taken to reinvigorate the sector. This would undermine the NDP's aim of enhancing the productiveness and competitiveness of the private sector especially at Local Government level.

The following are the policy recommendations:

- I. The MTIC should enhance collaboration with all stakeholders such as URA, UNBS, URSB to ensure seamless operations of commercial services at Local Government level.
- II. Commercial services sector in the LGs should be upgraded to a fully-fledged department as opposed to being a function under the production department. The sector covers areas such as cooperatives, industrial development, tourism, trade and investment. Therefore an elaborate structure should be established to reflect the enormity

of the challenge.

- III. A grant should be allocated to commercial services in order to effectively carry out their activities. Activities carried under commercial services are field based in nature and therefore budgeting should reflect this.
- IV. Comprehensive training packages: Though the project provided trainings to DCOs, they were limited in scope and coverage. Therefore more comprehensive courses should be provided to the DCOs. For example cooperative development course at Kigumba.
- V. At Local Government level, both technical and political leaders need to be sensitized about how trade and commerce are direct and clear engines of increasing income generation. This would enable them appreciate the sector to allocate and increase Local Government revenue to the sector.
- VI. Efforts should be made to streamline and harmonize all aspects of marketing and agribusiness under production into commercial service

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