

The Search For Sustainable Development: Uganda Perspective

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Introduction

Uganda like other nations has been in search for sustained development since time in memorial. This paper does not pretend to cover the historical events of this search but to highlight that the cooperation between the public sector, specifically that local government and the private sector, entrepreneurs in particular contributes greatly to economic development sustainability and poverty reduction.

Major issues of discussion are to:

- Examine factors that facilitate the cooperation between local administration and entrepreneurs
- Assess problems inherently encountered
- Suggest possible future solutions

Brief Historical Background

In 1952 the Uganda government under the British rule established Uganda Development Corporation UDC a first parastatal body in the country. The role of this body was to facilitate industrial and agricultural development alongside the private sector (Balunywa J.W, The Public, Theory and Practice. Uganda Perspective, p.67.)

Following the guidelines of the first year development plan of the World Bank the government's role was to transform the economy into a developed one, initiate, undertake and carry out any task essential to the country's development, play a dynamic role in the industry, and expand the public sector. A number of changes that took place during and after the implementation of the plan are.

- Obote as a president decided to take 60% interest in major foreign companies
- Asians controlled a substantial sector of the economy (1969-71)
- Asians expulsion & declaration of economic War
- Shops were allocated to individuals
- UCD took over most of the major industries
- The recovery program was initiated 1982-84

The role of the government in the recovery program was to

- Respond to Uganda's economic problems
- Restore the economy from decline to growth

- Assist Uganda industrialists to create a viable private sector
- Introduce measures to restore the economy namely floating of the shilling Increasing Producer prices
- Removal of price controls Introducing of flexible interest rates balancing the budget and Establishment of the tax structure
- Invite the owners of the properties to repossess
- Enacted expropriation Act in 1982 to facilitate the economic recovery initiatives

From 1982-1985 this plan failed to achieve its objectives due to guerilla war. In 1986 when NRM government captured the power it initiated the process of decentralization and local governance to promote and sustain popular democratic participation through a system of elected local council LCS. The system aimed at improving the social economic conditions of the people of Uganda as a nation.

The Uganda government needed the decentralization policy to attain legitimacy in response to national leaders' pressure for greater participation and democratization in decision-making by ethnic, regional or religious groups. It was hoped that decentralization of this nature would lead to local and national development.

In 1987 the NRM government established a policy statement that advocated for the liberalization of the economy, floatation of currency, removal of price controls, freezing the interest rates liberalizing trade, and reducing government expenditure capacity to the economy. (P.70)

Among the many implementation programs established is the Poverty Eradication Framework (PEAF) whose objectives are:

- Addressing the requirement for fast and sustainable economic growth and structural transformation.
- Transferring responsibility to district and lower levels of administration
- Ensuring transparency and efficiency in public expenditure in process of service delivery
- Establishing and promotion effective partnership with NGO and civil society organizations
- Empowering the disadvantage group
- Improving the ability of the poor to raise incomes
- Making special provision for micro finance to enable poor people access finance services
- Increasing returns to productive assets by improving the markets
- Provision of advisory services
- Bridge the gap between local people and with the government at local and central levels, physically and psychologically.
- Promotion of self-employment and other form of wage employment (Uganda Management Institute p.5 & p.14).

Approximately 96% of Uganda's poor live in rural areas where the District Councilors hope to collect revenue. Poorest household increase their consumption, large family find it

difficult to get out of poverty due to scarcity of land, low rate of investment and job creation in private sectors poses a challenge to development of the district (PEAP p.4-5). This condition requires the cooperation between the local government and the business community, basically entrepreneurs in the private sector to assist boost and sustain the economic and social development of the affected communities.

Because of the decentralization the, central government is returning many responsibilities to the local government but with limited funds to sustain these districts. Also, the need for school fees at secondary and tertiary levels poses another challenge in addition to the increasing number of public servants as well as a stream of graduates searching for scarce jobs. Furthermore, a flow of school dropouts at the age of 6-18 is reasonably high. (Uganda DHS data p.56-61). National Statistics of 2003 show that the number of dropouts is almost 7695.

These undesirable situations have a negative impact on development, which necessitates the existence of a pool of people or search for citizens whose income is sound and are able to collaborate with government.

Such citizens are entrepreneurs who are innovative and creative, who can identify the opportunities, take the risk by turning these opportunities into reality, are able to create and run businesses, can construct a reasonable revenue base for themselves and the government through saving, accumulation of capital and payment of tax, can be self-sustaining, can penetrate into remote areas that are not easily reached and provide goods and services to citizens at a reasonable price.

Since the government of Uganda scrapped off the graduated tax, one of the major sources of revenue will be through the cooperation and collaboration between the local government and entrepreneurs.

The need for the local government to cooperate with the business community for development is not only in Africa particularly Uganda but also in developed countries like USA. Steven Goldsmith says

The Federal Government is returning many responsibilities to local governments but giving them limited funds with which to fulfill those obligations.... Although the business community has been slow to grasp the significance of the government move toward increased efficiency we, have notched some successes, made our share of mistakes, and worked harder and smarter. Abundant opportunities exist for businesses to help municipal government to lower cost and increase revenue. (Harvard Business Review May-June, 1997, p.110) Also the National Performance Review that was launched by President Clinton in March September 1993, aimed at creating a government that works better and costs less. The results of this initiative reflect the words of Kinn, which reads: Reinventing government, therefore, becomes a mechanism for transforming our government from the traditional administrative management model to an innovative entrepreneurial management model. (Johnston V.R., p.12)

Uganda of Statistics, a report on the Uganda Business Register shows that some businesses are basically privately owned and as such a greater impact on the government. The transport industry is one of the best examples that have such businesses. The taxi drivers, bodboda, bus drivers, bicycles riders, canoe owners operation in lakes and rivers or other means that facilitate the movement of people and things call for the cooperation between the local government and entrepreneurs.

Johnson noted that certain services provided by the government fit into the business profile and posses a potential for profit making (Public Entrepreneurship Johnston, 200 p.37).

Factors that Facilitate the Cooperation Between the Local Government and the Private Sector (Entrepreneurs)

Policy on Partnership

The government policy on partnership between the private sector and the public sector toward poverty reduction and capacity building through hands-on training seminars and workshops facilitates development. The government of Uganda has allocated funds and has put in the place policies and institution such as Service Network to gather information and Skill Development Enterprise based on vocational training and other economic programs and strategies intended to train skills to the youth so that they can create jobs after such transformation.

Also entrepreneurship as a course has been included in the national curriculum to equip the young graduates with entrepreneurial skills. It is hoped that such initiative will motivate the youth to embrace and entrepreneurial career after the university. Since entrepreneurs go where others fear, identify opportunities and take risks, it is likely that the young entrepreneurs will penetrate more remote areas, enforced by push or pull factors, establish business, develop these areas, provide goods and services to communities, get profits, pay tax, create jobs for others and improve their standards of living.

Participating in Local Government Activities

A research conducted in Mbarara revealed that 20 out of 22 entrepreneurs said that local government invites them to participate in planning decision-making, and meetings at the district level and encourages them to participate in trade shows as well as tours. This is a practice in participatory planning in which all stakeholders become a policy making body for the development of their district. The result are promising as Kimbareeba, one of the prominent entrepreneurs in Mbarara noted; He said, “Our cooperation with the government helped to learn more about our businesses, refine our skills, share experiences, increased sales and profits and to expand our business.

Mr. David Bashakara said, “We usually call entrepreneurs to out administrative meeting and plans with them”. When the entrepreneurs meet with the government, they are able to identify

pressing problems and to agree on actions that will address the problem affecting the communities with the district.

Procurement

The government's ability to advertise jobs to entrepreneurs to supply goods and services, expose or direct opportunities to the private sector unlike in the past when communities would watch the workers in their locality without knowing what was happening until the activity took shape. Citizens were spectators and not empowered to own the good and services that were provided but only to develop we-and-they attitude or their-our attitudes. Such attitudes are reflected in how people express themselves namely: their factory, their road, and their school. The provision of tenders to entrepreneurs has somehow bridged the gap between the local government and people. The RDC, Mr. Kandole said, "Entrepreneurs have become opinion leaders and the right hand of the government, here in Mbarara District and it is inevitable that we have to cooperate with them for the development of our locality.

David Bashakara the town clerk Mbarara, Kafura Tibanyendera Ibanda Town Clerk, RDC and the CAO were interviewed differently on how the local government is empowering entrepreneurs. These informants said, "usually tenders are advertised, capable people apply, the Tender Board assesses the applications and those chosen are invited to provide goods and services to the government. Some of what the tenders given are revealed by the informants covers various industries such as construction or building materials, metallic products, stationery etc.... Both town clerks attribute the development of their towns to mass mobilization, the efficient and effective utilization of resources, and good cooperation between entrepreneurs and the local government.

In addition the small-scale entrepreneurs get support from the government-linked organization such as Uganda Manufacturers Association, United Nations Programs for Development, Uganda Small-Scale Industries.

Association. Establishment of micro-finance institutions enabled entrepreneurs to acquire loans and expand their businesses thus promoting the entrepreneurs standard of living. Generally, the government, through decentralization intends to improve the management of resources so that they can be utilized. (Richard Okello, Eipilla June 2002 p.12)

Establishment of National Entrepreneurship Chair

One of the policies of the Uganda Government is to change its role from owner to operator to policy maker and regulator, in attempt to develop a competitive outward looking economy in close partnership with the private sector where entrepreneurs are sheltered. For this reason, the national entrepreneurship chair's was created. The role of this chair is to ensure that entrepreneurship initiatives are carried on at the

- The Social level where the business community is involved in entrepreneurship undertaking is given courses, or promoted.
- Industrial level where entrepreneurship skills are imparted to the youth in secondary schools and higher academic institutions. Uganda has pioneered in this effort in the Sub-

Saharan Countries. Plans are under way to design primary level curriculum. The youth must be prepared to understand regulation that guides businesses and to develop their localities economically.

Mbarara District also established this chair to play the above roles.

Recognition From the Head of State

Among the many responsibilities of the head of state: include: educating the citizens through various forms of media about economic development, encourage people to take up personal responsibilities, entice the youth to seek practical training through apprenticeship, or vocational schools, provide options for survival and other development information and to help the civilians understand the role of the business community in development and the relationship between the government and business.

Speeches of President Museveni have occasionally addressed such issues in addition to entrepreneurial boosting programs such as entandikwa scheme for rural development. Museveni's speech on December 24th 2004 emphasized the following:

- Efficient resource mobilization
- Lowering of interest rates by financial institutions
- The importance of the market
- Guidance to be provided to young people (job oriented)
- East African Federation role
- Africa's need to jointly work together to make Africa strong.

The local government administrators are supposed to carry the presidents' message and ensure its application by the civilians, entrepreneurs inclusive.

Transformation Initiatives

The transformation initiatives cover a number of issues namely the existence of financial institutions, which are usually government controlled to facilitate the movement and use of money. Most small-scale entrepreneurs do not have access to loans but deposit their little funds in banks for security and saving reasons. Those who are unable to use the banks have established their own credit and savings systems outside the formal financial systems. Such entrepreneurs include farmers, employed and non-employed women, fishermen, bodaboda, carpenters and many others. These people have benefited from such financial arrangements and that is why some entrepreneurs have been able to start businesses with accumulated personal savings. This sector is a force that facilitates job creation in rural or urban poor locations in addition to producing goods and services to low-income people.

The local administration must support these people because they are responsible for their development. What is important to note is that district leaders are likely to be transferred, retire or leave their positions for some reason but entrepreneurs take longer to retire from their career than public servants. Therefore they are likely to sustain economic development more than the government in their localities.

The government on the other hand through the ministry of energy has initiated a program known as Energy for Rural Transformation to boost the establishment of industries. It is hoped that once this program takes off in all districts, the people's lives will be balanced because: entrepreneurs will use electricity to produce required products and services, people residing in such areas will benefit from power for cooking, school children will be able to read books at home, collecting firewood and environment destruction will somehow be reduced, more businesses are likely to be established especially in the service sector. In urban areas some entrepreneurs have developed free-smoke charcoal dust and mud. In these scenarios the government and entrepreneurs are cooperating to foster sustainable development.

Boosting the Service Sector

In defending the constitutions and policies the local government is responsible for effective running of established service structures including the infrastructures or to add more. In this case entrepreneurs lands on an opportunity of getting tenders in areas of construction, food, furniture, transport and similar necessities. The district gains by creating jobs for redundant youth dropouts all of which leads to increased revenue and better standard of living for the people involved.

Resource Allocation and Planning

In recognition of the contribution of entrepreneurs, the local governments have earmarked areas for industrial development. This activity is in line with the central government's strategy to develop a comprehensive national land policy. With such initiative, entrepreneurs have plenty of opportunities to utilize resources at their disposal – by adding value to our mother – the land from which all living things live and get their food.

Along side such plans the local government should endeavor to actively get involved in implementing these plans and to mobilize people to cooperate with the entrepreneurs in order to sustain economic development. Besides the forestry department is offering 50 years for investors in the industrial wood production including saw-millers who are currently harvesting mature soft wood. This is an encouragement to entrepreneurs to invest in replanting the areas they harvest.

Mbarara District for example has drawn up a plan that covers the following: Feeder roads improvement and maintenance, primary school construction, completion and finishing, constructing and equipping health units, rural water supply development and improvement, agricultural extension services and improvement, sanitation management. District and sub-county functional capacity building-Application of the plan has shown positive results.

Sanitation management:

Collection and disposal of garbage, repairs of trucks, fuel for trucks, sensitization programs, and signposts for safety or caution namely: "Keep Uganda Clean", all offer opportunities for entrepreneurs which calls for local government, civilians and entrepreneurs' cooperation. Some women are collecting banana peelings for cattle zero-grazing owners in the suburbs of urban areas, (Kampala Area) charcoal for cooking and manure for small vegetable

gardens. The local government in this case is helped by the entrepreneurs to manage rubbish and should support such initiatives, capacity building seminars – provision of food and other services construction provision of tenders to entrepreneurs.

Information Transmission

Everybody needs information for proper and timely interaction for survival. The Central government has been cooperative in assisting the local government to collect data from the business community. This information has been useful to decision makers in various ways. The local government is able to know how other districts are participating and performing in the national economy. For example the Uganda Bureau of Statistics revealed that Kampala Area has the largest number of businesses, which employ a greater number of people than any district in Uganda. In this way Kampala becomes a model on which to compare performance. Information also helps the local government to identify relevant projects that respond to people's needs. Entrepreneurs are able to compare and compete favorably with each other using the same information.

Urbanization and Migration

Demographic explosion, education and other societal changes have either enticed or forced people to migrate to towns, which increase the work of the local district administration almost in every aspect ranging from garbage management to residences. At the same time, it facilitates entrepreneurial activity. First immigrants are able to identify business opportunities that are taken for granted by residents. Secondly immigrants have their own tastes in terms of food, clothing socialization and lifestyle. These scenarios are latent opportunities for entrepreneurs and calls for the local government to cooperate with entrepreneurs to ensure good quality settlement and living. As the World Bank noted, immigration is likely to continue and expand over the whole continent from ecologically risky and economically fragile areas to more environmentally friendly and prosperous countries. (The World Bank, Towards Environmentally Sustainable Development in Sub-Saharan Africa, Development in Practice, Washington, 1996, p.15)

Taxation

A survey by Chen, Matovu and Reinika 2001, and studies done by Young and others in 1999, reveal that tax is progressive. Even those studies conducted in Ghana 1999 point out the same observation. (World Bank, Impact of Economic Policies on Poverty and Income Distribution, Evaluation Techniques and Tools, 2003) Research done by Julian Orikiriza (MBA, Nkozi) on how entrepreneurs perceive the benefits of taxation reveals mixed feelings. 19% of the informants revealed that taxation is beneficial, 39% said that it is not beneficial, 16% were caught in the middle and 10% acknowledged that tax is beneficial but has drawbacks. (Julian Orikiriza Impact of Taxation on Entrepreneurial Activity, Kampala District, p.52) Also a pilot study in Mbarara District revealed that since 1999 tax has stabilized and entrepreneurs have been able to make some reasonable profits. This information gives mixed feelings about tax, its collection as well as its usage. A study by Julian shows that a substantial number of entrepreneurs have benefited from taxation. Also, results of a pilot study show that entrepreneurs were able to

make profits when tax was stabilized. It can be concluded that since taxation is beneficial to the local district administration (revenue) and to entrepreneurs, both parties must cooperate in order to get the maximum economic development sustainability from taxation.

Challenges to Economic Sustainable Development

Government policy is not adequately understood or known. In most cases people are not aware of government's good intentions to cooperate with them-NGOs, church or participation in functions such as weddings. Somehow there is lack of participatory strategic planning. The pilot study in Mbarara revealed that few entrepreneurs have knowledge about the government's policy on small-scale businesses.

Kick-back problem: Bribes are at the times given to win contracts in an indirect way so much so that the amount of money that remains is very little to carry on the contract which leads to shoddy performance. For example, in construction. Instead of using 50 bags of cement, contractors improvise and mix clay in 20 bags of cement to ensure that the building is completed. At times contractors are not adequately trained to make proper calculations or actual budgets that reflect what should actually be done. They end up under quoting the prices of some items, a mistake that forces the contractors to obtain less money under the kickback process. One of the districts faced this problem whereby the contractor was given less money. He started the foundation, as per contract with the money that was enough to construct the building up to below the window frames level. When more funds he was told that there was no money left but they expected him to finish the building. The man stopped where he left the building. This was a dilemma. Suing the contractor would backfire to those who provided the tender and probably beyond within the network. Everybody kept quiet up to now.

Energy: the cost of energy equipment facilities makes electricity less affordable to local people who are forced by push factors to become entrepreneurs. This requires supplementary project like that of funding farmers to purchase equipment for use in production. More people would be employed which might lead to the need and capability for electricity in the locality.

Sweeping changes: the youth tend to underestimate the value of hard work and to resort to activities that lead to easy life, namely roaming in towns looking for jobs and engagement in questionable behaviors. They also faced by inherited imperialism, moral conflict, shocking failures of models they admire, alarming political convictions, deep-rooted religious beliefs, misleading information from various forms of media and misleading advice from peer groups in some institutions of learning. Unfortunately these changes and more area infecting the adults as well. To some people there is not time to creatively and innovatively think about economic productive activities to benefit themselves and society. The world seems to be black and brutal that must be responded to in the same manner through united effort reformation.

Teachers Lack of Initiative: teachers are hesitant to teach entrepreneurship because it is a practical subject that requires extra effort from them. Others may want extra pay for such courses

and at most entrepreneurship is likely to be taught as an academic subject. Also, there is a question about graduates from vocational school teachers consulted and seminars I attended and discussions from university students show that the problem is lack of initial capital, hands on experience, and unwillingness of graduated to engage in hard work that spoils the fingers even clothes. However, the vocational school teachers revealed that after some three or four years of working for someone else their graduates are able to start their businesses.

Parents' Attitudes: The parents are not willing to instill or encourage entrepreneurial spirit in their children. The future plan of their children is based on the rewards expected to be received from white-collar jobs which are becoming scarce every year due to the stream of graduates from academic institutions, retrenched, retirees and a substantial number of empowered women.

Quality of Life: The quality of life is still lacking which raises the question as to why do children drop out of schools. There are many reasons as to why do children drop out of schools. There are many reasons namely need to do work at home, unwanted pregnancy, lack of school fees, and teachers mistreated. Considering how the school life is structured, it portrays an insensitive formalized character. No matter how the conditions at home may be crude, children experience care and love, genuine socialization unlike at school where they have to wait for lunch when they could chew a sugar cane, or papaws, are exposed to stress by teachers through a foreign language, writing on the blackboard while they are seated silently and caining for them for being seen as stubborn or failure-to-understand children. Quality of life is essential because it is the healthy and happy citizens that can work, offer and buy products and services and build the nation.

Theirs- Ours- Attitude: Citizens at times do not own what belongs to them because they fail or are unwilling to participate in the establishment of structures or in decisions made by the government. This leads to mismanagement of public facilities that should facilitate development. Infrastructure for example is a major problem. Roads get spoiled easily partly because they constructed poorly. There is lack of ownership due to theirs-ours mentality leads the citizens to utter certain statements that reflects this mentality such as "their schools, their hospital, their bridge is broken, etc." Such mentality ignores the reality. Whose bridge is broken? Who walks over the bridge? – The government or the citizens?

Other challenges: these include: inability to provide timely accurate and reliable information, lack of personnel, funds, or modern gadgets for information management, limited involvement by local people who fear the government for tax purposes or other reasons, declining revenue in local government system, conflicts between the government and donor agencies because of diverse interests.

Suggestions

Public employees are not always good entrepreneurs; therefore they should create a conducive environment for entrepreneurs and be able to collaborate with them. There is need for good leadership which should plan and support such environment so that entrepreneurs can identify opportunities, take risks, create businesses, get profits develop the nation and ensure economic sustainability.

Basing on the country's natural endowments, the policy makers need to make economic friendly policies that can compel citizens to create their own employment without waiting for the government. E.g. Capacity building programs for training entrepreneurs, reduction of interest rates by financial institutions.

Train more teachers in entrepreneurship so that they can teach the practical part of it and impart skills to students who after graduation can have the courage to face tough life realities and create their own jobs and for others. Efforts should be made to reward them accordingly.

Recognize the contribution of entrepreneurs namely efficient utilization of factors of production, and adding value to resources that matches the local needs of people. Such recognition should include continued support through taxation stability, search for foreign markets, training and betterment of infrastructure and improvement of quality of life.

Listening to the complaints of entrepreneurs, involving them in strategic planning and decision making at the district level and assisting them to solve daily business problems.

Entrepreneurs should also understand the local government position rather than focusing on appreciating financial support only. They should also know that:

- (1) the local government is of great help in many ways such improvement of roads that facilitate the transportation of customers, raw materials, finished products and so on, and
- (2) the government has good intentions to help and work with people which are always neglected and seen as attempts to collect more taxes.

There is need for reciprocal effort in seeking ways to strengthen the relationship and collaboration between the local government and entrepreneurs, e.g. ensuring peace and security, guard against population extinction of people, regular meetings, joint seminars, quick response to essential needs, spirit of sacrifice and loyalty to the nation.

Local government administrators and entrepreneurship are expected to be responsible citizens in addressing economic sustainable problems such as paying tax, sanitation management, and maintenance of public facilities; to be models to the youth and to prepare them for life by orienting them to careers that are meaningful and productive which can encourage them to participate fully in economic development and keep corruption at a distance.

Elect capable and respected people of integrity to hold all positions of the public service and on committees of the local government (District, Municipal, Division, town, sub-counties, standing committees, and technical committees).

In conclusion, the collaboration between the local governments and entrepreneurs is responsible for economic sustainable development because of the enabling factors discussed above, ability to effective handling of cited challenges that call for such collaboration and the positive impact it has on the citizens' quality of life. Public officers can retire and join the civilians in their district of birth and their positions be occupied by others whose attitude may be different. The entrepreneurs will sustain their positions until they will respectively retire. In this way they will refine their skills, sustain their role of providing goods and services to society, expand their businesses, continue to be models, offer advice to the youth and incoming local government administrators. Their children can inherit their businesses and become successful because of early exposure. This process is a search for economic sustainable development – a continuous national process.