

**FISCAL DECENTRALIZATION AND DELIVERY OF AGRICULTURAL
SERVICES IN NTUNGAMO, MBARARA, AND KABALE DISTRICTS OF
SOUTH WESTERN UGANDA**

A Dissertation

**Presented to the College of Higher Degrees and Research
Kampala International University
Kampala, Uganda**

**In Partial Fulfillment of the Requirements for the Degree
Doctor of Philosophy in Public Management**

**Tindyebwa Joseph
PhD.PPM/42613/92/DU**

April, 2017

DECLARATION A

I declare that this submission of a dissertation is my original own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted of any other degree or any other academic award in any University or Institution of learning, except where due acknowledge has been made in the text.

Tindyebwa Joseph



Name and Signature of the Candidate

06-04-2017

Date

DECLARATION B

We confirm that, the work reported in this dissertation was carried out by the candidate under our supervision.

Dr. Alex Okot

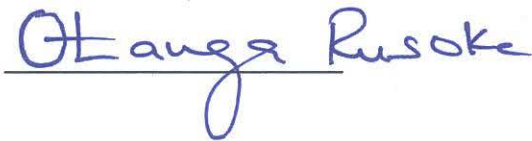


Name and Signature of Supervisor

07/04/2017

Date

Dr. Otanga Rusoke



Name and Signature of Supervisor

07-04-2017

Date

DEDICATION

I dedicate this dissertation to almighty God, to my beloved wife Suzan Tindyebwa, my daughters; Asiimwe Shallom Treasure, Nimanya Ruthy Faith, Aijuka Hannah Pretty and Lilly Ayesiga. The dissertation is also dedicated to the academic fraternity globally, public policy makers and implementers that strive for effective and efficient public service delivery.

ACKNOWLEDGEMENT

I greatly appreciate the Almighty God for enabling me to accomplish this work. My appreciation also goes to my parents; Late James William Kazarwa and Lilian Kazarwa Turyahumura who worked hard to ensure success in my life. I cannot forget my sisters especially Mrs. Edith Tukahiirwa, all beloved family friends, Mr. Jonan Turyatunga, Mr. Elisha & Mrs. Edith Karamagi, relatives in particular Mr. Edson Busarimwe, for spiritual, moral and financial support to me.

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ABSTRACT

The study examines the relationship between fiscal decentralization and delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda. The specific objectives of this study were as follows: to explore the impact of financial planning, budgeting on agricultural extension services delivery; to assess factors which compromise fiscal accountability for effective supply of agricultural inputs; to assess strategies of fiscal transparency for effective agricultural innovation and technology; to analyze the nature of local governments' stakeholder participation and agricultural financing for effective delivery of agricultural services. A conceptual and theoretical model to explain the interaction between decentralization and agricultural service delivery outcome was developed. A descriptive research design was used based on post-positivism orientation, quantitative and qualitative approaches. It employed the simple correlation strategies. The approaches for data collection were based on questionnaires, interview, observations and documentary analysis. Using the Sloven's formula, a minimum sample size of 391 was attained; though 400 questionnaires were administered to the respondents with 95% (387). Purposive and systematic random sampling was utilized to select from sample size of 400 selected farmers and program stakeholders. The Cronbach's Alpha coefficient to test validity indicated that the questionnaires were accepted at above 0.5 ($\alpha=0.872$), and reliability was also tested using Kaiser-Meyer-Olkin measure of sampling adequacy. Data were analyzed using statistics such as means and ranks. The hypotheses were tested using the t-test, analysis of variance (ANOVA) correlation coefficients and regression analysis. The overall for the level of fiscal decentralization was very satisfactory in Ntungamo, Mbarara it was insatisfactorily, and in Kabale it was very satisfactory. The overall degree of delivery of agricultural services was very satisfactory in Ntungamo (average mean=3.19), Mbarara (average mean=2.78), but in Kabale (average mean=3.46). The test for hypothesis was rejected in all selected districts thus; the relationship between fiscal decentralization and delivery of agricultural services was established and analysed. The regression analysis between delivery of agricultural services and fiscal decentralization was rejected. There was a significant effect of fiscal decentralization on delivery of agricultural services. The study validated the demand and supply side theory of agricultural extension cited by Birner and Palaniswamy (2006). This implied that there is significant relationship between fiscal decentralization and delivery of agricultural services. Major recommendation is that, the adoption of fiscal decentralization and agricultural extension policy reforms are vital to boost macro agricultural economy for sustainable livelihoods and pro-poor development in Uganda.

LIST OF ACRONYMS

ACODE	:	Advocates Coalition for Development Environment
ATAAS	:	Agricultural Technology and Agribusiness Advisory Services
CBOs	:	Community Based Organizations
CAADP	:	Comprehensive African Agricultural Development Program
CHDR	:	College of High Degrees and Research
CAO	:	Chief Administrative Officer
DAS	:	Delivery of Agricultural Services
DSIP	:	Development Strategy and Investment Plan
FAO	:	Food and Agriculture Organization
FID	:	Farmer Institutional Development
FDS	:	Fiscal Decentralization Strategies
IFPRI	:	International Food Policy Research Institute
JARD	:	Joint Annual Review of Decentralization
MAAIF	:	Ministry of Agriculture, Animal Industries and Fisheries
GDP	:	Gross Domestic Product
MFPEd	:	Ministry of Finance, Planning and Economic Development
MoLG	:	Ministry of Local Government
NAADS	:	National Agricultural Advisory Services
NARO	:	National Agricultural Research Organization
NARS	:	National Agricultural Research System
NAP	:	National Agricultural Policy
NEMA	:	National Environment Management Authority
NGO	:	Non Governmental Organization
NRM	:	National Resistance Movement
SACCOS	:	Saving and Credit Cooperatives Societies
PLCC	:	Pierson's Linear Correlation Co-efficient
PEAP	:	Poverty Eradication Action Plan

PFA	:	Prosperity for All
PMA	:	Plan for Modernization of Agriculture
LCs	:	Local Councils
UBOs	:	Uganda Bureau of Statistics
UNDP	:	United Nations Development Program
USD	:	United States Dollars
LGA	:	Local Government Act

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Fiscal decentralization is a process whereby local governments are given financial authority over the economic activities in a locality for service provision. It involves defining fiscal responsibilities to different levels of local governments. However, MoLG, Draft Strategy Paper (2004) defines fiscal decentralization as the transfer of financial, managerial and administrative responsibilities of the central government ministry's authority to local governments. In this process, the local governments subsequently acquire significant, autonomous financial and legal powers to efficiently utilize public funds such as NAADS program funds for agricultural services delivery. Agricultural services delivery preferred in the study refers to the state of farmers' demand from local government for the supply of: agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural finance and credit for sustainable livelihoods and value for money. There are specific perspectives that enriches the background of this study such as historical and contextual perspective, yet the scope of the study and conceptual framework reflects on the conceptual and theoretical perspectives. This chapter furthers considers other sub-sections that includes statement of the problem, purpose of the study, research objectives and questions, significance of the study, definition of operational terms.

1.1 Background to the Study

This dissertation was based on the motivation for the demand of agricultural services, the type of services, and the degree of resources allocated by the central government for effective delivery of agricultural services by local governments focused on efficient management of finances for peoples' social economic transformation. The concept of service delivery refers to a series of activities by various institutions in the mobilization and processing of resources and presenting them to a target group of people in a form that is satisfactory and sufficient so as to be a value to those people (Mubangizi, 2008). Rondinell and Cheema (1983) defined

Decentralization as the transfer of responsibility for planning, decision making, or administrative authority from the central government to its field organizations, local governments, and local administrative unit.. Bird et al., (1995) states that, fiscal decentralization means sharing resources between central government and local government.

Notably, this study critically and ably deals with a crucial and controversial topic of agricultural financing, particularly the fiscal decentralization and its effects on agricultural services delivery. Hitherto, the agricultural sector has been allocated less and less funds from the national budget. This is contrary to the expectations and advice from development partners and experts plus major financiers such as the World Bank. It is also in contrast with the Maputo declaration of 2004 whereby 64 leaders of African nations had promised to step up funding the agricultural sector up to 10 per cent of the national budget by 2008. The consistent poor agricultural sector growth and the dismal food sub-sector performance, in particular, are blamed on inadequate funding. Fiscal decentralization, much as it could be considered a noble method of ensuring accountability, is from the start stifled by limited agricultural sector funding.

The author sets out to deeply analyze the effect of fiscal decentralization on the delivery of agricultural services in the three District of Ntungamo, Kabäle, and Mbarara. He explores the demand for services by the resource-poor farmers and rightly points out the impediments met by the clients including: lack of positive involvement of resource-poor farmers) due to hijack of the process by the elite and existence of weak farmers' institutions that failed to push for the interest of their members. The supply side of the equation suffered from inadequacy of funding and lack of technical expertise and this further disabled, what would have been positive effects of the fiscal decentralization. In the process of planning and implementing the National Agricultural and Advisory Services (NAADS), many actors were left out. Prominently among those left out were extension education and training of services providers, research, and credit and input suppliers. The vital function of input supply was subsumed under the advisory function inevitably suffering technical and financial accountability in the process.

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In addition, the author asserts that, this study was so keen to examine the nature and impact of fiscal decentralization implementation on agricultural services delivery in terms of agricultural extension services, supply of agricultural in-puts, agricultural technology and innovation, and agricultural financing in Uganda. The concept of fiscal decentralization is understood as a form

decentralization reform where local governments mandated to ensure that the management of allocated resources is provided through financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation. Fiscal decentralization consists of fiscal instruments and procedures that have the aim of helping in the delivery of public goods including agricultural services delivery. Afia, 2007; Bird et al., (1995). Fiscal decentralization, involves sharing of resources between central government and local governments targeting better service delivery. It is emphasized by (Hans; 2007; Steinich, ECDPM,2000), better local service delivery is determined if there is more adequate attention given to local needs, more flexible, innovative, cheaper, sustainable local resource mobilization through taxation, downward accountability. This should avoid decentralization of corruption and unbalanced and excessive spending of financial resources.

Furthermore, the researcher observes that, financial resources allocated to local governments seem to have scanty impact on agricultural services delivery in Uganda. It is not clearly known whether there is a relationship between fiscal decentralization on agricultural services delivery in Ntungamo, Mbarara, Kabale districts of South Western Uganda. However, it has been noticed that there has been mismanagement of conditional grants by most districts intended to improve the delivery of agricultural services. For instance, Magara (2009) states that, there was a discrepancy for mismanagement of National Agricultural Advisory Agricultural Services (NAADS) program fund in Hoima which pointed out that Hoima district farmers requested government to scrap or suspend the funding of agricultural services through local governments. Thus, the need to know whether fiscal decentralization has effect on people's sustainable livelihoods through effective and efficient delivery of agricultural services by local governments propelled this study to be carried out in the study areas mentioned above.

Nevertheless, in the African context, two vital questions within decentralized agricultural services discourse were sought to be answered: (1) What are the factors that compromise effective and efficient implementation of fiscal decentralization for the improvement of agricultural service provision? (2) What is the relationship between fiscal decentralization and delivery of agricultural services in some districts of Uganda?. These concerns are central to the general theoretical model specifically based on demand and supply side by Birner and

Palaniswamy (2006). The theory is vital to analyze the essence of who should demand for quality services and who should be responsible to effectively and efficiently supply services. Despite, local governments in Uganda with powers to raise their own local revenue and allocate expenditure for the provision of a range of public services, develop, approve and execute their own budgets according to their identified priorities, they have faced major challenges of; inability to raise enough revenues and mismanagement of resources allocated by the central government (Mubangizi, 2008).

However, the author presents a historical perspective based on a global comparative analysis and specifically the Ugandan context for the evolution of fiscal decentralization in relation to delivery of agricultural services. For instance, Ebel, Robert et. al (1998) asserted that fiscal decentralization was achieved since 1980s' by the western world such as Britain, France, and Portugal as an alternative macro-economic strategy to provide public services in a more cost effective way. It was argued that the substantial differences in agricultural productivity in Asia and Africa can largely be explained by differences in the mode of agriculture adopted (Morris et al 2007). There is invariably linkage of agricultural performance and local government sector's ability to cope with challenges such as resource scarcity as well as effective and efficient utilization of public funds (Tahmine, 2007; Wanga, 1999). Agriculture is a key sector for poverty reduction, food security and economic mainstay in most Sub-Saharan African population. It accounts for about a third of Africa's Gross Domestic Product (GDP) and 60 percent of the total labour force of which 70-80 percent are women (Dacian, 2010). Furtherstill, Taulrain (2003) reveals that, in Botswana, Nigeria, Kenya, Tanzania and Uganda, agriculture has remained a central part of the economy providing 30-50 percent of GDP due to the effects of fiscal decentralization. In the context of lesser developed economies such as Uganda, fiscal decentralization is an important reform initiative in many – if not most - developing and transitional countries designed for poverty alleviation and public service provision. (James, Eunice et al, 2006).

In addition, the colonial agricultural extension approach of the 19th century African labor force in South Africa, Kenya and Uganda working on white farms (the Boers, British settlers and Indians) respectively, had little social-economic impact. Indigenous Africans did not benefit from agricultural farms other than colonial master. Thereafter, some improved strategic frameworks and efforts by African governments were advanced with an intention to enhance the importance of agricultural extension for rural development. For instance, Botswana's national strategic framework and policy on agriculture in 1991 identified development objectives aimed to improve food security, increase output and diversity production base, increase employment, and provide a secure productive environment and conservation of agricultural land for future generations (Dacian, 2010). Nevertheless, Olowu and Wansh (2009) indicate that earlier in 1990s, various African countries were progressive on decentralization, some maintained old forms of de-concentration such as Ghana, Kenya, Malawi, while others, for instance Botswana, Uganda and Nigeria adopted new devolution, whereas Namibia and Mozambique practiced mixed devolution; (urban areas only). This had an effect on resource allocation and utilization by local governments through fiscal decentralization reform strategy for service provision.

Furthermore, the evolution of fiscal decentralization that has been a decentralization reform in Uganda's local governance was distinguished by four main historical phases that includes: the colonial era and the postcolonial era of 1964 up to date MoLG (2006). In the 1st phase of the colonial era (1955 to 1964) a strong local administration system was created in the context of a weaker centre. The 2nd phase of the postcolonial era (1964 to 1985) featured a re-centralization of power and severe weakening of local administration; both the two phases did not adopt strong fiscal decentralization reform with effective delivery of agricultural services. However, delivery of agricultural services in Uganda also traces its fundamental origin of the colonial era around 1898, and with the postcolonial era that did not rely on local authorities for resource utilization to improve agricultural services. Firstly, the colonial era 1898-1962 aimed at agricultural crop export promotion. By 1956-1963, the emphasis was concentrated on technical advice and support in the form of inputs and credit to selected progressive farmers. Chiefs, assisted by a few expatriate field officers and African instructors, carried out extension work in

a centralized manner. Farmers, through field officers and African instructors, were inspected by the central government to implement agricultural by-law without decentralized governance.

The 3rd phase of fiscal decentralization and second phase for public agricultural extension services was proposed and adopted by the National Resistance Movement (NRM) regime. Although decentralization of agricultural extension policy implementation was proposed by the NRM government, the program has depended on local authorities in respect to both delegation and de-concentration of fiscal responsibilities for resource allocation and management (Semana 1999, 2008). In this regard, Bidandi (2010) revealed that the main objective of decentralization policy in Uganda since 1986 was to empower grassroot citizens in democratic participation for effective resource management. He further outlines the process through which the legal framework led to devolution of powers and responsibility for service delivery was to be based on the decentralization Statutes of 1987 and 1993. During 1992-1997, agricultural extension education for farmers was introduced for implementation amidst radical reforms (decentralization, liberalization, privatization, and retrenchment). This was eventually enshrined in the National Constitution of 1995 out of which the Local Government Act (LGA) (1997) was enacted and the Local Government Financial and Accounting Regulations of 1998 introduced.

In spite of the 4th phase of the post-independence era under the NRM, decentralized governance formalized its expected effect on delivery of agricultural services. During 1998-2002, agriculture was increasingly seen in terms of commercial farming with emphasis on PMA program and use of participatory approaches through NAADS program (Semana, 2008). Fiscal Decentralization Strategy (FDS) paper (January, 2001) reports that, fiscal decentralization was being characterized by significant delegation and devolution of power to local authorities. The FDS was drafted to strengthen the process of decentralization in Uganda by increasing local governments' autonomy, widening participation in decision making and streamlining of fiscal transfer modalities to local governments in order to increase efficiency and effectiveness of local governments to achieve PEAP goals within a transparent and accountable manner. This involved the mandate to mobilize financial resources for local governments and financial decision making powers that funds the implementation of agricultural services delivery programs such as Poverty Action Fund (PAF), Plan for Modernization of Agriculture (PMA), NAADS and Prosperity for All (PFA) despite of the key challenge of financial mismanagement.

However, it is vital to note that, the author further explained contextual perspective of fiscal decentralization and delivery of agricultural services in Uganda. The predominant factor is that delivery of agricultural services by local governments has not worked satisfactorily due to mismanagement of agricultural program funds. Musisi, Asiimwe (2007); Oshabe,(2007); Rugambwa, (2003), emphasize that besides failure to account for money, local officials have diverted resources meant for agricultural programs of PAF, PEAP, PMA and NAADS. Factual evidence of mismanagement of NAADS program funds by local governments nationwide have been cited by government official reports such as the Auditor General Report (2006/2007). Magara (2009), reports that during 2009, Kabarole district, a situation that led the President of Uganda to order probes, and suspend the NAADS program in three sub-counties due to mismanagement of resources. Daily Monitor; Okuda; Alaso, (2014) reveal that, corruption and involvement by local officials in the supply of fake agricultural implements affects agricultural service delivery. The suppliers of these services have spent too much on workshop allowances yet farmers needed technical inputs. The President within the last thirteen years has twice suspended NAADS program hence leading to the current policy proposal of 2014 that military army veterans should manage the NAADS program and that the program reforms should aim at agricultural financing through SACCOs to increase supply of agricultural input procurement directly to farmers.

The basis of fiscal decentralization implementation for service delivery depends on financial resource mobilization for local governments in form of equalization, unconditional grants, and conditional grants (PMA, NAADS funds) that are allocated by the central government. Unconditional grants are locally mobilized to co-fund to NAADS program for effective agricultural services delivery. In order to avoid mismanagement of these funds, the Local Government Act (1997), Financial Rules and Regulations (1998), provide the legal framework strategy identified as the way of strengthening fiscal decentralization policy implementation. This is because it enhances the shifting of resources from the line ministries to the centre of local governments for the improvement of agricultural services delivery (Zirarema, Kasaija 2012). However, Omara (2004) reveals that, although PAF and PMA programs had the principle goal of putting money in the hands of the rural poor to transform agricultural

production, increase harvesting, processing and marketing, program funds were inadequately mobilized and mismanaged by local governments. Despite the PMA program being passed on to prioritize agricultural research, agricultural advisory services, agricultural education, improve access to rural financial services, improve market for agricultural inputs, and proper natural resource utilization, very little impact was attained in the districts of Ntungamo, Mbarara and Kabale districts of South Western Uganda.

Furthermore, the utilization of NAADS Program funds by district and sub-county local governments in form of devolution via the NAADS Act (June, 2001), de-concentration and delegation of local governments is based on the five components: (1) Advisory and information services to farmers, (2) Technology development and linkage with markets, (3) Quality Assurance- Regulations and Technical auditing, (4) Private sector institutional development, and (5) Program management and monitoring (Semana, 1999, 2008). NAADS program was put in place to increase the efficiency and effectiveness of agricultural extension services. Its objective was to develop a demand driven farmer led agricultural service delivery program targeting the poor subsistence farmers, with emphasis on women, youth and people with disabilities. (Omara, 2004). NAADS program development goal is to enhance rural livelihoods by increasing agricultural productivity and profitability in a sustainable manner in pursuit of the national development framework of Poverty Eradication Agenda. It is client-oriented and farmer led agricultural service delivery system, particularly targeting the economically-active poor and other vulnerable groups with limited physical and financial assets, to obtain active farmers that have skills and knowledge rather than destitute or large-scale farmers through farmers' forums based on profitable enterprises (NAADS Secretariat, 2000). The basis to achieve the above NAADS program objectives and goals has not been fully achieved in various districts of Uganda. Thus, the need to increase agricultural productivity and food security, to reduce poverty, to manage sustainable use of natural resources-soils, water, forests is vital for better agricultural services. The intended program targeted outcome is to increase production capacity that competes with imported agricultural products that can diversify agricultural exports and ensure a balanced pattern of rural development in Uganda (Turyahikayo, 2005).

In addition, the intention by the government to boost agriculture services delivery since 2001 by the central government through NAADS program implementation as one of the efforts to reduce poverty and food security has been frustrated (Magara, 2002). Under the fiscal decentralization strategy, subsequently Kabale district has received NAADS program conditional grants of 829,132,000= (Eight hundred twenty nine million, one hundred thirty two thousand) from the central government for agricultural extension services to be allocated and managed by sub-county farmers (Akatwijuka, 2007). Still, the funding has not produced tangible results from user farmers who still lack effective and efficient agricultural services delivery.

Further still, the author asserts that, despite financial resource allocation to local governments for effective utilization, very little impact has been attained in the districts of Ntungamo, Mbarara and Kabale districts of South Western Uganda. Nantaba, Muyomba et.al (2010), reveal that, the state of agricultural production in Ntungamo and Mbarara was worrying in that farmers accused the sub-county chiefs and agricultural extension staff of diverting the money meant to facilitate agricultural activities. They further state that the NAADS program implementation is experiencing challenges such as inadequate funding, mismanagement of public funds and corruption. The Auditor General (2010) reports cases of corruption in the agricultural sector that were unearthed in Ntungamo during 2008/2009 when over 40 million shillings meant for NAADS funds were reported missing. Based on that report it was further established that this money was not accounted for by the district NAADS coordinator, a factor that hindered the expected results for effective and efficient agricultural services delivery.

Consequently, continuous alarming situation of corruption and mismanagement of NAADS program funds by local government's accounting officers and extension workers was reported in Bukinda sub county, Kabale district (Auditor General, 2008). Musinguzi (2008) further reports of ineffective utilization and management of resources allocated by central government due to diversion of agricultural funds of 50 million shillings (fifty million shillings) that led to suspension of NAADS program by the NAADS secretariat specifically. The external auditors never traced any single receipts or financial documents to reflect the expenditures for the NAADS money remitted to the sub-county. The above situation propelled only the researcher to carry out an investigation that endeavored to explore factors that compromise effective fiscal

decentralization implementation and examine whether fiscal decentralization has any impact on agricultural services delivery in some districts of Uganda.

1.2 Statement of the Research Problem

Despite, farmers' demand for effective financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation, fiscal decentralization seems to have left less impact on agricultural services delivery. The state of agricultural services delivery to farmers in terms of agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing have suffered setbacks. It is emphasized that besides failure to account for money, local officials have diverted resources meant for agricultural programs of PAF, PEAP, PMA and NAADS. The primary motive of fiscal decentralization in Uganda that is to ensure efficient utilization of financial resources, for effective service provision closer to the people, have not successfully achieved that expectation.

Local governments especially sub counties and districts of Uganda have pursued the line to be suppliers of improved services such as health, education, infrastructure, and agriculture. However, the mismanagement of public resources over the last thirteen years has affected agricultural services delivery. The initiated strategies by central government and private-public partnerships to solve the problem have not yielded expected outcomes. Based on the above scenario, this has increasingly led local governments to be ineffective and inefficient in the implementation of NAADS program implementation, leading to its suspension twice and of recent May,2014 by the president of Uganda. Thus, this research was interested to analyze factors which compromise the effective and efficient utilization of agricultural program funds, and examine the relationship between fiscal decentralization and agricultural services delivery in Ntungamo, Mbarara and Kabale districts of south western Uganda.

1.3 Purpose of the Study

The main reason for this study was to examine the relationship between fiscal decentralization and delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

1.4 Specific objectives

1. To explore the impact of financial planning, budgeting on agricultural extension services delivery in Ntungamo, Mbarara, and Kabale districts of South Western Uganda.
2. To assess factors which compromise fiscal accountability for effective supply of agricultural inputs in Ntungamo, Mbarara and Kabale districts of south western Uganda.
3. To assess strategies of fiscal transparency for effective agricultural innovation and technology in Ntungamo, Mbarara and Kabale districts of South Western Uganda.
4. To analyze the nature of local governments' stakeholder participation and agricultural financing for effective delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

1.5 Hypothesis

The hypothesis of the study was as follows:

- (i) There was no significant relationship between fiscal decentralization and delivery of agricultural services.

1.6 Scope

Geographic Scope

The study was conducted within three selected districts of south western Uganda that includes: Ntungamo, Mbarara, and Kabale. This was done based on some reasons in that, four local governments' targeted best and middle performing sub-counties and one town council. Since the study aimed at developing a framework for delivery of agricultural services in two pastoral districts and crop farming, and one crop farming district, pastoral communities in two pastoralist districts selected included Ntungamo and Mbarara.

Ntungamo was selected as a multi-cultural district that participates in both crop farming and livestock farming. It shares its borders with Kabale District in the south, Rukungiri district in the west, Bushenyi, Mbarara and Isingiro districts in the north. Ntungamo district was selected to represent all newly established districts and was also expected to generate information from the semi-arid environments among the newly established districts since 1995. The sub-counties selected were; Rubare sub-county selected as a local government with improved performance and Rubare town council representing other sub-counties selected on the basis of middle performance.

Mbarara is a selected district among the first post-independence districts in the 1st national constitution predominated by pastoral and dairy farming representing other districts of great Ankore region of Western Uganda. The selected sub-county local governments were Rugando that is a pastoral area that accounts for 65 percent of the cattle population in the district, and Kinoni Sub-county (Mbarara District Local Government Approved Rolling Development Plan, 2008/2009).

Kabale is also a post-independence district in the 1st national constitution that represents Kigezi region with a higher population representing other newly created districts. The selected two sub-counties were; Bubare that had improved performance scores whereas Bukinda scored a penalty. These sub-counties were clustered representing twenty sub-counties and urban divisions depending on performance (National Assessment Report LGDP II 2009). These sub-

counties targeted the financial resource utilization of public funds and its impact on NAADS program beneficiaries (Kabale District Local Government-Five year Development Plan, 2011/2012-2015/2016). The above three districts were purposely selected among other districts in Uganda since decentralized governance performance and service delivery differed, although agriculture was the main economic activity where small-scale producers are engaged in a wide range of crop production and pastoralism.

Content Scope

The study examined the relationship between fiscal decentralization on delivery of agricultural services; the strengths and constraints of these aspects; whether there existed a significant impact between independent variable (fiscal decentralization) in terms of effective financial planning and budgeting, fiscal accountability, transparency, stakeholder participation and dependent variable (delivery of agricultural services) for goal attainment in terms of agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing and credit with ensuring effectiveness and efficiency in the mobilization and utilization of public financial resources in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

Fiscal decentralization involves a level of resource allocation to local government which would allow it to function properly, with arrangements and responsibility for resource allocation usually negotiated between local and central authorities through planning and budgeting. Delivery of agricultural services as part of the study content means the effective use of improved methods of farming, modern inputs and particularly that of improved seeds and fertilizers in order to achieve higher agricultural productivity, profitability and food security (Evanson, Gollin 2003). Yet, agricultural technologies include both physical objects such as seeds or fertilizers, and new farming methods. The explanation by Rogers (2003) is that new agricultural technology (or innovation) refers to “an idea, practice, or object that is perceived as new by an individual or other unit of adoption”.

Fiscal decentralization is based on financial planning and budgeting which requires participation of farmers during the bottom -top planning approach directly and indirectly in the quest for improved agricultural services delivery. This planning approach encourages wider community participation in setting priorities for local development that includes agricultural development. The author considers the assertion of Olsen (2007) whereby financial planning and budgeting implies that local governments provide effective resource allocations and management of public funds (both revenue and expenditures) through citizen participation in service delivery.

Furtherstill, in relation to the study, fiscal accountability is the state openness while providing agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural finance and credit. Fiscal accountability relates to fiscal decentralization and agricultural services delivery based on upward accountability from local governments to the national level. The author agrees with Olsen (2007) that defines accountability as the control of power exercised within a state and society, as well as to the obligation for people holding power to explain their decisions. The need for fiscal accountability should seeks transparency for effective management of public funds that requires governments to manage finances prudently and ensure integrity in their financial and non-financial reporting, budget performance that leads to transparency.

Transparency in this study under fiscal decentralization implies that information from the government for resource utilization by local governments should be given to the beneficiaries of agricultural services. This takes into consideration: decision-making criteria for improved agricultural extension services delivery, supply of agricultural inputs, agricultural innovation and technology, agricultural finance enhanced by stakeholder participation. Stakeholder participation in this regard involves public forums including farmer registered groups, service providers, district and lower local governments up to village local council level that contribute to the decision-making process for effective and efficient agricultural service delivery..

Theoretical Scope

This dissertation develops both a theoretical framework to examine the relationship between fiscal decentralization and agricultural services delivery. The core theoretical orientation was based on agricultural extension demand and supply-side theory by Birner and Palaniswamy (2006) which informed this study. It is emphasized by the theory of demand supply of the free market theory Smith (1962). Based on the core theory, the researcher pointed out, that the central government that is the arbitrator with an invisible hand that influences supply of agricultural services based. Thus, based on agricultural extension demand and supply-side theory by Birner and Palaniswamy (2006), local governments that are portrayed as supplier of services, are responsible to ensure fiscal reforms and effective supply of agricultural services in terms of agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing. Then, rural farmers through their local governments should rely on fiscal decentralization as a policy strategy to demand for service provision, provided there is effective financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation that is essential for sustainable livelihoods and pro-poor development.

However, the free market theory and the economic theory of demand and supply rest on the assumption that the integration for the provision of agricultural services, including the funding of agricultural programs, can be determined and demanded by farmers in order to achieve efficiency. The related model based on the western economic theory of demand and supply by Micheal (1992) also attempts to explain the linkage between fiscal decentralization and delivery of agricultural services in Uganda. This theory rests on the assumption that prices are determined by the interacting forces of demand and supply in markets characterized by perfect competition. In such conditions, an equilibrium price is said to prevail when the amount suppliers are willing to supply at to central government ministries, especially local governments in this study, is just equal to the quantity demanded that are to be purchase.

The strength of demand side and supply side theory is that it relates fiscal decentralization to delivery of agricultural services with unavoidable facts based on farmers' demand for effective agricultural services, public policy issues determined by the government that should supply pro-poor services. However, the theory may not sufficiently benefit all rural farmers for service provision since it only focuses on mostly those who demand for services. It also renders NAADS program funds ineffective and inefficiently utilized since it is not a purely pro-poor program. Those who are not registered farmers are not mandated to benefit from fiscal decentralization policy and agricultural services supplied by Ntungamo, Mbarara and Kabale districts local governments of south western Uganda.

Time Scope

This investigation was carried with a focus on a period between 2003 up to 2013 in relation with delivery of agricultural services and fiscal decentralization in Ugandan context. This is because; the selected study area had experience in fiscal decentralization and benefited from various agricultural extensions program funds for PMA, NAADS and PFA implementation. Ten years of intended agricultural modernization and commercialization initiated by central government based on the financial resource allocations to local governments was analyzed in relation to the transformation of peoples' economic livelihoods and rural communities. The researcher ably carried out an investigation, distributed questionnaires and carried out interviews with agricultural program beneficiaries, and local government stakeholders. The recipients reliably gave information for the study based on the nature of fiscal decentralization implementation and agricultural service delivery.

1.7 Significance of the Study

The following entities categorized benefits from the findings of the study as follows:

Most studies that focuses on examining the relationship between fiscal decentralization and delivery of agricultural services delivery with an intention to contribute to social-economic growth of Ugandan communities. Since local governments are supported by financial decentralization through a created distinctive set of fiscal spaces that offer varying degrees of

scope for citizen engagement thence, this may lead to effective delivery of services (Heiman (2002), Barhan (2007). This study has addressed the gaps of in adequate mobilization of resources and mismanagement of migre resources available for rural communities. This implies that policy makers and implementers should consider fiscal decentralization implementation in Uganda has to be for tangible pro-poor development through effective and efficient delivery of agricultural services for sustainable livelihoods.

More so, public policy implementers should explore the significant impact of financial planning, budgeting to ensure effective and efficient agricultural extension services delivery in Uganda. NAADS program impact assessment through evaluation of local government plans and budgets may determine whether fiscal decentralization has impact on delivery of agricultural services for social economic development in south western districts and rural communities of Uganda. The study has contributed to public policy making and analysis that should improve fiscal decentralization implementation for effective delivery of agricultural services by the government. Hence, this informs public policy makers and planners to evaluate and provide fiscal and agricultural extension policy reforms that are for pro-poor people development.

The study contributes knowledge to the ministry of agriculture and local government, agricultural research organizations to suggest solutions and adopt strategies factors which compromise fiscal accountability for effective supply of agricultural inputs. The strategies shall provide solutions especially mismanagement of agricultural program funds that has effect of fiscal decentralization for effective delivery of agricultural services in Uganda. For instance, a macroeconomic approach can improve fiscal decentralization for better agricultural services provision via effective utilization of conditional grants for food security, macro agricultural production reduces unemployment and poverty challenges in Uganda.

The study motivates registered farmers' group assessment at all levels, and development partners to recommend strategies that can enhance effective fiscal transparency for effective agricultural innovation and technology influential in the agricultural sector to effectively

demand for more funds and efficiently utilize agricultural program funds with improved technology and innovative standards for rural economic transformation and sustainable livelihoods. New policy reform strategies can improve the implementation of fiscal decentralization for effective mobilization, allocation and utilization of financial resources that should target pro-poor development. Hence, citizen demand for improved services through fiscal accountability, transparency is positively related to effective supply of agricultural inputs and technologies of which is vital for local governments.

In addition, research findings of this study benefits commercial agricultural farmers and sub county accounting officers in reviewing the nature of local governments' stakeholder participation and agricultural financing for effective delivery of agricultural services. The involvement of both primary and secondary stakeholders will remain vital. The participation of citizens in the demand for financial planning and budgeting, fiscal accountability, and transparency is recommendable for effective agricultural services provision. These bridges a gap in the existing relationship between fiscal decentralization implementation and delivery of agricultural services based on demand-supply side theory that targets for sustainable livelihoods and improved citizens' well fare. Hence, the need for government partnership with farmers and private sector becomes relevant for effective agricultural services delivery.

Furtherstill, the theoretical contribution further enriches the body of knowledge for academicians and researchers that agitates to improve delivery of agricultural services demanded by recipients in a less developed country. The existing gap in agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, and agricultural financing requires the government to consider peoples' demand and how best to supply better services. It is paramount to know that those who demand for services are not necessarily the poor. Hence, those who deliver public services should consider a pro-poor participation approach while designing rural development policies to avoid wastage of public resources. This implies that, agricultural extension demand-supply side theory remains relevant for effective and efficient fiscal decentralization implementation and agricultural services delivery.

1.8 Operational Definitions of Key Terms

For purposes of this study, the following terms used were defined as follows:

Fiscal decentralization is defined by Akai and Sakata (2002) as devolution of the authority associated with decision making to a lower-level government. Thiessen (2001) views fiscal decentralization as entailing “a transfer of responsibility associated with accountability to sub-national governments”. It could thus be viewed as the ability of lower level governments to raise tax revenues, and decide on how to spend their money on different programs within legal criteria (Thiessen, 2001).

However, fiscal decentralization in this study refers to the transfer of financial resources from the central government to local government, ensuring mobilization and efficient utilization through effective financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation for service provision. Fiscal decentralization policy beneficiaries are on demand-side responsible to demand and ensure that there is effective allocation and utilization of public funds that may be conditional or un conditional grants.

Demand-Side measures for fiscal accountability by including publicly accessible local government financial information (including budgets and end-of-year financial statements) ensuring that the local communities are able to demand for strong public involvement in the budgetary process through participatory budgeting practices (Tidemand, Olsen 2006). In this study, demand-side refers to the demand for effective services from public-private sector, NGOs ensuring that farmer group, rural women groups demand for better governance and holds public officials accountable.

Delivery of agricultural services refers to services provided through agricultural extension services to farmers for the supply of agricultural inputs, agricultural innovation and technology, agricultural financing and credit ensuring agricultural storage, processing and marketing with support by agricultural program funds under the selected local governments. In this study, local governments are on the supply-side to deliver agricultural services to community farmers.

Supply- Side means the measurement done to improve downward and upward financial accountability by including strong local capacity for budgeting and public financial management; standards for control on intergovernmental transfer revenues (i.e clean audit reports, submission of financial statements); clear rules for responsible local borrowing (including rules regarding defaults), with public access to borrowing information; and clearly defined rules regarding hard budget constraints for local governments (Tidemand, Olsen 2006). Thus, supply-side refers to the strategies for cost recovery that aims at financial sustainability of service provision for the strengthening of clients' incentives to demand for better services. It measures to improve citizen's voice and accountability under decentralization, participatory approaches, right information and affirmative action. Supply side requires a measure to improve capacity of administration by instituting civil service reforms, training of staff; public-private partnerships supported by state agencies where by state capacity or agencies has the ability to provide service.

Fiscal Accountability refers to the effective financial decisions and actions being taken that may be administrative, enforced in a manner that follows clear financial rules and procedures for equitable allocation and utilization of financial resources. Political accountability is a process whereby citizens hold their elected officials to account for their behavior and performance. Political accountability can also be improved through elected local officials' overseeing local executives, through activities that increase awareness about the policy performance of local governments, or through direct citizen involvement in policy decision-making beyond elections for service provision (Olsen, 2007).

Transparency refers to availability and free accessibility of information by or from district, town council and sub county financial managers concerned for the effective utilization of resources, and efficient implementation of rural programs through open methods of work by government policy implementers.

Stakeholder Participation refers to the local governments' citizen participation that are identified in this study as NAADS program beneficiaries, participation of both local government council leaders and their electorates through participatory planning and budgeting process, and consensus decision making.

Hans (2007) explain that, participation implies that all population segments need to be connected to the political and social processes that affect them. This means that public forums exist where different groups can express dissenting opinions and personal interests, and where these viewpoints are treated as serious input in decision making. At local government level, the most widely used methodology is that of bottom-up planning approach which encourages wider community participation.

Efficiency implies that financial and human resources are used in optimal fashion (in other words, the target is fixed in relation to the resources, or the resources adapted to the fixed target), without waste, corruption, or delays. Efficiency corresponds to the assumption that more consultation on the allocation of resources and more opportunities to hold local authorities accountable lead to greater willingness to pay taxes (Hans, 2007). Local governments' efficiency refers to the relationship between allocation and achievements, to see if the allocations produced the out comes in terms of value for money. This is achieved through agricultural extension services, supply of agricultural in-puts, agricultural innovation and technology, agricultural financing and credit all for agricultural productivity and profitability for sustainable livelihoods of rural communities.

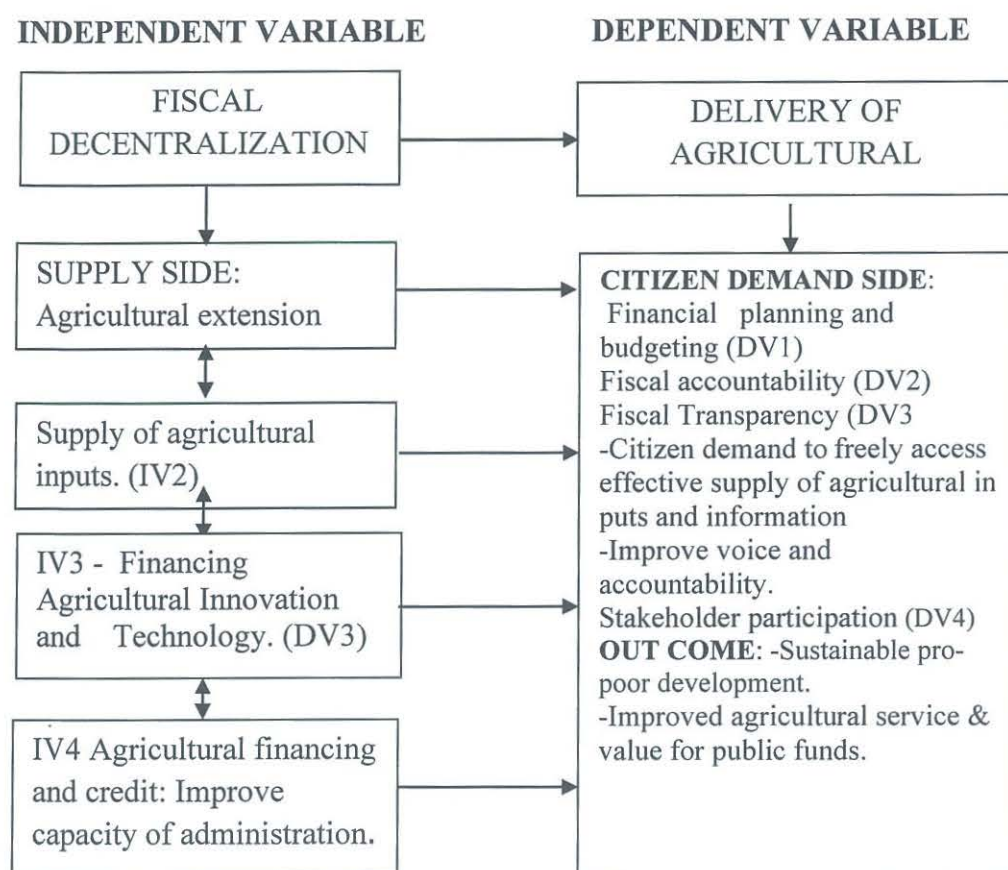
Sustainable livelihood means a livelihood in which people have the capacity to generate and maintain their means of living, and enhance their well-being and that of future generation.(Ngabirano et.al..., (2011); Chambers, et.al., (1992). This implies that, fiscal decentralization targets for sustainable livelihoods by macro expenditure for effective agricultural services delivery.

1.9 Conceptual Framework

The conceptual frame work as per the figure 1.1 below was conceptualized as fiscal decentralization (independent variable) that is on the supply side and delivery of agricultural services (dependent variable) that is on demand side. Agricultural services through the supply of agricultural in-puts, agricultural innovation and technology, agricultural financing and credit can be influenced by fiscal decentralization for improved agricultural production and commercialization which correlates with effective delivery of agricultural services. Figure 1.1 below, furthers suggests that, delivery of agricultural services that is an dependent variable on demand side conceptualized as financial planning and budgeting, fiscal accountability and transparency are based on the ability of local communities to demand and access improved services with regulatory quality agricultural services that aims at efficiency in the utilization of public resources and sustainable pro-poor development which is supported by agricultural extension demand and supply – side theory (Birner & Palaniswamy 2006). Micheal (1992) contributes to the theory of demand and supply in that, government pricing policies with regard to agricultural commodities produced and sold in domestic and international markets are major components for a development strategy. He further states that, the point of equilibrium can be reached where conflicting interests are balanced, and this is where demand and supply curves intersect. Meaning that when the rural peasants or active farmers demands for agricultural services at an equal point of effective supply by local governments, then that is where equilibrium lies.

Figure 1.1 Conceptual Framework relating Fiscal Decentralization

and Delivery of Agricultural Services.



Source: Birner and Palaniswamy (2006); Researchers' Modification, (2013)

Consequently, fiscal decentralization has a relationship with the delivery of agricultural services by considering effective financial planning and budgeting, fiscal accountability, transparency and stakeholder participation that are mediating variables within the existing fiscal policy framework existing in the country. Therefore, demand side and supply-side approaches for public services delivery relates to the price theory that assumes free market forces. Figure 1.1 above reveals that, the conceptual and theoretical relationship is that fiscal decentralization has an impact on the delivery of agricultural services based on how farmers participates in demanding agricultural services from local governments through effective mobilization and utilization of public funds.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of literature on the topic of the study. Three main strands of literature were reviewed based on research objectives and conceptual framework. The first part covers literature on agricultural extension demand-supply side theory which is reviewed with other relevant governance models that analyze the problem being investigated and the objectives of the study. Research variables; agricultural services delivery and fiscal decentralization are correlated - hence explaining the theoretical perspective and conceptual framework earlier presented. The second is on the overview on decentralization and social services delivery in Uganda, major issues of fiscal decentralization and agricultural services delivery. The third part covers a review of literature on constraints and analyzes ways of improving fiscal decentralization in terms of effective financial planning and budgeting, fiscal accountability, transparency, stakeholder participation, for effective and efficient delivery of agricultural services. The purpose of analytical literature review is to identify research gaps and reveal whether fiscal decentralization can have impact on agricultural services delivery in terms of agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing and credit for the attainment of intended goals.

2.1.0 Over View of Decentralization and Social Service Delivery in Uganda

Decentralized local governance was legitimately recognized in 1995 Constitution Article 176 (2), and the Local Governments Act Cap 243 with a principle aim to amend consolidate and streamline the existing law on local government activities in accordance with the provision of the constitution. This was: to give effect to the decentralization and devolution of functions, powers and services to provide for decentralization at all levels of local governments, to ensure good governance and democratic participation, and control of decision making by people. That is why there is reason to consider that decentralized governance is seen as a remedy for the attainment of effective agricultural service delivery. There are major forms of decentralization relevant to local governments' delivery of social services such as health, infrastructure, education, natural resource utilization and agricultural service provision. Forms of decentralization includes; devolution, delegation, de-concentration, and divestment (Dubois &

ore 2009). De-concentration means the distribution of administrative responsibilities within central government by giving some discretion to field agents to plan for the implementation of programs and projects or adjust central directives to local conditions, with guidelines set by central ministry or agency (Hyden, 1983). Delegation refers the transfer of decision making and management authority for specific functions to organizations that are under the direct control of central government ministries (Rondinell, Cheema, 1983). Devolution means the exercise of political authority by lay primary elected institutions within areas defined by community characteristics through the legal conferment of powers upon formally constituted local authorities to discharge specified or residual functions (Smith, 1983). Divestment refers to the shifting of responsibilities for functions from the public to private sector, business groups, co-operatives and non-governmental organizations (NGOs) which are accompanied by economic liberalization and market policies. These forms are applied in the implementation of decentralization policy in Uganda depending on the existing legal frame work. It is important to note that, the above forms of decentralization constitute the component of fiscal decentralization in practice since its implementation is incomplete without; devolution, delegation, de-concentration and divestment (Oyugi 2000).

Furthermore, Boex and Yilmaz (2010) refer to decentralization as the empowerment of people through the empowerment of their local governments. The goal of many decentralization reforms is to empower local communities through their local governments to provide a more equitable allocation of resources and to ensure improved delivery of key services, such as education, health care and agriculture (James, Eunice et al 2006). MoLG (2006) contends that subsequent constitutional and legal reforms established districts and sub-counties as key pillars of local governments through which effective, efficient service delivery and local governance is to be attained. Decentralization policy in Uganda is typically promoted to the following broad objectives, among others: Improve the quality of service, policy formulation and management of service delivery; Make efficient and effective use of available resources; Reduce the decision making load by sharing it with more people and allow more decisions to be made below instead of concentrating them at the overburdened centre; Promote local ownership and ensure sustainability of projects and programmes; Enhance local economic development in order to

increase local incomes (Zirarem, Kasaija, 2012). In addition, it is crucial to understand that decentralization in Uganda should target to improve service delivery although its implementation still faces challenges of; financing development programs and projects at the local level and ineffective monitoring of service delivery (Muriisa, 2009). A critical look at this is that improvements in the quality of life in the country have partly resulted from facilitating decentralization of decision making, development planning and implementation by the local authorities.

In addition, Zirarema and, Kasaija (2012), consider decentralization policy implementation to be paramount in Uganda. Expected benefits of decentralization in Uganda include an increase in democracy through representation and participation, collaboration among stakeholders, improved accountability and transparency of local government officials, and overall improvements in public sector performance. Nevertheless, there are some challenges experienced in the implementation of decentralization in Uganda which hinder services delivery, the most notable one being that development planning and financing do not adequately respond to issues of population integration and the needs of the society. The LGs strive to provide services to where development finance is delivered as a project aid, it is directly channeled to local governments or, in the case of donor funding, directly to local communities. This has in many cases fragmented local development structures and it has led to lopsided and unequal development in the districts. Another challenge is the changing dynamics of poverty reflecting an increase in the proportion of poor people living in urban areas, but poverty and especially ultra-poverty, continuing to be a rural phenomenon.(Asiimwe, Muriisa 2010). However, overall, it can be concluded that having analyzed challenges of decentralized governance, local governments' policy reforms are necessary to facilitate the effective delivery of services that includes delivery of agricultural services.

The study conducted by Zirarema and, Kasaija (2012), is still paramount in the implementation of decentralization policy in Uganda. Expected benefits of decentralization in Uganda include an increase in democracy through representation and participation, collaboration among

stakeholders, improved accountability and transparency of local government officials, and overall improvements in public sector performance. Nevertheless, there are some challenges experienced in the implementation of decentralization in Uganda which hinder services delivery, the most notable one being that development planning and financing do not adequately respond to issues of population integration and the needs of the society. The LGs strive to provide services to where development finance is delivered as a project aid, it is directly channeled to local governments or, in the case of donor funding, directly to local communities. This has in many cases fragmented local development structures and it has led to lopsided and unequal development in the districts. Another factor that compromises fiscal decentralization and agricultural productivity due to the changing dynamics of poverty reflecting an increase in the proportion of poor people living in urban areas, but poverty and especially ultra-poverty, continuing to be a rural phenomenon is due to inadequate agricultural productivity (Asiimwe, Muriisa 2010). However, overall, it can be concluded that having analyzed challenges of decentralized governance, local governments' policy reforms are necessary to facilitate the effective delivery of services that includes delivery of agricultural services.

However, studies carried out by Muriisa (2009) revealed that decentralization in Uganda prospects for improved service delivery he found out despite the good intentions of decentralization, its implementations faced challenges of financing, at the local level and effective monitoring of service delivery. Anderson and Crowder (2000) about decentralized agricultural extension services in Kenya indicates strategies to overcome several challenges such as; (i) orienting the public delivery of extension services to improve its efficiency, (ii) enhancing its access to farmers and other clients, (iii) improving accountability of service providers to their customers. It is observed by the researcher that, the key challenge remains mismanagement of local government allocated grants although the specific design for financial transfers features of improved transfer systems that are to support, but not undermine, decentralization and local revenue rising.

Afia (2007) carried out a study to investigate whether there is an increase in economic growth from decentralization as is expected from the viewpoint of efficiency. He stated, that the idea behind fiscal decentralization is that since local governments are closer to their constituents than the federal government they will be in a better position to design and provide public services. However, there are several ways in which local governments can promote economic growth in their local communities. Local governments may pursue economic growth by seeking to attract new businesses or expand existing ones. Politicians are generally interested in increasing the availability of jobs and local government managers are generally interested in increasing tax revenues received from growing levels of economic activity in order to meet the demand for public services. The researcher realizes that, the increasing focus on fiscal decentralization, the burden of formulating policies and implementing programs is now much greater at lower levels of government than it was in the past. Afia (2007) in his study emphasized several other concerns on county governments and other local governments that needs to look for ways to increase their economic growth.

Furthermore, other studies on decentralization tend to be conceptualized as changes in government structure such that provision of goods and services become more localized rather than centralized. Effects of decentralization may be different in various parts of the country. There are three main perspectives on the effects of decentralization on local economies. According to Lobao and Kraybill (2006), these perspectives can be labeled as (1) pro decentralization, (2) anti-decentralization, and (3) intermediate decentralization. The three perspectives of decentralization discussed below are borrowed from Lobao and Kraybill (2006). (1) Pro-decentralization Perspective: The pro-decentralization perspective is based on efficiency grounds and the limitations of central governance. This perspective is supported by the benefits that are proposed to occur when there are decentralized governments. The advantages of fiscal decentralization that has been discussed under the literature review of this chapter 2, serves as the motivation for this point of view. The pro-decentralization perspective proposes a positive effect of decentralization on economic growth. (2) Anti-decentralization Perspective Unlike the pro-decentralization stance, the anti-decentralization perspective is based on limitations of local governments and the drawbacks of placing key responsibilities on the shoulders of local

governments. According to the anti-decentralization perspective decentralization has a negative effect on economic growth. Based on the anti-decentralization perspective, it was hypothesized that decentralization has a negative effect on economic growth in U.S. counties. The proposed negative relation was because of limitations of local governance and the increase in fiscal stress due to the added responsibilities from decentralization. (3) Intermediate Perspective: In between the pro and anti-decentralization perspectives lies another proposed school of thought which can be denoted as the intermediate perspective on decentralization. This view stresses the importance of location in the effects of decentralization. There are place-specific, institutional processes that make the effects of decentralization differ from locality to locality.

Furtherstill, Spring, (2004) also contributed to decentralization policy studies by emphasizing that decentralization policy retains a mandate for public service delivery and public funding characteristics of traditional centralized extension but transfers the responsibility to delivery of services by local governments (districts and sub-counties). However, Emorut, (2006) comments were relevant to effective fiscal decentralization which is based on resource transfer in the form of conditional, unconditional or equalization grant. Nevertheless, the fiscal powers of local governments are usually subject to guidelines embodied in legislation and procedure orders that set out the appropriate revenue and expenditure assignments of sub-national administrative units. Through the process of rural local government revenue collection sub county officials are only to retain 65% of the revenue and remit the rest to the administrative units of local governments (parishes and villages) and the district headquarters. The researcher observes that, inspite of the above studies concern on financial transfers and fiscal decentralization, less attention was given to assess whether transferred funds to local governments were effectively and efficiently managed and utilized for delivery of agricultural services.

Morestill Natamba et.al., (2010) carried out a study on decentralization policy, since 1992 in Uganda, subsequent constitutional and legal reforms established districts and sub-counties as key pillars of local governments through which effective, efficient service delivery and local governance was to be attained. It was analyzed that, although decentralization has been pursued

over the last two decades, there is widespread consensus that the performance of local governments is less than desirable. The quality of service provision is below the citizens' expectations, with key services such as healthcare, sanitation, education, and agricultural advisory services remaining dismal. A conceptual gap was identified by the researcher in that he observes that, the author attempted to reveal that there is inefficiency and ineffectiveness of decentralization policy for public service provision, but never sought to establish and analyze factors that compromise fiscal decentralization for effective and efficient delivery of agricultural services.

2.1.1 Major Issues of Fiscal Decentralization and Service Delivery

Fiscal decentralization further regarded as the empowerment of people through the fiscal enablement of their governments. It is mainly the transfer of fiscal decision-making power and management to lower levels of government (Bahl 2006, forthcoming). A successful fiscal decentralization program should encompass four building blocks commonly referred to as the four pillars of fiscal decentralization are analyzed below: the assignment of expenditure responsibilities, the assignment of revenue sources, the allocation of intergovernmental fiscal transfers or grants and sub-national borrowing. The first pillar of fiscal decentralization is expenditure, a responsibility that is concerned about assessing the functions and expenditure responsibilities of each level of government. It recommends that the assignment of expenditure responsibilities be guided by the subsidiary principle, which suggests that government goods and services should be provided at the lowest level of government with capacity to efficiently providing this good or service (Martinez-Vazquez 1998).

In addition, the second pillar of fiscal decentralization, revenue assignment, deals with the question of which revenue sources local government should receive. That is, which taxes and non-tax revenues should be made available to local government? The main idea of the assignment of revenues, in the context of fiscal decentralization, is to give some revenue discretion to local governments to implement some social programs relevant for their constituents. To achieve the revenue assignment process, some taxes are assigned to local governments. The general principle is that local government revenue sources need to be as stable as possible. In addition, local taxes should be easy to administer and related to the benefit received by local residents.

More so, Martinez-Vazquez (1998) considers the third pillar of fiscal decentralization as intergovernmental fiscal transfers which are necessary to ensure that local governments have sufficient revenue to fund their expenditure responsibilities. These transfers are usually in the form of grants from higher level of government to fund activities of sub-national governments. There are different forms of grants or transfers used for a wide variety of purposes from vertical to horizontal fiscal imbalance. Vertical imbalance occurs when there is a gap between the fiscal need and the resources available to different levels of government whereas horizontal imbalance refers to a situation where the resource allocation between government units at the same level are not equal. Moreover, transfer can be unconditional or conditional, made in a form of a block grant or matching grant.

Related to the above, Martinez-Vazquez (1998), the fourth pillar of fiscal decentralization is sub-national borrowing. This pillar is important in the sense that often sub-national governments do not succeed in balancing their budget with their own revenues sources and transfers received from higher level of government. This is a situation of fiscal deficit which calls for the incurrence of sub-national debt or borrowing. In principle, however, efficient fiscal decentralization policy requires the sub-national authority to act responsibly by adopting a hard budget constraint.

Other studies such as Bird and Vaillan Court (1998) emphasized that, there consistent actions that needs to be taken at both central and local levels for effective financial allocations and implementation of fiscal decentralization. Saito (2003) reveals that Uganda has adopted a phased approach of fiscal decentralization, recurrent expenditures were first transferred from the central to local governments and development expenditures have lately been transferred to sub-national governments. The researcher agrees with the further argument of Bird and Vaillan Court (1998) that without transferring adequate (discretionary) funds for development budgets, granting autonomy to local governments does not result into service provisions that include health, education and agricultural services, which is one of the objectives of fiscal decentralization. This leaves both methodological and conceptual gaps, depending on the way in which funds are transferred from the central to local governments that needs to be critically reviewed for improved service delivery.

In addition, previous studies by Foster and Majumbi (2002) revealed that, government financial decision should require to consider allocation of adequate funds to education, health, water and sanitation, and agricultural services and the amount of funds allocated to central government need to be displayed at relevant local government offices at district and sub county level facilitates for transparency and financial accountability purposes aiming at effective use of funds. Dabla, Norris (2006) also had a concern on effective implementation of fiscal decentralization in developing countries especially Uganda requires reliable strategies for financial mobilization through donor funds and local tax collections. Natamba et al (2010) point out that, the revenue base of local governments has diminished substantially; rendering them heavily depends on central government disbursements, mainly through conditional grants. The researcher points out that none of the above authors specifically identified the challenge of financial resource mobilization neither did they analyzed ways of improving fiscal decentralization for effective and efficient delivery of agricultural services.

Oladele (2003), reports that agricultural extension conditional grant is supported by the ministry-MAAIF to promote and guide the production of crops, livestock and fisheries so as to ensure improved quality of agricultural produce and products for domestic consumption, food security and export. Barhan, Mookherjee, (2006) in their studies elaborates that, fiscal decentralization poses a particular challenge for advocates of expanded participation in local governance in view of its technical complexity and critical significance for delivery of public services, including agricultural extension services. A recent study based on secondary data indicates that, the need for more attention and urgency by the 'president's office in Uganda to monitor and evaluate the utilization of NAADS funds by local governments. It has been emphasized that this is because the auditor generals' office has discovered more dirt in NAADS money expenditure by local governments, a number of NAADS coordinators are becoming suspects of misappropriation. The researcher observes that, the above author and report was not sufficient to address the research problem at hand since un published reports seem not to be reliable for academic debate.

Another study was on fiscal decentralization and poverty reduction, Guevera (2007) asserts that agriculture, in its broadest sense, constitutes a major opportunity for improving the well-being of the developing economies, where the majority of people still live in rural areas. To the extent that agriculture extension and livestock development focus on supporting agricultural production by poor subsistence farmers and small-holders, the link between agricultural programs and poverty reduction is often even more direct than in the cases of education and health care. The dissemination of technical know-how to small farmers, improved or subsidized access to seed and fertilizer, support for irrigation schemes, improved market access, or the provision of veterinary services for livestock owners provides a benefit that is directly proportional to the increases in production that result from these interventions. Thus, to the extent that agricultural extension and support programs are effective in increasing agricultural production, these programs directly increase the earning potential of poor rural households. In the context of agricultural development, the basic aim of decentralization is to improve the level of efficiency by assuring that the extension services that are provided respond to local needs. Indeed, decentralization facilitates the use of local knowledge, local participation and ownership by utilizing local resources. It should be noted that, decentralization has the potential to enhance transparency and accountability in the delivery of agricultural services, allowing local governments and community groups to more closely monitor service providers in order to reduce shirking by extension workers and to ensure that extension services are actually delivered.

In addition, the two measures of fiscal decentralizations most commonly used in the literature are decentralization ratios calculated for government revenues and expenditures, respectively. Thus, on the expenditure side, decentralization is measured as a ratio of local government spending to general government spending (Oates 1972; Zhang and Zou 1998; Davoodi and Zou 1998). Essentially, such a ratio measures the relative responsibility of local governments for administration and delivery of public services. It represents the share of public expenditures in a particular sector that falls under the authority of local governments and is therefore subject to the merits and dangers of decentralized decision making. However, local expenditures result from an interaction of the scope of responsibilities devolved to local governments, on the one hand, and local demand for these services and efficiency of their provision, on the other hand. A ratio of local/central expenditures can be misleading if local governments simply act as

spending agents of the upper-level governments and are constrained by conditionalities attached to intergovernmental revenue.

In relation to the above study on fiscal decentralization, fiscal decentralization should be seen as an alternative decentralization policy reform which measures the ratio of local government revenues to the general government revenue (Oates 1985; Woller and Phillips 1998; and Akai and Sakata 2002). This second measure of fiscal decentralization complements the first in a sense that it shows whether taxation powers allow local governments to discharge their functions independently. Essentially, it measures relative power of local governments to finance their services. However, this measure can overstate the role of the central government if a large portion of its revenue is transferred to fund administration and delivery of public services by sub-national governments.

Furthermore, fiscal decentralization strategy has imposed conditions on how funds should be allocated across expenditure categories, with three important funding sources within the intergovernmental transfer system: Conditional Grants, Unconditional Grants and Equalization Grants. Within the Recurrent Transfer System (RTS), unconditional grants cover finance, administration and other services, while conditional grants are provided to each sector annually and fund all of the sector budget lines. Wikipedia (2010) further analyzes that, the content of fiscal decentralization can take part as follows: self-financing or cost recovery through user charges, co-financing or co-production arrangements through which the users participate in providing services and infrastructure through monetary or labour contributions; expansion of local revenues through property or sales taxes, or indirect charges; intergovernmental transfers that shift general revenues from taxes collected by the central government to local governments for general or specific uses; and authorization of municipal borrowing and the mobilization of either national or local government resources through loan guarantees. It is necessary in developing countries of Sub Saharan Africa, especially Uganda, that citizens became familiar with the way in which public funds are allocated for local use.

The study conducted by Hunter (1977) recognizes the nature of fiscal decentralization and the procedure that determines fiscal accountability and transparency. The important role of the

transfer system in determining the level of fiscal dependence or autonomy of sub-national government, as the design of transfer system determines the degree to which sub-national governments have control over the resources at their disposal. Vertical fiscal balance is said to exist when there is a broad correspondence between the expenditure responsibilities assigned to each level of government and the fiscal resources available to them to carry out these responsibilities. Horizontal imbalances arise because of differences in fiscal capacity and/or government officials varying degrees of control over local resources. Based on the presumption that conditional transfers, unconditional transfers (including intergovernmental borrowing) and shared revenues provide local governments with increasing levels of fiscal control, Hunter defines a set of three coefficients of vertical fiscal imbalance (VFI). The coefficient is calculated as the share of sub-national expenditures that are financed from sources not controlled by sub-national governments. The difference between the three coefficients is that they apply incrementally narrow definitions of what resources are under the control of sub national governments, as per formula presented below:

VFI1 = Conditional Transfers

Sub-national Expenditures

VFI2= Conditional Transfers+ Unconditional Transfers

Sub national Expenditures

VFI3 =Conditional Transfers+ Unconditional Transfers +Revenue Sharing

Sub national Expenditure

By construction, the coefficient takes on a value between zero and one, with values closer to one indicating larger fiscal imbalance and values closer to zero indicating greater fiscal balance. The narrower the definition of local control that is applied, the greater the resulting fiscal imbalance, so that we generally expect $VFI\ 3 > VFI\ 2 > VFI\ 1$. While Hunter's judgments as how to assess budgetary control could be questioned, various expenditure needs across jurisdictions, which may lead to the implementation of equalization schemes. For more

comprehensive discussion of fiscal imbalances, see Bird and Tarasov (2004). There are slightly different applications of Hunter's original formulation, for instance, consider Martinez-Vazquez and Boex (2001) and Bird and Tarasov (2004). As specified here, VFI 1 supposes that local governments have no budgetary control over conditional transfers, but are able to exert budgetary control over all remaining local fiscal resources; VFI 2 supposes that local governments have no budgetary control over either conditional or unconditional transfers, while VFI 3 presumes local governments essentially only have control over their own locally generated revenue sources. Besides the shares of different levels of government in total public revenues and expenditures, empirical studies also measure the number and average size of jurisdictions at each level. All other things being equal, a larger number of smaller local governments would imply higher fiscal decentralization. This can have several interpretations: degrees of freedom for tailoring public goods to heterogeneous preferences; intensity of competition among jurisdictions; concentration of bargaining power, and so on.

Furthermore, fiscal decentralization is understood to be an economic theory of decentralization which cannot constitute a separate category or form of decentralization, financial decentralization on the other hand attempted to assign responsibilities and taxes between the center and local governments, to enable transfer of grants and other resources to improve service delivery (Oyugi 2000). In South Africa effective service delivery is determined by planning and budgeting attained by three spheres; the national sphere develops policies (regarding for, for example food security and water provision), that guide service delivery in other two spheres as well as monitoring and implementation of such policies. The provincial sphere, in contrast, has the responsibility for planning and budgeting for the implementation of social services delivery. Nevertheless, the local sphere of government bears the responsibility to plan and budget for basic services including water, electricity, sanitation and agriculture. (Todes et.al...2007). The local government sphere is an interface between government and citizenry. The researchers' opinion is that, transfers of funds to local governments with planning and budgeting enhances service delivery. This is relevant as per theoretical review of demand and supply for services since it provides opportunity for citizens to in-put into critical policy decisions of governance and service delivery through participatory process.

conclusion, it is relevant for this study to assert that one of the fundamental challenges in delivery of services is in the ability to co-ordinate efforts in a manner that will utilize various resources while avoiding duplications. Mubangizi (2000). However, the basic fundamental approach to deliver services is embodied in the capacity of the institutional set up to mobilize process and present the services to the recipients. The capacity of the relevant institutions that include local governments can be viewed within sustainable livelihoods that are affected by development challenges in terms of human, natural, financial and physical resources. Neefjes (2000). Several studies have been made to examine the relationship between fiscal decentralization and delivery of agricultural services, fiscal decentralization and poverty reduction and the impact of decentralized agricultural extension services elsewhere in Uganda and other countries. Nevertheless few or none of the studies had interest on fiscal decentralization and delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

2.2. 0 Relationship between Fiscal Decentralization and Delivery of Agricultural Services

There seems to be a relationship between fiscal decentralization and delivery of agricultural services in Uganda. Fiscal decentralization aims at extending more resources to local authorities through decentralized development budget for social services delivery: primary health care, primary education, water supply, and delivery of agricultural services. However, in order to achieve greater synergies in population and development under the decentralization framework consideration should be given to shifting resources from the line ministries at the centre to local governments for improved service delivery. Dabla, Norris (2006) establishes that, fiscal decentralization implemented by financing of the sub-national governments in various developing countries in Africa and India is mainly achieved through tax sharing and transfers from other levels of government. The recent efforts and some important initiatives by the Comprehensive African Agricultural Development Program (CAADP) that called for 6 percent agricultural growth rates, and the Maputo Declaration which called for 10 percent of total public expenditure through fiscal decentralization was to be used for agriculture productivity (IFPRI,

2008). Botswana and Ghana have attempted to implement these policy guidelines for effective delivery of agricultural services that can partly be successful due to fiscal decentralization (Dacian, 2010). As yet, Uganda has not implemented fully these policies. It is for this reason that the researcher explored in the case of Uganda. Kim, Soonhee (2009) and, Steiner (2009) argue that poverty reduction through decentralized agriculture in Uganda today is in jeopardy due to misuse and mismanagement of available agricultural program funds.

Furthermore, Ngabirano, Asiimwe, Omaado (2011) highlights the relationship between fiscal decentralization and delivery of agricultural services, it should be achieved through mobilization and utilization of financial resources for effective service delivery. This can be attained by improving revenue collection, carrying out massive sensitization of local population as regards tax collection and utilization. Through this strategy, taxes should be linked to service delivery, government transfers should be allocated according to population distribution and they should be timely to allow efficient and effective service delivery, policy makers should desist from unnecessary interference with the local revenue collection. Uganda, MoFPED (2012) also points out that, the NAADS programme that promotes fiscal decentralization framework design provides inputs and advisory services to farmers at district, sub county and grass root level funded by the central government revenues. In conclusion, the author agrees that effective financial mobilization, allocation and utilization have a great impact on decentralized agriculture service delivery only if farmers are targeted to be equipped and trained in new techniques that involve the best practices, training farmers on agro-business. All public financial efforts through the agricultural sector should be to transform subsistence farming to commercial agriculture.

In addition, Asiimwe, Musisi (2007), contributes to the analysis of factors that compromises effective fiscal decentralization based on the nature of grants, the conditionality attached to these funds leave little discretion to local governments to effect re-allocations in line with local priorities thus undermining ownership of programs and hence their sustainability. Another context is the involvement of local governments for service provision, especially in education,

health, rural roads, water supply and agricultural extension services, which still requires a carefully articulated grant systems from central government and a well defined tax system. Ngabirano, Asiimwe et al (2011) cite that the fiscal decentralization objective was to examine the relationship between financial resource mobilization and utilization for effective service delivery. The state of fiscal decentralization and delivery of agricultural services in Uganda has faced challenges of: limited human capital and financial resources, restricted local autonomy, corruption and patronage, high administrative costs related with decentralization and low downward accountability all that should be analyzed. (MoFPED, 2004; NAADS, 2000). During 1998, Uganda acquired debt relief of US\$347 million and US\$656 million. Uganda directed those resources from debt relief through the Poverty Action Fund (PAF) for social-economic development, with particular focus on rural transformation and modernization of agriculture through PMA. This was facilitated under the decentralized system with the objective of improving the well being of people with the right to be supplied adequate food. The researcher analyzes that, the above opinion and report did not address the methodological and temporal gap required concerning strategies by the public private sector partnerships to enhance effective and efficient fiscal decentralization as reform that improves rural population standards of living through effective delivery of agricultural services.

Furtherstill, the current state of agricultural services delivery in Uganda that is supported by Public Private Sector partnerships, NGOs, NAADS program implementation design is in line with the National Development Plan and Vision 2040. Therefore, NAADS as a decentralized program is currently working in pursuit of the national development framework of poverty eradication and delivery of agricultural service. It is a farmer-owned and private-sector-serviced extension system contributing to the realization of agricultural sector aiming at improvement of food security and household incomes (MAAIF, 2008; NAADS, 2010). Uganda, MoFPED, (2012), explains that Delivery of Agricultural Services (DAS) through NAADS program funds should aim at transforming subsistence agricultural farmers to market oriented and commercial production through increased access to knowledge, increasing farmer access to information and technology managed by local governments. The researcher agrees with some of the above

recent agricultural service delivery approach for increased sustainable agricultural productivity through efficient utilization of agricultural sector funds by local governments.

Furthermore, Heiman (2002), and Barhan (2007) observe that, local governments are supported by financial decentralization through a created distinctive set of fiscal spaces that offer varying degrees of scope for citizen engagement which leads to effective delivery of services. They further emphasize that effective fiscal decentralization requires: (1) the rules and formulae governing the allocation of grants and revenue raising powers to local governments; (2) the decision-making processes concerning the sources and level of locally generated revenues; (3) the allocation, utilization and monitoring of earmarked financial transfers, and (4) decisions on the allocation of untied funds and locally generated resources. In rural areas, local government revenue is collected by the sub county officials who retain 65% of the revenue and remit the rest to their local government headquarters. It is noted that, the understanding of fiscal decentralization in Ghana is that, it is of an advantage to give local people through their district assemblies a chance to mobilize internally generated revenues such as rates, fines, fees, and licenses (UNDP, 2008). In review of the above opinion, none of the authors revealed that the influence of fiscal decentralization policy retains a mandate for improved delivery of agricultural services. Emphasis should have been that, public fund transfers to local governments are essential for effective agricultural service delivery.

Further related studies by Namara, Mugenyi (2004) reveals that in Uganda farmers expect local governments through NAADS program implementers to supply agricultural inputs and startup capital. They is also demand for micro-finance services for agricultural production in addition to advisory services other than need for the delivery systems. While, Anderson and Crowder (2000), emphasized the re-organization of the agricultural extension system it has evolved to include four broad forms of delivery systems: (i) Public delivery and public finance which essentially comprises the traditional government agricultural extension that continues to persist although with greatly diminished outreach and constrained by a lack of sufficient funding; (ii) Public delivery and private finance whereby government staff is contracted by private agencies to deliver extension services; (iii) Private delivery and private finance whereby commercial entities provide their suppliers with the extension services required to improve their

technical efficiency. This mode of delivery is prevalent in commodity out-grower schemes and highly commercialized high-value agriculture; and (iv) Private delivery and public finance which entails the outsourcing of responsibility for extension delivery to private sector providers such as NGOs and CBOs. It was observed that, agricultural extension services was hindered by lack of harmonization of government projects has resulted into contradiction and duplication of messages, confusion of farmers, rivalry among projects and programmes and inefficient utilization of resources. The researcher analyzes the above studies in that, they were focused on the agricultural broad forms of delivery systems production out comes but did not analyze ways of improving fiscal decentralization ensuring effective management of financial resources for effective delivery of agricultural services. This could leaves a reality of efficient fiscal decentralization not achieving the expected out comes.

The above study pointed out that, local governments vary in the extent to which their citizens are involved in local economic development planning and implementation. When citizens in a locality are involved in the economic development process through focus groups, neighborhood associations, advisory groups or committees, and other citizen input mechanisms, they can potentially increase the efficiency of local governments, and this may promote economic growth. Local governments may also get feedback from residents in the community on the problems in the availability or delivery of public services, and this may affect the rate of economic growth. To promote economic growth, and to provide public services, local communities need funds. Local governments may have to increase taxes to fund their economic growth activities. The drawback of taxation is that it could ultimately lead to a decrease in economic growth. When people are taxed, their disposable personal income decreases and they spend less since their purchasing power also decreases and this could dampen economic growth. Local governments tend to have different levels of human capital and infrastructure. When decentralization of welfare programs occurs at the county level, local government agencies are faced with the task of helping the unemployed find jobs. Because of the differences in local government capabilities, they are able to deal with decentralization in different ways. While some counties may have qualified personnel to lobby for jobs for the county others may not

have the capacity to do so (Afia, 2007). The question of whether fiscal decentralization works differently for different types of county governments needs to be addressed.

More so, a drawback of fiscal decentralization lies in the likelihood of redundancies and duplications in public service provision (Oates, 1972). Due to decentralization, the same program may be present in different, adjacent, or overlapping jurisdictions. Rather than having, say, one big park between two adjacent counties, the situation arises where each community spends scarce resources to build similar parks within a few miles of each other. This may be a waste of resources if the parks provide similar services. Gains from economies of scale are lost when smaller jurisdictions are in charge of providing public services whose production or delivery costs decline with scale. Each local government needs to implement its economic growth agenda independent of other local governments in a decentralized system and so might end up spending more per unit of service output because they would be operating at a smaller scale. Another disadvantage of fiscal decentralization is "the quality of local bureaucracies" (Tanzi, 1996). Central governments are likely to have personnel with higher qualifications than decentralized governments because they provide better pay and career opportunities (Prud'homme, 1994). Local governments are likely to offer fewer opportunities for career advancement and may pay lower salaries. The presence of personnel with low qualifications in local governments, especially in rural areas, could limit the efficiency gains from decentralization. Fiscal decentralization may reinforce regional inequalities, decreasing economic growth (Thiessen, 2001). Under fiscal decentralization, different regions provide different mixes of public goods and services and taxes. Wealthier communities may therefore attempt to drive away poorer individuals and households from their locality.

In Paul Peterson's book, *City Limits*, he argues that another potential disadvantage of fiscal decentralization is the trade-off between growth activities and redistribution or community welfare activities. Under pressure to engage in economic growth activities, local governments may switch resources from other programs in order to carry out economic growth initiatives. This practice creates a disadvantage for residents in the community who would gain from

redistributive or welfare activities. Fiscal decentralization could help increase regional inequalities (Thiessen, 2001). Finally, another drawback of fiscal decentralization is the possible increase in corruption, especially in developing countries. It is generally believed that local governments are more easily bribed than national governments (Tanzi, 1994; Prud'homme, 1994). Oates (1994) mentions corruption as a disadvantage but does not conclude whether it is greater at the national or local level. Although competition among local governments was mentioned as an advantage of fiscal decentralization, it could also have a negative effect. In the case where competition between local governments leads to inefficient provision of services, fiscal decentralization may be undesirable for the society as a whole. Communities may cut public services to drive out people who contribute little to the tax base in an effort to lower the tax burden on tax-paying firms and residents. This phenomenon has been dubbed in the literature as a race to the bottom (Brueckner, 2000; Saveedra, 2000). Related studies on fiscal decentralization and poverty reduction with theoretical models have indirectly attempted to study the interaction between decentralization and poverty. In fact, it is fair to say that the theoretical literature on the direct link between decentralization and poverty reduction is still at its infancy.

However, various researchers approach the issue on the political or institutional angle, without any particular attention to the fiscal aspect of decentralization. Moreover, the focus of these papers is often on some country specific anti-poor programs. Although, these studies have provided valuable insights on the hypothesized relationship between decentralization and anti-poor programs, more researches need to be done to examine the direct interaction between the fiscal dimension of decentralization and delivery of agricultural services delivery at the sub national level. Among the few studies, we note the very insightful piece by Bardhan and Mookerjee (2005), who proposed a theoretical model to examine the consequence of elite capture from a decentralized versus a centralized administration of potential anti-poor programs. They found that centralized delivery system is more prone to captured due to lack of monitoring of bureaucratic performance. They also note that decentralizing the delivery system promotes cost effectiveness and improves intraregional targeting at low program scales. In the same line, Galasso and Ravallion (2000) proposed a model of decentralized targeting of an anti-poverty

program with application to the Bangladesh's Food-for-Education Program. The conclusion of their findings is that within village targeting improved with program size, and also with lower land inequality, less remoteness, fewer shocks, and less private redistribution.

Another strand of the theoretical literature has been geared toward the role of local government in the provision of local public goods, with this time minor emphasize on the pro-poor nature of the public goods. For instance, Besley and Coate (2003) and Faguet (2002) developed a model of responsiveness of local government to the provision of public goods. One the one hand, Besley and Coate (2003) found that decentralization enhances welfare in the absence of spillover effect, while on the other hand, Faguet (2002) showed that the tradeoff between central and local government provision depends on the relative advantage over information and technical capacity of each level of government. The theoretical model proposed in this dissertation seek to contribute to the existing literature by bringing together these two strands of literature in order to develop a simple theoretical framework that can explain the direct interaction between decentralization and the delivery of pro-poor social services at the local government level.

In addition, a number of cross-disciplinary studies that span economics, political science, public administration and sociology have attempted to evaluate the impact of decentralization policy on poverty reduction outcomes. (Guevera 2007). Several studies have attempted to examine poverty reduction and decentralization through the efficient provision of basic needs programs, accountability and responsiveness of lower level of government. However, most of these works are anecdotal or descriptive, while the findings are not very precise and diverse. For example, Rao (2002) examines a set of conditions for general and specific purpose transfer to effectively influence poverty outcomes. Crook and Manor (1998) and Crook and Sverrisson (2001) use case studies for some selected developing countries to investigate the impact of political and administrative decentralization on poverty reduction outcomes. Other recent studies have used a more systematic approach to estimate the potential effect of decentralization on poverty reduction outcomes. The few studies that have followed this approach show somewhat mixed

results. For convenience we have grouped these studies in two categories: those that have found a “positive impact” and those that have found a “negative impact” of decentralization policies on poverty reduction outcomes.

Related to the above Guevara (2007), the impact of decentralization policies on poverty reduction, Von Braun and Grote (2000) performed a cross-country analysis with a sample of 50 countries and concluded that decentralization administrative and fiscal decentralization), serves the need of the poor, as captured by the composite index of human development (HDI). These authors emphasize the need to consider simultaneously political, administrative and fiscal aspect of decentralization process in order to truly assess the impact on the poor. Along this line, Lindaman and Thurmaier (2002) also use a cross-section analysis to examine the impact of decentralization on HDI and find evidence of positive and significant relationship between different measures of fiscal decentralization and basic needs in education and health. In a similar study, Bardhan and Mookherjee (2004) find that decentralized management advanced poverty alleviation goals in West Bengal, India. Subsequently, Saito (2003) puts it that, for purposes of social-economic transformation of developing countries, the effect of fiscal decentralization is applied to social service delivery for education, infrastructure and health sector improvements. In Uganda, education is essential to enhance the self-esteem of people to enable them participate in national economic programs under the agricultural sector such as PMA, NAADS and PFA. The national fiscal policy considers agriculture as a sector of the national budget that represents over 4 percent during 2013/1014 budget. Although NAADS program was suspended, mismanagement of agricultural funds remains a challenge that must be addressed in this study.

Furtherstill, several other studies have concluded that decentralization can negatively impact poverty and pro-poor service delivery. Using cross-section and time series data for the period 1975–2000, on a large number of countries, Enikolopov and Zhuravskaya (2003) find that political decentralization, captured by whether or not state executive officials are elected, worsen public goods provision (immunization and under-five mortality rate) in the long run in

developing countries. These authors also find that the presence of municipal elections significantly hurts the results of decentralization for the long run provision of some public goods. West and Wong (1995) find that in rural China, decentralization resulted in lower level of public services in poorer regions and, Jalan and Ravallion (1999) find that decentralization generated substantial inequality in public spending in poor areas in Argentina. Similarly, Azfar and Livingston (2002) find no evidence of improved and equity of local public service provision from decentralization in Uganda. Khaleghian (2003) uses a broader dataset for 140 countries and finds mixed result. He concludes that decentralization appears to improve the coverage of immunization in low income countries but that the opposite holds for middle-income countries. However, in relation to Uganda, the relationship between fiscal decentralization and delivery of agricultural services requires a health population and improved roads to link farmer's products to market. The researcher observes that where as Saito (2003) point out the necessity to fund social services as in agreement with the research findings by MoFPED, (2002) in regard to finance education sector, still as per the above authors mismanagement of public funds seem to be of negative effect on service provision at all levels. This also has a relationship with factors that compromise fiscal decentralization for effective delivery of agricultural services in south western Uganda.

In addition, Cocketrift (1996) reveals that, most citizens of Uganda have been dissatisfied with quality of service delivery they are asked to pay for. For instance at rural health facilities, there are un available drugs, the altitudes of lesser motivation that health workers often demonstrate in clinical facilities, people are disgusted with health facilities, simply because they think health workers are corrupt through financial embezzlements and mismanagement. This is contrary to the national policy target that considers health, education, and agriculture as essential for overcoming pervasive poverty. Saito (2003) portrays in relation to delivery of agricultural services that districts and central government should build capacity to satisfy peasants/farmers that need to boost their agricultural projects that can sufficiently improve their economic welfare. According to the above views of the above authors, it was revealed that adequate financial resources, effective allocation and financial management by district and sub county

local governments are essential. The researcher assumes that local government system would function well in liaising between local authorities and the population.

Furtherstill, the provision of further social services other than agriculture was previously considered during 1990s to have met various challenges worldwide. In Uganda, efforts towards provision of decentralized health care services have mostly been biased towards the supply-side, like the construction of new health facilities and the recruiting of qualified health personnel (Mill, 1990). Cockerift, (1996) asserts that, delivery of agricultural services was to be autonomously decentralized and funded with conditional grants by the central government to enable districts implement a package of effective social services based on reliable fiscal policies. However, Uganda (MoFPED 2002) reveals that people at grassroot level are aware of factors that have caused deterioration of the educational quality and delivery of agricultural services under the NAADS program, such as public financing wastage and mismanagement. This has been of no effect since local voices are not fully heard for the enhancement of effective financial accountability that is part of the problem statement of the study in chapter one. The researcher relates this scenario to the views of Owalabi (2003) in agreement with the elite theory of public policy-making which does not consider the ideas of the peasants and disadvantaged. It has been observed that this had affected the effectiveness of NAADS program implementation that had relied on advisory services against the wishes of farmers for the adequate supply of agricultural inputs and technologies. That is why conditional grants' modalities have been shaped and are still under review to suit the priority of ordinary citizens.

Morestill, Robert (2010) explains that, the implementation of decentralization in Uganda since early 1990s was not only due to the implications for improving local governance and increasing democratic participation, but also because it was an initiative, which began independently, of external actors. Anchored in constitutional and legal mandates in subsequent years, decentralization set Uganda's sub-national governments as the responsible agents for implementing national policies and delivering many crucial services at the local level (Steven, Tiphany et al 2010). These policies include, among others: fiscal decentralization policy and

agricultural extension policy, which were guided by a comprehensive legal framework where political and financial-administrative power was devolved to local governments. The process was intended to assign localities important functions and a significant share of national revenues through the intergovernmental transfer system. It is worth noting that the decentralization policy is relevant in the context of the national development framework through which PEAP, PMA, NAADS and PFA have been implemented. This is because decentralization was foreseen as the most effective pathway to overall poverty reduction towards the wellbeing of the people that demands service provision.

Subsequently, the delivery of agricultural services in most countries such as Singapore, Vietnam, and China was through agricultural mechanization approach versus the approach of agricultural extension that recognized farmer participation for agricultural productivity and food security. The British colonies of Kenya, South Africa, and Zimbabwe, since the 1920s emphasized on agricultural science and technology. Uganda, being a British protectorate, empowered peasants and farmers to actively participate in peasant farming. Agricultural extension services indicated its success elsewhere such as in Nigeria and Asian countries. For instance, the Nigerian government through the Nigerian Agricultural Policy (NAP) established a responsibility to ensure agricultural services are effectively and efficiently decentralized (Kamiljon, 2009). In this review, it is also noted that in Ghana since 2007, the agricultural efforts intended to transform small-scale farmers across the country by providing subsidized agricultural machines to individual farmers and private enterprises but with heavy subsidies established as specialized Agricultural Mechanization Services Enterprise Centers (AMSECs) (IFPRI, 2013). Thus, the researcher agrees that the adoption of new macro agricultural policy reforms is essential in Uganda to reduce the domination of peasant farming that can be transformed through agricultural mechanization and industrialization.

Furthermore, the precise nature of intergovernmental fiscal relations and fiscal decentralization policy in any given country varies depending on how sub national government and administration has to be organized (Prudhome, 2003). There has been a growing concern that the present unconditional, conditional and equalization grants are not adequately servicing the purpose of establishment of a sufficient level of equity in the opportunities for local

governments to provide their mandatory functions (Smoke, 2003). Despite the obvious importance of decentralization, relatively little is known about the overall impact of fiscal decentralization policies on poverty reduction. The decentralization literature has not seriously tackled the nature and effects of the linkages between poverty and decentralization. Likewise, the poverty literature has largely ignored the role that local governments and decentralization play in poverty reduction through some strategies that includes agricultural extension services delivery (Jameson, Eunice et al 2006). However, the above view leaves a methodological gap in research that requires a correlation strategy that can relate fiscal decentralization and the transfer system that is regulated. This justifies district and sub-county local government councils to allocate and utilize funds for specific economic activities for the delivery of agricultural services.

Further related studies by Namara, Mugenyi (2004) reveals that in Uganda farmers expect local governments through NAADS program implementers to supply agricultural inputs and startup capital. They also demand for micro-finance services for agricultural production in addition to advisory services other than need for the delivery systems. While, Anderson and Crowder (2000), emphasized the re-organization of the agricultural extension system it has evolved to include four broad forms of delivery systems: (i) Public delivery and public finance which essentially comprises the traditional government agricultural extension that continues to persist although with greatly diminished outreach and constrained by a lack of sufficient funding; (ii) Public delivery and private finance whereby government staff is contracted by private agencies to deliver extension services; (iii) Private delivery and private finance whereby commercial entities provide their suppliers with the extension services required to improve their technical efficiency. This mode of delivery is prevalent in commodity out-grower schemes and highly commercialized high-value agriculture; and (iv) Private delivery and public finance which entails the outsourcing of responsibility for extension delivery to private sector providers such as NGOs and CBOs. It was observed that, agricultural extension services was hindered by lack of harmonization of government projects has resulted into contradiction and duplication of messages, confusion of farmers, rivalry among projects and programmes and inefficient utilization of resources. The researcher analyzes the above studies in that, they were focused on

the agricultural broad forms of delivery systems production out comes but did not analyze ways of improving fiscal decentralization ensuring effective management of financial resources for effective delivery of agricultural services. This could leaves a reality of efficient fiscal decentralization not achieving the expected out comes.

However, studies carried out by Muriisa (2009) revealed that decentralization in Uganda prospects for improved service delivery he found out despite the good intentions of decentralization, its implementations faced challenges of financing, at the local level and effective monitoring of service delivery. Anderson and Crowder (2000) about decentralized agricultural extension services in Kenya indicates strategies to overcome several challenges such as; (i) orienting the public delivery of extension services to improve its efficiency, (ii) enhancing its access to farmers and other clients, (iii) improving accountability of service providers to their customers. It is observed by the researcher that, the key challenge remains mismanagement of local government allocated grants although the specific design for financial transfers features of improved transfer systems that are to support, but not undermine, decentralization and local revenue rising.

Afia (2007) carried out a study to investigate whether there is an increase in economic growth from decentralization as is expected from the viewpoint of efficiency. He stated, that the idea behind fiscal decentralization is that since local governments are closer to their constituents than the federal government they will be in a better position to design and provide public services. With the increasing focus on fiscal decentralization, the burden of formulating policies and implementing programs is now much greater at lower levels of government than it was in the past. Afia (2007) in his study emphasized several other concerns on county governments and other local governments that needs to look for ways to increase their economic growth. These local governments have to search for resources to sustain their local economies. There are several ways in which local governments can promote economic growth in their local communities. Local governments may pursue economic growth by seeking to attract new businesses or expand existing ones. Politicians are generally interested in increasing the

availability of jobs and local government managers are generally interested in increasing tax revenues received from growing levels of economic activity in order to meet the demand for public services.

The above study pointed out that, local governments vary in the extent to which their citizens are involved in local economic development planning and implementation. When citizens in a locality are involved in the economic development process through focus groups, neighborhood associations, advisory groups or committees, and other citizen input mechanisms, they can potentially increase the efficiency of local governments, and this may promote economic growth. Local governments may also get feedback from residents in the community on the problems in the availability or delivery of public services, and this may affect the rate of economic growth. To promote economic growth, and to provide public services, local communities need funds. Local governments may have to increase taxes to fund their economic growth activities. The drawback of taxation is that it could ultimately lead to a decrease in economic growth. When people are taxed, their disposable personal income decreases and they spend less since their purchasing power also decreases and this could dampen economic growth. The question of whether fiscal decentralization works differently for different types of county governments needs to be addressed. Local governments tend to have different levels of human capital and infrastructure. When decentralization of welfare programs occurs at the county level, local government agencies are faced with the task of helping the unemployed find jobs. Because of the differences in local government capabilities, they are able to deal with decentralization in different ways. While some counties may have qualified personnel to lobby for jobs for the county others may not have the capacity to do so. Fiscal decentralization may thus vary across local governments. (Afia, 2007).

In Paul Peterson's book, *City Limits*, he argues that another potential disadvantage of fiscal decentralization is the trade-off between growth activities and redistribution or community welfare activities. Under pressure to engage in economic growth activities, local governments may switch resources from other programs in order to carry out economic growth initiatives. This practice creates a disadvantage for residents in the community who would gain from redistributive or welfare activities. Fiscal decentralization could help increase regional

inequalities (Thiessen, 2001). Under fiscal decentralization, different regions provide different mixes of public goods and services and taxes. Wealthier communities may therefore attempt to drive away poorer individuals and households from their locality. Fiscal decentralization can therefore reinforce regional inequalities, thus decreasing economic growth (Thiessen, 2001). Finally, another drawback of fiscal decentralization is the possible increase in corruption, especially in developing countries. It is generally believed that local governments are more easily bribed than national governments (Tanzi, 1994; Prud'homme, 1994). Oates (1994) mentions corruption as a disadvantage but does not conclude whether it is greater at the national or local level. Although competition among local governments was mentioned as an advantage of fiscal decentralization, it could also have a negative effect. In the case where competition between local governments leads to inefficient provision of services, fiscal decentralization may be undesirable for the society as a whole. Communities may cut public services to drive out people who contribute little to the tax base in an effort to lower the tax burden on tax-paying firms and residents. This phenomenon has been dubbed in the literature as a race to the bottom (Brueckner, 2000; Saveedra, 2000).

Related studies on fiscal decentralization and poverty reduction with theoretical models have indirectly attempted to study the interaction between decentralization and poverty. In fact, it is fair to say that the theoretical literature on the direct link between decentralization and poverty reduction is still at its infancy. The majority of these researches approach the issue on the political or institutional angle, without any particular attention to the fiscal aspect of decentralization. Moreover, the focus of these papers is often on some country specific anti-poor programs. Although, these studies have provided valuable insights on the hypothesized relationship between decentralization and anti-poor programs, more researches need to be done to examine the direct interaction between the fiscal dimension of decentralization and delivery of agricultural services delivery at the sub national level. Among the few studies, we note the very insightful piece by Bardhan and Mookerjee (2005), who proposed a theoretical model to examine the consequence of elite capture from a decentralized versus a centralized administration of potential anti-poor programs. They found that centralized delivery system is more prone to captured due to lack of monitoring of bureaucratic performance. They also note

that decentralizing the delivery system promotes cost effectiveness and improves intraregional targeting at low program scales. In the same line, Galasso and Ravallion (2000) proposed a model of decentralized targeting of an anti-poverty program with application to the Bangladesh's Food-for-Education Program. The conclusion of their findings is that within village targeting improved with program size, and also with lower land inequality, less remoteness, fewer shocks, and less private redistribution.

Another strand of the theoretical literature has been geared toward the role of local government in the provision of local public goods, with this time minor emphasize on the pro-poor nature of the public goods. For instance, Besley and Coate (2003) and Faguet (2002) developed a model of responsiveness of local government to the provision of public goods. One the one hand, Besley and Coate (2003) found that decentralization enhances welfare in the absence of spillover effect, while on the other hand, Faguet (2002) showed that the tradeoff between central and local government provision depends on the relative advantage over information and technical capacity of each level of government. The theoretical model proposed in this dissertation seek to contribute to the existing literature by bringing together these two strands of literature in order to develop a simple theoretical framework that can explain the direct interaction between decentralization and the delivery of pro-poor social services at the local government level.

In addition, a number of cross-disciplinary studies that span economics, political science, public administration and sociology have attempted to evaluate the impact of decentralization policy on poverty reduction outcomes. (Guevera 2007). Several studies have attempted to examine poverty reduction and decentralization through the efficient provision of basic needs programs, accountability and responsiveness of lower level of government. However, most of these works are anecdotal or descriptive, while the findings are not very precise and diverse. For example, Rao (2002) examines a set of conditions for general and specific purpose transfer to effectively influence poverty outcomes. Crook and Manor (1998) and Crook and Sverrisson (2001) use case studies for some selected developing countries to investigate the impact of political and

administrative decentralization on poverty reduction outcomes. Other recent studies have used a more systematic approach to estimate the potential effect of decentralization on poverty reduction outcomes. The few studies that have followed this approach show somewhat mixed results. For convenience we have grouped these studies in two categories: those that have found a “positive impact” and those that have found a “negative impact” of decentralization policies on poverty reduction outcomes.

Related to the above Guevara (2007), the impact of decentralization policies on poverty reduction, Von Braun and Grote (2000) performed a cross-country analysis with a sample of 50 countries and concluded that decentralization administrative and fiscal decentralization), serves the need of the poor, as captured by the composite index of human development (HDI). These authors emphasize the need to consider simultaneously political, administrative and fiscal aspect of decentralization process in order to truly assess the impact on the poor. Along this line, Lindaman and Thurmaier (2002) also use a cross-section analysis to examine the impact of decentralization on HDI and find evidence of positive and significant relationship between different measures of fiscal decentralization and basic needs in education and health. In a similar study, Bardhan and Mookherjee (2004) find that decentralized management advanced poverty alleviation goals in West Bengal, India.

Furtherstill, several other studies have concluded that decentralization can negatively impact poverty and pro-poor service delivery. Using cross-section and time series data for the period 1975–2000, on a large number of countries, Enikolopov and Zhuravskaya (2003) find that political decentralization, captured by whether or not state executive officials are elected, worsen public goods provision (immunization and under-five mortality rate) in the long run in developing countries. These authors also find that the presence of municipal elections significantly hurts the results of decentralization for the long run provision of some public goods. West and Wong (1995) find that in rural China, decentralization resulted in lower level of public services in poorer regions and, Jalan and Ravallion (1999) find that decentralization generated substantial inequality in public spending in poor areas in Argentina. Similarly, Azfar

and Livingston (2002) find no evidence of improved and equity of local public service provision from decentralization in Uganda. Khaleghian (2003) uses a broader dataset for 140 countries and finds mixed result. He concludes that decentralization appears to improve the coverage of immunization in low income countries but that the opposite holds for middle-income countries.

Subsequently, Saito (2003) puts it that, for purposes of social-economic transformation of developing countries, the effect of fiscal decentralization is applied to social service delivery for education, infrastructure and health sector improvements. In Uganda, education is essential to enhance the self-esteem of people to enable them participate in national economic programs under the agricultural sector such as PMA, NAADS and PFA. The national fiscal policy considers education as a major sector of the national budget that represents over 31 percent of the discretionary current budget, and 27 percent of the entire central government budget (MoFPED, 2002). The goals of decentralizing education include efficiency and effectiveness of education services, particularly primary education. However, effective delivery of agricultural services requires a health population and improved roads to link farmer's products to market. Maintaining of good health in developing countries is a prerequisite for overcoming poverty. Unfortunately, funds and medical supplies for health sector among others have been mismanaged, access to health facilities has certainly been limited, half of Ugandans do not seek medical treatment when they fall sick (deTorrante and Mwesigye, 1999). The researcher observes that where as Saito (2003) point out the necessity to fund social services as in agreement with the research findings by MoFPED, (2002) in regard to finance education sector, still as per the above authors mismanagement of public funds seem to be of negative effect on service provision at all levels. This also has a relationship with constraints that hinder fiscal decentralization for effective delivery of agricultural services in south western Uganda.

In addition, Cocketrift (1996) reveals that, most citizens of Uganda have been dissatisfied with quality of service delivery they are asked to pay for. For instance at rural health facilities, there are un available drugs, the altitudes of lesser motivation that health workers often demonstrate in clinical facilities, people are disgusted with health facilities, simply because they think health

workers are corrupt through financial embezzlements and mismanagement. This is contrary to the national policy target that considers health, education, and agriculture as essential for overcoming pervasive poverty. Saito (2003) portrays in relation to delivery of agricultural services that districts and central government should build capacity to satisfy peasants/farmers that need to boost their agricultural projects that can sufficiently improve their economic welfare. According to the above views of the above authors, it was revealed that adequate financial resources, effective allocation and financial management by district and sub county local governments are essential. The researcher assumes that local government system would function well in liaising between local authorities and the population.

The provision of further social services other than agriculture was previously considered during 1990s to have met various challenges worldwide. In Uganda, efforts towards provision of decentralized health care services have mostly been biased towards the supply-side, like the construction of new health facilities and the recruiting of qualified health personnel (Mill, 1990). Cockerift, (1996) asserts that, delivery of agricultural services was to be autonomously decentralized and funded with conditional grants by the central government to enable districts implement a package of effective social services based on reliable fiscal policies. However, Uganda (MoFPED 2002) reveals that people at grassroot level are aware of factors that have caused deterioration of the educational quality and delivery of agricultural services under the NAADS program, such as public financing wastage and mismanagement. This has been of no effect since local voices are not fully heard for the enhancement of effective financial accountability that is part of the problem statement of the study in chapter one. The researcher relates this scenario to the views of Owalabi (2003) in agreement with the elite theory of public policy-making which does not consider the ideas of the peasants and disadvantaged. It has been observed that this had affected the effectiveness of NAADS program implementation that had relied on advisory services against the wishes of farmers for the adequate supply of agricultural inputs and technologies. That is why conditional grants' modalities have been shaped and are still under review to suit the priority of ordinary citizens.

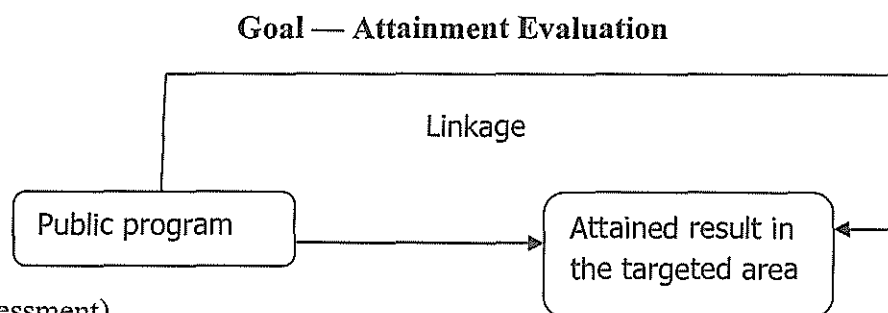
Robert (2010) explains that, the implementation of decentralization in Uganda since early 1990s was not only due to the implications for improving local governance and increasing democratic participation, but also because it was an initiative, which began independently, of external actors. Anchored in constitutional and legal mandates in subsequent years, decentralization set Uganda's sub-national governments as the responsible agents for implementing national policies and delivering many crucial services at the local level (Steven, Tiphany et al 2010). These policies include, among others: fiscal decentralization policy and agricultural extension policy, which were guided by a comprehensive legal framework where political and financial-administrative power was devolved to local governments. The process was intended to assign localities important functions and a significant share of national revenues through the intergovernmental transfer system. It is worth noting that the decentralization policy is relevant in the context of the national development framework through which PEAP, PMA, NAADS and PFA have been implemented. This is because decentralization was foreseen as the most effective pathway to overall poverty reduction towards the wellbeing of the people that demands service provision.

Furthermore, the literature seem to suggest that, in order to attain results in the targeted areas of local governments, budgetary decisions have to be considered as a responsibility of elected officials, on the basis of fiscal powers conferred by higher local authorities. In addition, Kiwanuka (2010), brings together the current state of knowledge of how fiscal decentralization in Uganda includes the assignment of expenditure responsibilities, the assignment of revenue sources to sub national governments, intergovernmental fiscal transfers, and local government borrowing should affect poverty levels. Developing countries need to consider adequate agricultural financing which should be given a priority by harmonizing the central and local government planning and budgeting cycles, ensuring the increase of agricultural fund percentage in their national budget to improve agricultural production. In conclusion, the outcome for fiscal decentralization in terms of effective financial planning and budgeting, fiscal accountability, transparency, stakeholder participation should be indicators for goal attainment and value for money by local governments. Thus, the researcher points out that effective fiscal decentralization should adhere to agricultural program co-funding strategies that facilitate

farmers to acquire adequate agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing and credit that enhances agricultural productivity and profitability.

However, Vedung, (2000) emphasis on impact assessment on public development programs referring to India case study, is necessary that impact assessment (cost- benefit and efficiency cost effectiveness analysis) provide a framework of reference for relating costs to program results or impact. His study is relevant in relation to the need of effective fiscal decentralization and delivery of agricultural services that must be essential in the aspect of indicating how agricultural program costs relates to program costs relates to program results or impact. Fiscal decentralization as adecentralization policy reform requires goal attainment. Therefore this means that, goal-attainment evaluation is vital for effective public policy and program implementation for impact assessment and attainment of results in the targeted areas as per Figure 2.2 below.

Figure 2.2



Source: Vedung (2000)

2.2.1 The impact of Financial Planning, Budgeting on Agricultural Extension Services Delivery

In most Sub-Saharan African countries the implementation of fiscal decentralization, requires effective allocation and expenditure on agricultural sector, an increase in funding of more than 10 percent of the national budget is essential for the promotion of agricultural sectors growth and development. In Uganda approximately 30 percent of the total budget today is transferred to local governments as intergovernmental grants, and about 27 percent of total public

expenditures are spent at the local level to implement their plans and budgets (Stainer, 2010). However, Raabe (2008) reveals that if Uganda was to spend 14 percent of the budget on agriculture by 2015, it would meet the 86 percent economic growth target. The growth in the number and diversity of transfer mechanisms from central government and donors has been a matter of concern in both central and local government. Natamba et al (2010) substantiate that, the revenue base of local governments has diminished substantially; rendering them heavily depend on central government disbursements, mainly through conditional grants. The above view concentrates on fiscal transfers and budgetary analysis but do not address gaps of how planning and budgeting influence service delivery to improve people's livelihoods.

Furthermore, Asiimwe, Musisi (2007) analyze the impact of local government planning and budgeting in that, the planning process should be bottom-up. These are critical tools to enable proper utilization of scarce resources in decentralized governance. Katono, (1989) asserts that 90% of the district budgets that comes from outside the district in terms of central government allocations and donor grants. The importance of planning and budgeting in local governments remains evident since no appropriation of funds by local government should be made out of council funds unless approved by its council (LGA, Sec.83 (1)). It has been established that sector guidelines and policies in Uganda are often rigid and largely by pass local government structures, resulting in lower local governments having little involvement in planning and delivery of services in their areas. The challenges of fiscal decentralization that includes inadequate funding for planning and budgeting process, low local revenue levers, undermining local ownership of projects, untimely changing of IPFs and budgeting ceiling have affected service provision. (Asiimwe, Musisi, 2007).

However, the improved ways for improving fiscal decentralization in terms effective planning and budgeting in developing countries requires local governments' participation for better delivery of agricultural services. Kamuntu, (2011) states that, the total amount of money transferred to local governments from the national budget in Uganda that is 1,300 billion. That accounts for 23 percent of the national budget since the last ten years ago, the share of local governments in the national budget was less 15 percent. Zirarema, Kasaija (2012), reveals that, local governments may enhance effective planning and budgeting by engaging citizens to

participate in the bottom top planning process. Other ways to improve on fiscal decentralization is local revenue enhancement through paying taxes, co-funding for increased local revenue which promotes local ownership, sustainability of projects and programs that increases household incomes for rural communities. It is further emphasized that in Ghana fiscal decentralization has aimed at ensuring efficiency and effectiveness in the generation and management of resources for the delivery of services (Jose, Roberto et al 2006). Thus, the literature does not provide convincing evidence of fiscal policies and local participation in a result oriented financial planning and budgeting which should be done through their council sector committees and guided by civil servants approved by peoples' elected representatives which can significantly affect better delivery of agricultural services. This leaves an empirical gap that needs to be filled.

Furthermore, Naluwairo (2011) expresses the impact of fiscal decentralization on the agriculture sector while financing agricultural inputs for farmers; agricultural credit; agro-processing, storage and marketing; agricultural education; agricultural extension and advisory services through NAADS program implementation; agricultural research and technology development. However, designing central transfers as conditional grants does not guarantee efficient and effective revenue utilization at local level (Barhan, Mookherjee, 2006). MAAIF through the National Development Plan (NDP), has developed a Development Strategy and Investment Plan (DSIP) intending to enhance agricultural productivity and profitability thereby; improving access to agricultural value addition and markets. On this point it can be analyzed that, the above opinions should measure the extent in which local governments are adequately funded by the central governments. Thus, the consideration of agricultural sector plans and budgets to be implemented by local governments is essential for improved delivery of agricultural services. However, NARO, UCDA and NGOs initiatives have to support agricultural innovation and technology, and agricultural financing in partnership with local governments is essential for effective delivery of agricultural services.

While realizing the importance of agriculture to the national economy, the government of Uganda has placed emphasis on decentralizing agricultural extension service delivery. The central government allocation of resources to local governments for PMA and NAADS program

implementation was a government strategy to meet the goals of Poverty Eradication Action Plan (PEAP) for effective agricultural services delivery (Omara, 2004). In addition, Steiner, (2010) observes those local governments' annual budgets and five year comprehensive plans in Uganda that are funded by the central government at 88 percent of the conditional grant, through adequate revenue mobilization and financial accountability has an effect on the provision of agricultural services. However, the need for stakeholder participation to support local government budgets is specifically relevant in the Sub-Saharan countries since small scale farmers account for 80 percent of agricultural production. In Uganda, approximately 30 percent of the total budget today is transferred to local governments as intergovernmental grants and about 27 percent of the budget are spent at local level. It is emphasized that delivery of agricultural services is partly a solution to reduce rural poverty and food insecurity with a funding base by central government through effective implementation of fiscal decentralization (Dacian, 2010). The researcher concurs with that opinion which affirms the positive relationship between fiscal decentralization and delivery of agricultural services through financial planning and budgeting.

Ngabirano, Asiimwe, Omaada (2011), give an analysis of how agricultural programmes are funded through grants referred to as Non-wage conditional grants and fiscal challenges faced. The fund is used to only avail allowances, fuel and general facilitation of the agricultural extension workers. They further state that there is some fiscal decentralization challenge in that district local governments are given very little money by the central government. This was in agreement with views from Uganda, MoFPED, (2010) that expresses a general weakness in strategic planning across sectors and local governments as limiting the capacity by local governments to carry out effective supervision of program funds. Thus, there researcher agrees with an opinion of Uganda, MoFPED, (2010) that there is need for government to ensure that monitoring efforts are enhanced and geared towards effective public expenditures particularly in respect to high priority areas of agriculture, education, health, industrialization, water, sanitation and micro-finance.

2.2.2 Factor for Fiscal Accountability and Supply of Agricultural in- puts

Local government accountability is intrinsically linked to the scope and nature of intergovernmental fiscal arrangements. Fiscal decentralization provides the link between incentives for better performance of the local government with the electoral support from the citizens. It rearranges roles and responsibilities among different levels of governments with the intent of transferring some fiscal decision-making powers from central to sub-national governments. Fiscal decentralization is primarily concerned with implementing an effective intergovernmental fiscal transfer system. Intergovernmental fiscal rules determine expenditure responsibilities and revenue resources of local governments as well as the design of intergovernmental transfers system and local governments' access to capital markets (Bird, 2000). Fiscal discretion requires assigning public services that have high local-public-good characteristics to local governments. It gives revenue-raising autonomy to local governments to finance its expenditure obligations which will allow the voters to assess the performance of their elected representatives with respect to the amounts and qualities of services they are getting for the taxes that they are paying (Mueller, 2006). Therefore, if local governments are denied the fiscal instruments and funding to make real use of their political and administrative autonomy, decentralization is likely to be ineffective.

Financial accountability is one of the major constructs of fiscal decentralization mentioned in the literature which may be analyzed in the categories of financial and political accountability. Aristounity (2012), elaborates that, the increase of fiscal decentralization is in itself seen as an important way of boosting democratic participation in the decision making process, thereby enhancing the accountability and transparency of government actions for efficient public service delivery. In many Latin American countries, it has been established that, if citizens are to hold their government accountable, they must be able to find out what their leaders are doing or what their governments have done (JARD, 2004). Blair (2000) asserts that upward accountability in Uganda is administrative in nature and is based on competent governing institutions that include: the Auditor-General, Parliament, District Service Commission, Local Government Public Accounts Committees, Inspector General of Government (IGG) and Resident District Commissioners (RDCs) who all have an effect on local governments pertaining to

accountability. The occurrence of public financial mismanagement and corruption at all levels requires upward accountability which effectively improve the operations of local government in an administrative sense. The researcher is in agreement with the above authors and also recommends that the need for downward accountability to be effective requires the removing of loopholes of negligent and under empowered leaders who should be empowered by being given benchmarks which can enable them to expand the revenue base for the better delivery of agricultural services.

Furthermore; effective fiscal decentralization implementation seems to have an effect on service delivery in relation to financial transfers and accountability although an assessment of the constraints of achieving fiscal decentralization in terms of fiscal accountability is necessary in order to improve delivery of agricultural services. Spring's (2004), contribution is that local governments are established in order to improve financial accountability. The accessibility of relevant public service delivery information delivered closer to the people through the media and open public meetings that enable them to hold their leaders accountable. In relation to fiscal decentralization, revenue transfers from the central government to local governments must fill the gap. Kanyeihamba (2006) establishes that the fight against corruption and assurance of financial accountability is essential for efficient governance system. He further asserts that there is a need for a strategy to promote the rule of law and to ensure that there is an effective, efficient, transparent and accountable government.

In addition, USAID (2010) indicates that, value for money measured through financial accountability is now found not only in internal and external control procedures and the assessments for financial and resource management but also forms part of performance management systems and processed now used by donors and multilateral agencies as part of their approval and evaluation procedures. This is a temporal gap between the two opinions: one which is authentically published whereas another is not published. In line with the above views, it is analyzed by the researcher that the strengthening of the capacity of local authorities' capacity enhances fiscal accountability through adequate revenue collected from their local

areas. This requires increased demands for downward accountability which will be used for the effective implementation of fiscal decentralization and delivery of agricultural services.

The literature on the effect of fiscal decentralization through fiscal accountability is partly based on most previous research. It is believed that local-level accountability comes in two main dimensions. Whereas Katiba (2006) explains that, accountability need to be complemented by instruments of voice and restraint between elections, such as local political parties, organized interest groups, civil society and the media which can enhance effective accountability for efficient delivery of public services by local governments and other public sectors. He further reveals that, accountability is essential in financing decentralized entities and more reliance by local governments on central government for their revenue was found to be essential for effective service delivery. Nsibambi (1998) also puts emphasis on the need for accountability by indicating that local governments in Uganda are reliant on central governments. This should lead to effective and efficient utilization of public funds for the delivery of agricultural services. Given that local governments in Uganda are reliant on central government for nearly 90 percent of their revenue. All in all, there should be a necessity in Uganda of recent, where the press and courts of laws should be quite courageous, influential, and vigilant in responding into allegations of corruption hence affecting delivery of agricultural services.

Furthermore, Bonnal (2012) in his report underpins the importance of the financial issues, and compounded by the fact that decentralization is occurring in the context of decreased ambivalence on public extension. It appears that local accountability is based on fiscal decentralization system which emanated from the creation of local councils as an instrument for political and economic empowerment through programs to improve better service delivery (Okid, Goloba et al 2006). From the fore going illustrative case study about East Africa by Katiba (2009), in relation to fiscal accountability, it is apparent that there is need to reform oversight function of the legislature and improve public accountability and governance by use of specific strategies such as, ensuring more participative and collaborative leadership, strengthen the formal process of audit and help to remove governance related barriers that can relatively

affect effective agricultural extension services delivery. In addition, Rivera (1996) observes three main policy directions dominating the decentralization of extension: structural reform to improve institutional responsiveness and accountability, fiscal decentralization to share extension costs with local governments, and farmer participatory involvement in decision making and management of agricultural extension. In conclusion the above opinions fail to agree on to how fiscal decentralization in terms of fiscal accountability by local governments in the Ugandan context affects the delivery of agricultural services.

However, Jose, Roberto et al (2006) indicates that, fiscal decentralization was not meant to be simply a policy goal to shift financial responsibility for development to local authorities, but a policy instrument aimed at improving local democracy, effectiveness, increased efficiency and sustainability in the delivery of essential services countrywide. Further still, Songco (2001) asserts, the success of community-driven projects in Africa shows that fiscal accountability exists as social capital in user groups. Social and peer pressures create accountability within community. In relation to the above, Heimans (2002) expresses contrary view on fiscal accountability, he enumerate a series of direct material benefits that accrue to the poor as a result of increased citizen engagement in public expenditure management that includes; (a) changes in policy priorities, (b) increased budget allocations, (c) reduced corruption and mismanagement, (d) more effective use of scarce resources, and (e) improved services. The temporal and empirical gap identified from the above literature can be filled by current published studies on fiscal decentralization. However, the above opinions tried to sufficiently propose mechanisms and policy strategies that can improve on local governments' accountability and transparency which is demanded due to rampant corruption. This study tends to address that gap while appreciating the need for fiscal decentralization to fund effective procurement and supply of agricultural inputs for better delivery of agricultural services.

In addition, Robinson (2010) asserts that fiscal accountability can be enhanced by government decision to re-centralize the appointment of local government accounting officers (Chief Administrative Officers and Town Clerks) which has re-ignited the debate over how

administrative accountability issue should be concurrently handled. Naluwairo (2011) stresses that, the very low use of agricultural inputs means that farmers are not deploying improved agricultural technologies to help them address challenges such as drought, declining soil fertility, pests, diseases and weeds. However, these challenges identified earlier are passed for translation into agricultural advisory and/or technology service needs, which form the basis for agricultural extension services through advisory service contracts and related technology 'development' contracts. It can be concluded that, the accounting officers under tremendous local political pressure contravenes with established rules, regulations and procedures, especially those relating to financial management. However, fiscal accountability is vital during the procurement and the supply of agricultural inputs that may be of significant effect for the improvement of delivery of agricultural services targeting commercially-oriented agriculture.

Furthermore, in Nigeria and other developing countries of Sub-Saharan Africa, many farmers lack access to such important agricultural services such as agricultural innovation and technology, agricultural financing and credit due to inadequate institutions and imperfect markets (Morris et al 2007). This makes the government involvement in the provision of such services desirable. It is proposed that, fiscal decentralization through the transfer of NAADS funds in Uganda may enhance effective and efficient delivery of agricultural services by providing agricultural loans to farmers other than providing agricultural extension. World Bank (2007) contends that agricultural loans through micro-finance credit were found to be important in influencing agricultural extension services delivery. This is because access to credit is likely to ease the farmers' financial constraints, which consequently increases agricultural input use. This reveals a methodological gap since the method of citizen participation is not enough by consulting at their lower level. Citizens have to demand for the provision of better services and ensure that their leaders are held accountable during policy implementation. In conclusion, the above opinion tends to describe the idea of agricultural financing and credit as an approach to enhance sustainable delivery of agricultural services in Uganda.

2.2.3 Strategies of Fiscal Transparency for Agricultural innovation and Technology

It is important to note that ways of improving fiscal decentralization in terms of transparency for effective financial mobilization and utilization is of effect on better delivery of agricultural services in developing countries especially in Sub-Sahara Africa. Katiba (2009) further argues that, local governments in East African countries are required to enhance the level of transparency with commitment of three core components of transparency, comprising; openness, integrity and citizen empowerment of which are essential strategic action for the enhancement of good local governance through effective and efficient utilization of public funds. The Local Government Act (1997) as amended at their respective levels, the councils are vested with powers and responsibilities to enact laws necessary for effective fiscal decentralization which ensures accountability and transparency in conduct of council business and utilization of local government funds. However, Tindyebwa (2009) views that enhancement of transparency in agricultural service provision requires promotion of agricultural research and technology that should be done freely for all farmers to access quick maturity high value seeds and drought/pest resistant seeds, expand animal genetic multiplication and distribution, encourage the use of artificial insemination, improve breeding of poultry, enable them select enterprises and fertilizers suited for soils. According to the above opinions, there is an empirical gap in that, although farmers may benefit if the implementation of agricultural programs are transparent and increasingly recognized as important base for agricultural innovation and technology. This can be acceptable as proven targeted measure for the improvement of agricultural productivity in Uganda.

Furthermore, Mano, James (1997) asserts that, the linkage between transparency and corruption has been noted by manor when he notes that in India, while greater transparency in local governance was accompanied by increased corruption that included mismanagement of funds. Citizen's awareness improved due to high demand for democratic local governance. Initiatives for both public accountability and transparency became a preliquisite for effective service delivery that targeted agricultural service provision. More so, Namara, Mugenyi (2004) observes that, the increase in the number of delivery methods are largely due to decentralization challenges facing agricultural extension services in Kenya may include; lack of transparency and accountability characterized by misuse and inefficient utilization of agricultural extension

funds by LGs. However, Benin, Nkoya et al (2007) emphasizes that, NAADS program have a substantial impact on the availability and quality of advisory services provided to farmers, promotes the adoption of new crops and livestock enterprises, improved use of modern agricultural production technologies in a more transparent manner. In conclusion, the researcher tends to suggest that, the basic phenomena should be inversely related more to transparency in local governments which should mean less scope for corruption, in that, dishonest behavior would become more easily detectable, punished and discouraged to enhance improved delivery of agricultural services.

2.2.4 Nature of Local government's Stakeholder Participation and Agricultural Financing for Agricultural Services Delivery

Ngabirano, A., O., (2011); Mubangizi, (2008), examines public participation in South Africa's local government development planning for service delivery. They further state that, fiscal decentralization has created space for participation in local government institution and improved the chances of accelerating services delivery and promoting sustainable livelihoods. In addition to the above, citizen participation encompasses the idea that people (without public or private institutions) can help themselves to respond locally conceived problems. However, Chambers (1984) asserts that, stakeholder participation is complete with citizen participation since this is the way that can help them to respond to locally conceived problems. In this regard, the researcher concludes that when people identify their own requirements and determine locally specific means to respond to their needs and requirements it can enhance effective agricultural services delivery.

Stakeholder participation signifies that people have the legitimate right to voice their concerns in affairs which affect their lives. Through consultative process, the socially weak are given precious opportunities to reflect critically on their current situations which may lead to possible solutions (Saito, 2003). The author further reveals that, participation through fiscal decentralization has slightly different connotations from other discussions over decentralized service provisions. Conceptually, it can be argued that with increased participation of a wide

range of stakeholders, the budgeting process and financial management can become more efficient and effective and there by enhance service provisions including agricultural service delivery. Ibid, (2000) observes that, National budgeting process in Uganda was largely driven by the central government with little participation of local stakeholders since the commencement of fiscal decentralization in 1993. He further states that, due to fiscal decentralization reforms, local communities have been empowered to the extent that, they complain about abuses of funds, but are not empowered to influence directly the public spending decisions which must affect their lives. In review to the above authors' views, the researcher agrees that if some fiscal decentralization reforms are adopted, challenges in the delivery of agricultural services can be minimized. He further suggests that, the need to scrutinize public fund spending by citizens is paramount if effective allocation and utilization of agricultural grants are to be of effect for the wellbeing of citizens.

Furthermore, it is suggested that effective stakeholders' participations based on community participation has effect on developmental activities including agriculture. Asiimwe D. and Nakanyike B.M (2007), Nkurubo in his report emphasizes that in Uganda's case community participation builds on and strengthens the capacity of communities to get involved effectively in developmental activities, and consideration of interests of different groups like women, youth the elderly and people with disabilities. This approach clarifies roles and responsibilities for all stakeholders as it focuses on people's needs and empowering community initiatives and willingness to share resources among them as a result of transparency in planning. People become co-owners on critical issues within their areas, e.g in Kibooba LC1 in Nama sub county, Mukono district, Community members constructed a two classroom block for adult learners. In connection to the above, effective fiscal decentralization and agricultural program implementation such as NAADS requires community participation for purposes of ownership and sustainability of projects. Benin, Nkoya et al (2007) reveals the need for stakeholder participation in the NAADS program; private sector service providers including NGOs, NAADS coordinators at the district and sub-county, enhances agricultural extension services delivery by managing resources evaluate performance and ensures accountability of service providers to farmer groups. Opio, Afai (2011) agrees with the above view and further indicates

that community based organizations and farmer registered groups participation in agricultural production is effective when it is supported by sub-county agricultural, veterinary, fisheries officers. The researchers' analysis is that, farmer's empowerment, active and collective involvement of all stakeholders in decision making results in effective utilization of locally available resources and central government allocated funds to local governments to districts of South Western Uganda. This is critical if NAADS is a pro-poor program to achieve concrete development by deepening decentralized agricultural services delivery.

In addition to the above, the significant participation of district local government a stakeholder is for effective budgeting that is targeting pro-poor priorities. For example, the proportion of district budgets allocated to agricultural production and marketing was 3 percent or less, while at the sub-county level, the proportions are even smaller (Francis, James 2003). Where as Serunkuuma et al (2001) have observed that, lack of funds and equipment to facilitate the work of extension agents is a common constraint that have affected implementation of local government plans and budgets. Stakeholders' participation analysis during the implementation of decentralization is an important strategy that improves s agricultural services delivery. Unfortunately the above studies did not address local farmers constraints such as, the cost of treatment of some diseases that is expensive, financing agricultural mechanization and recruiting agricultural engineers, lack of continuous advisory services on farming fast yielding crop variety, inadequate supply of agricultural inputs. Worse still, agricultural officers that do not live in the sub-county leaves a methodological gap for how fiscal decentralization can impact the delivery of agricultural services with the absence of the required competent human resource personnel.

Furthermore, Kidd, 2001; Bukenya, (2010) elaborates that farmers in collaboration with their respective sub county local governments with agricultural service providers in Uganda enables effective and efficient use of funds sourced through a matching intra-governmental fiscal transfer mechanism from the national and district governments. Naluwairo, (2011) further states that particularly the NRM government as the lead stakeholder should continue to support farmer

categories such as; six-oriented, three commercial and 100 food security model farmers per parish, per year under the Prosperity for All (PFA) policy provides that there should be selection of the six market-oriented farmers per parish. Thus, farmer participation and empowerment, is a crucial responsibility through NAADS program implementation by local governments. This view is supported by the NAADS Act (2001) which emphasizes that farmer forums, which represent farmer groups at sub-county, district and national level holds most power, are mandated to participate and own the NAADS program.

Williams (2008) comments on a pre-designed government programs participation in some developing countries like in Kenya and Malaysia has been reduced to a useless but required with the guidance of various laws and policies operating at both local and national government level. Yet several challenges to all-inclusive participation remain. However Benin, Nkoya et al (2007) asserts that the issue of financial shortages and limited credit access as one of the biggest constraints for the improvement of farming. He further reveals that, regarding the conditions set by financial institutional stakeholders and the costs of accessing credit, it is important to emphasize the fact that credit should be provided to farmers mainly through micro-finance institutions. These institutions charge very high interest rates ranging from 36% to 48%. The above authors did not address the temporal gap where by micro finance institutions other than commercial banks may not partner effectively with local government since the available unpublished information under the commercial office of District Local governments indicates high level of financial credit default by various clients of SACCOs. Generally, lack of reliable access to agricultural financing and credit, inadequate equipment to facilitate agricultural mechanization still affects agricultural productivity and profitability.

Bonnal (2012), offers an excellent up date for an overview of agricultural extension services in Africa while considering stakeholder participation. Decentralized extension services have been a key feature for the function of local governments/federal states especially in Nigeria. Roberto (2006) observes that local governments' stakeholder participation requires increase in popular participation as an important aspect of tax decentralization for service delivery. In this

arrangement, it must be operating in a given sub-county at the time it first shows interest. Hence, the principle of participation should aim to make sure that all stakeholders (with the emphasis on beneficiaries) are involved in the program implementation processes. The emphasis is that, fiscal decentralization through participatory budgetary processes can moderate public expectations of what local governments can deliver by educating people about the complexities of resource allocation decisions reliable if local governments are to supply effective agricultural services.

Furthermore, a comparative review can be made on India's major agricultural extension reforms, Birnel et al (2006) urge that the ultimate choice of agricultural extension approach depends on; policy environment i.e. decentralization and agricultural policy, the capacity of potential service providers, the type of farming systems and market access by farm house holds, and the nature of the local community participation through their ability to co-operate (Raabe, 2008). Further still, Ngabirano, Asiimwe et al (2011) focuses on effective service delivery in local governments based on active stakeholder participation and involvement of the grassroots communities, emphasizing decentralization to be regarded as an essential benchmark for good governance and an effective strategy for service provision and poverty reduction in both developed and developing countries. In relation to the above, the need for stakeholder participation remains essential and serious challenges facing citizen participation in local development should be solved if fiscal decentralization is to be of sustainable impact for better delivery of agricultural services.

Furthermore, Saito, (2003), further emphasizes the delivery of social services especially agriculture services requires local council and farmer participation. The LC systems led by councilors are expected to harness popular participation at the grass root level to discuss and decide how to improve effective service delivery. It leaves a gap especially when matters communicated to the upper levels of the LC hierarchy, usually obtains no feed back by the lower levels. In Mukono district of Uganda, it was generally observed that, the rural people consider the LC5 leaders not to be seriously interested in hearing the views of "marginal

people” at the grass root level. It was lamented that, democracy sleeps once the elections are over. However, in relation to fiscal decentralization and delivery of agricultural services, it is required that effective stakeholder participation through LCs can lead to mobilization of funds by encouraging farmer groups to co-fund to agricultural programs and participate in financial planning and budgeting. Ngabirano, Asiimwe, Omaada (2011), reveals that stakeholder participation under fiscal decentralization should be relevant in addressing issues of equity among local governments in order to access to resources by providing equalization grants. The researcher is in agreement with Saito (2003) that argues that, equalization grant can be used discretionally as long as the use is in line with the national priority areas for poverty reduction; education, health, water and sanitation, agriculture, and roads. Nevertheless, ensuring effective utilization of these funds is essential for effective service delivery.

Consequently, there might be a relationship between fiscal decentralization in terms of stakeholder participation and delivery of agricultural services. There are effects on National fiscal and agricultural policies in some African countries, for instance, Kamiljon (2009) through the NAP policy of Nigeria was concerned about the state of responsibilities for effective agricultural services delivery. He reveals how the state participates in the provision of agricultural extension services such as; promotes the production of inputs for crops, livestock and fish; trains and develop agricultural extension man power; Promotes rural financial services for smallholder farmers; Ensures land access for all those wishing to engage in farming. However in Uganda, the course of participation by NAADS farmer groups required them to make contributions towards collective co-founding obligation of farmer groups of 2 percent of the total sub-county NAADS budget (Rwakabamba, 2011). It is further stated by West cott (2002) that, stakeholder participation and extension services have a relationship and it is a basis for agricultural extension services in Africa. The above authors should have considered that participation through decentralization should have the capacity to facilitate the use of local knowledge, ensure ownership of central government policies and holding accountable local governments for effective management of public funds. This further implies that, there was a theoretical gap as in relation to the elite theory by Owolabi (2006) that positively contributes to the stated views if effective delivery of agricultural services is to be achieved.

In conclusion, based on the literature on stakeholder participation and agricultural services delivery, Chambers, (2007) argument is that, internationally driven support for democratic representation effectively advances the ideals of ordinary people is key in developmental and decision making process. Esau (2007) advances that; citizen participation is dependent on knowledge of local issues, public policy making and planning process. However, the researcher establishes that, the above authors did not consider the key concern about mismanagement of central government allocated resources to local government that is a setback to delivery of agricultural services delivery. This is based on the fact that the supply of agricultural inputs for effective agricultural services. The benefit of citizen participation in local governance matters contributes to management of resources for effective service delivery and sustainable livelihoods.

2.3 Theoretical Review

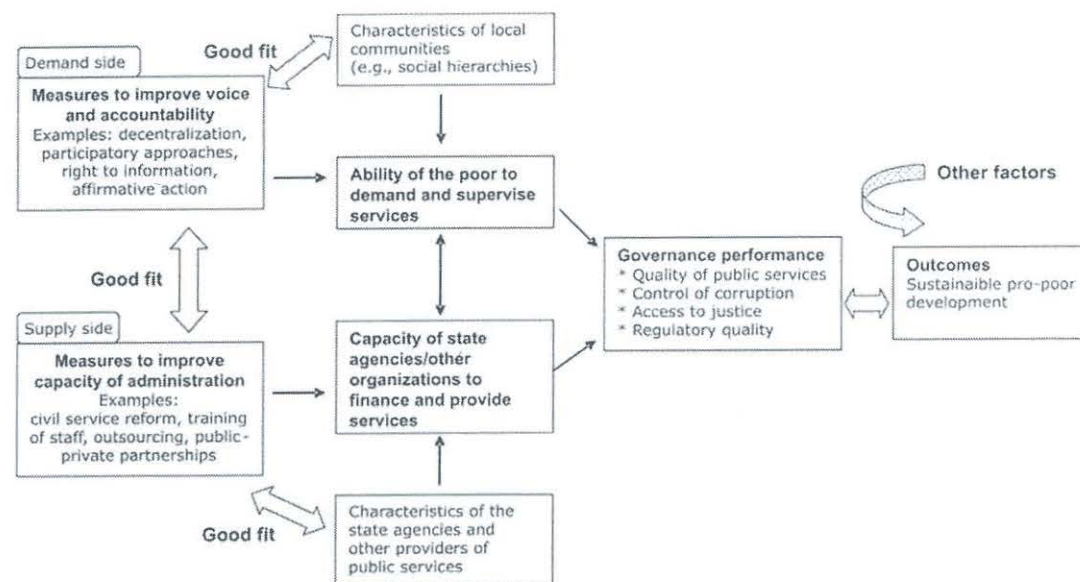
There are three relevant theories that contributed to this investigation in this revisited review for further understanding fiscal decentralization impact on the delivery of agricultural services and how it can be improved: the core theory is demand side and supply side theory of agricultural extension cited by Birner and Palaniswamy (2006). It states that demand-side approaches of public-sector service emphasizes improving the ability of nongovernmental organizations, farmers' organizations and rural women's groups to demand better governance and to hold public officials accountable. Supply-side approaches also include strategies for cost recovery that aim to improve the financial sustainability of service provision and to strengthen the incentive for clients to demand better services. The theory as modified by the researcher in Figure 2.1 below suggests that the role of fiscal decentralization policy reforms as a governance mechanism is to improve the quality of and the access to basic services, such as agricultural services. The importance of fiscal decentralization should be responsive for good governance through efficient utilization of resources, targeting efficient service delivery. These gains may depend on the ability of the poor to demand and supervise services with reliable measures to improve voicing of views and accountability through decentralization, participatory approaches,

right to information and affirmative action. In this regard, demand-side theory implies that local governments are demanded through fiscal decentralization to effective financial planning and budgeting, fiscal accountability, transparency, stakeholder participation, for agricultural services delivery. This requires action oriented measures to improve capacity of administration such as by civil service reforms, training staff, outsourcing and involvement of public private partnerships.

On the other hand, the supply-side theory depends on the effectiveness and efficiency of local governments to supply agricultural services in terms of agricultural extension services, supply of agricultural inputs, agricultural innovation and technology, agricultural financing and credit. In order to achieve this, there should be improved capacity of state agencies and private organizations to finance and provide agricultural services with assurance of improved governance performance specifically marked by quality of public services, controlled corruption, and access to justice with regulatory quality - hence resulting in sustainable policies, programs and projects for pro-poor development. The implication of the demand-supply theory is that it does not assume the involvement of government participation except for purposes of control and regulating activities. Those who do not have capacity to enter the free market and participate in it are left out. So it is not agricultural development programs such as NAADS that may successfully alleviate poverty. Further still, it calls for development with those with capacity and those who have decided to join and compete in agricultural programs such as NAADS program. In addition, it is not about those who are poor that benefit from agricultural programs, because those who are poor have no capacity to make policies or demand for services; and they have nothing to risk in the competition. However, local communities should focus on outcomes based on demand-side and supply-side for improved agricultural services for sustainable pro-poor development.

Theoretical Framework

Figure 2.1



Source: Birner and Palaniswamy (2006); Researcher,(2013)

In conclusion, inspite of some weaknesses of the Birner and Palaniswamy (2006), theory of demand side and supply side, as a main theory, it fills gaps of some factors which compromise effective and efficient implementation of fiscal decentralization that has led to the scanty impact on the delivery of agricultural services. The theory emphasizes policy strategies; public-private partnerships for service delivery, devolution of authority to user groups, and improved financial sustainability to strengthen farmers targeted demands. However, the theory does not consider that the free market theory that streamlines demand and supply cannot be controlled or regulated by government. The theory also does not consider that government policies and service delivery is not determined by market forces attributed by the free market theory (Smith, 1962) and the economic theory of demand and supply Micheal (1992) or based on masses as supported by the contributions of the elite-theory of public policy making (Owalabi, 2005). It should not have only emphasized farmers' demands without considering government expectations from farmers that provides public services through the NAADS program funds allocated to local governments for improved agricultural services. That is why these theories below further review obvious alternatives between fiscal decentralization and agricultural services delivery.

For instance, the second theory, that is the elite-theory of public policy making Owolabi (2005), is relevant to fiscal decentralization and agricultural extension policies in Uganda. He states that, public policy is an outcome of preferences and values of the elite. He further asserts that public policy-making process is influenced by the top executives through administration without the input of the majority of citizens. The masses do not make policies. This may not effectively address social economic challenges affecting developing country's public policy making and implementation. Thus, fiscal policy regulations should be followed by all stakeholders in order to positively influence the delivery of agricultural services. However, the above theory was not sufficient to fill the existing research gap. This is because the elite theory does not consider the ideas of the masses who should be the beneficiaries for effective public policy-making that favors service provision to citizens. Considerably, this should be achieved under fiscal decentralization and agricultural service provision.

Thirdly, the contribution by the Free Market theory (Smith, 1962) further supported supply demand-side theory of agricultural extension. It emphasizes that provision of services and the market environment means that there should be little or no government intervention. Thus, demand side and supply theory is based on a free market economy which requires farmers to be demand-driven in a competitive society. This urges rural community farmers to work for prosperity by demanding effective delivery of agricultural services where fiscal decentralization implemented by local governments is supply-driven.

In concurrence with the free market theory by Smith, (1962), economic theory of demand and supply by Micheal (1992) contributes to the demand and supply side theory. This is relevant in a perfectly competitive market where the demand and supply decisions of both consumers and farmers are transmitted to each other through their effect on prices through price mechanism. Such a price situation where demand equals to supply is called equilibrium price it means that point of balance or a point of rest has been reached. At this point, the actual price of a product and the actual quantity bought and sold are determined in a free and competitive market. The point of equilibrium can be reached where conflicting interests are balanced, and this is where

demand and supply curves intersect. Therefore, demand-side and supply-side approaches for public services delivery relates to the price theory that assumes free market forces. This relates with fiscal decentralization and delivery of agricultural services based on how farmers participates in demanding agricultural services from local governments by ensuring effective mobilization and utilization of public funds. This was relevant to the investigated relationship between fiscal decentralization and delivery of agricultural services that intends to improve effective service provision for competitive rural people.

2.4 Summary of Gaps Identified from Literature Review

The critically reviewed and analyzed literature identified further researcher gaps on fiscal decentralization and delivery of agricultural services that were addressed by this study in chapter four and five. The categorized gaps identified in the literature include; there was a theoretical gap in that theories were premised on un-clear theoretical foundation. For instance; demand and supply- side theory of agricultural extension, free market theory and elite theory could not sufficiently fill the existing study gaps without the conceptual frame work and re-modification of the theory. Also methodological gap was concerned with the research methods that were used, such as cross sectional surveys, ex- positivism research design used to arrive at certain conclusions could be faulty if a quantitative research methodology was not considered. Reports, documentary analysis utilized also required interviews and focused group discussions to be used by authors to obtain sufficient and factual information. In addition, empirical gap was also identified in that, some information in the existing literature is not factual since it was not published, thus, may not be permanently valid and reliable. A temporal gap, was that in the existing literature has been overtaken by events such as the free market theory by Smith (1962) required new knowledge about the free market theory. Also in summary, territorial gap identified that, the existing literature based on Indian, China, South Africa Nigeria, and Kenya's practices in fiscal decentralization and agricultural services delivery all have different geographical setting compared with those of South Western Uganda.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter the methodology used the study is described and explained. The chapter is divided as follows: research design, research population, sampling procedure, sample sizes, research instrument, validity and reliability of instruments, data collection methods, data gathering, data analysis, ethical consideration, and limitation of the study. The considered research assessment criterion was employed in this dissertation to overcome the weaknesses arising from the use of a single method, and also to ensure accuracy and objectivity.

3.1 Research Design

This research employed descriptive research description for Ntungamo, Mbarara, Kabale districts of South Western Uganda. The study was based on post-positivism orientation since it was not purely quantitative based, with a need of qualitative data. The research approaches dealt with the facts that respondents gave from the field. From these facts the relationship between fiscal decentralization and delivery of agricultural services were developed to test the hypotheses by employing simple correlation strategies. It dealt with the relationship between variables (independent: fiscal decentralization, dependent variable: delivery of agricultural services, testing of hypothesis, development of generalizations and use of theories that have universal validity. The study was also a cross sectional surveys that involved different age, gender, status and educational background among the selected respondents. However, the idea of Smith (1998) continues to provide insight to the thinking of positivists in that, they deal with studying of hard facts and investigate relationships between the facts to derive scientific laws. That was based on the level of local governments' performance. The selection of three districts was based on five sub counties and one town council were chosen depending on different levels of farmers demand and local governments' responsibility to supply agricultural services as per theory of demand and supply.

The research approaches were based on: questionnaire, interview, group discussions, documentary analysis, and observations. Interviews were for qualitative data that intended to gain more information that facilitated conceptualization and has formulated hypotheses or theories, and it was a quantitative research in that it expanded quantitative findings and tested the feasibility of quantitative study. As regards timing, the qualitative study preceded the quantitative study, with information from the qualitative study guiding the design of the quantitative survey. Questionnaires were for quantitative data was mostly used to amplify findings from the qualitative study. The task entailed generating information from both primary and secondary sources, and various methodologies was employed to achieve this. Qualitative data helped to test the element of demand and supply side theory. The qualitative methods were particularly useful in providing deeper insights into perceptions and feelings, interests, interpretations and experiences of the farmers for instance as regards their interaction with NAADS farmers both individually and in groups. For the most part, therefore, the relevance of the qualitative findings provided support for the quantitative findings. These helped to test and prove the theory of agricultural extension demand- supply side. The main aim of the design was to capture sufficient variation in both local governments and agricultural programs such as NAADS approach, and farmer realities to demand for the supply of agricultural services triggered by typical Ugandan rural local governments' fiscal decentralization implementation. There was a guide of empirical decisions on methods, including selection of the study districts and sampled sub-counties/ town council for the in-depth study.

Documentary analysis also considered some documents that were used such as PEAP, PMA, NAADS program guidelines and reports (2000, 2008), Local Government Act Cap 243 (1997), Local Government Financial Rules and Regulations (1998), Local Government Planning Procedures, and project documents of private service providers in the three selected districts of South Western Uganda. Observations through secondary sources were through review of relevant literature from government and other relevant documents and reports from key stakeholders. The consultants reviewed major documents to gain a deeper understanding of the design parameters, the processes, institutional bottlenecks and strengths with the view of developing a viable framework for delivery of agricultural services in pastoral areas.

3.2 Study Population

The research population that was determined from Ntungamo, Mbarara and Kabale districts of South Western Uganda and six local governments mentioned, two per district considered their performance; best performers, and poor performers in service delivery. The total grand total of the target population was 1918 that specifically comprised of registered NAADS farmers that is 809, Local government stakeholders that is 150 and selected active farmers participating in both crop and animal husbandry farming yet not registered under NAADS program totaled 959.

Since the study aimed at developing a framework for delivery of agricultural services in two pastoral districts and crop farming, and one crop farming district, pastoral communities in two pastoralist districts were targeted. Ntungamo is a multi-cultural district that participates in crop farming and pastoral-animal husbandry representing all newly established districts of south western Uganda. Ntungamo district on the other hand was also expected to generate information from the semi-arid environments among the newly established districts since 1995. Two sites that were selected in Ntungamo included Rubare sub-county and Rubare Town council of Ruhama county. Rubare sub-county was a selected local government with improved performance and town council representing other sub-counties selected on the basis of poor performance.

In Mbarara district sampled sub counties that represented other sub-counties; Rugando as a best performing sub-county and Kinoni known for poor performance. Site selection in Mbarara district was being done with the assistance of the District NAADS Coordinator. The selection was guided by the need to generate information on practices and experiences relevant for DNC.

Kabale represents other districts in Kigezi region as a model in decentralization and agricultural policy implementation. It borders with Kisoro district to the south, Kanungu, Rukungyiri, and Rwanda. The selection of the population was based on the best and middle performing local governments at sub county level. It was composed of the two selected lower local governments which included; Bubare with improved performance scores and Bukinda that scored a penalty were purposely sampled representing 20 sub-counties/urban divisions which depended on their performance levels after the LGDP II 2009 National assessment scores.

They target research population involved; NAADS farmer group members, sub-county farmer forum members that are responsible for NAADS program. Local government officials that were part of the local government planning body for delivery of agricultural extension services were sub-county executive committee of six people included agricultural extension workers, accounting officers and local government councilors, four district supervisors for program implementation which were part of the population. The targeted total number of registered farmers was 809; all targeted population number was specified per district as reflected in table 3.1 below. Table 3.1 below indicates that, the total number of research target population was 959 of both registered NAADS beneficiary farmers' and local government officials. The total number of 150 was part of the targeted population of political officials, appointed official that heads departments in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

Table 3.1 : Targeted Research Population in Ntungamo, Mbarara and Kabale

Selected Districts in the Study	Selected Sub counties / Town Council	Level of Local LG Performance	Registered NAADS farmer Beneficiaries per Selected Sub county	Local government Stakeholders Per Selected Sub county	Active selected farmers per Sub county
Ntungamo	Rubare T/c	Best (Reward)	69	25	80
	Rubaare	Poor (Penalty)	70	25	96
Mbarara	Rugando	Best (Reward)	85	25	108
	Kinoni	Fair (Static)	64	25	107
Kabale	Bubare	Best (Reward)	260	25	288
	Bukinda	Poor (Penalty)	261	25	280
Sub Total			809	150	959
Grand Total			1918		

Source: District NAADS Progressive Report for Ntungamo, Mbarara and Kabale (2011/2012)

In conclusion, Table 3.1 above of the selected districts and sub-county local governments, determining their level of performance, registered farmers per Sub County and stakeholders all represented the target population that enabled to examine the impact of fiscal decentralization on agricultural services delivery, analyze factors that compromise effectiveness of fiscal decentralization and its relationship with agricultural services delivery. That was achieved by considering effective financial planning and budgeting, fiscal accountability, transparency, stakeholder participation, to improve delivery of agricultural services. The district departments were considered in this research population included: Finance, Production, Administration and Ministry of Local Government, Ministry of Agriculture Animal and Fisheries and NAADS coordination at district and sub county which considered farmers. The study involved mostly registered beneficiaries of NAADS farmers under farmer groups since 2001.

3.3 Sample Size

In view of the nature of the target population where the number for agricultural extension service beneficiaries, NAADS program stakeholders, a sample was taken from each category using the Sloven's formula to arrive at the minimum sample size. $n = \frac{N}{1 + N(e^2)}$,

Where n = the required sample size

N = the known population size

e = the level of significance, which is =0.05

Table 3.2 below shows the participants of the study with the following categories: selected districts, selected lower local governments, target population and sample size that was computed by use of Sloven's formula under Appendix VA page (xvii).

Table 3:2. Respondents of the Study

Selected District Of South Western Uganda	Sub Counties/ Town council Performance	Registered farmers Per Sub county/ Town Council	Local Government Officials Per District	Total Active farmers' Population Per district	Sample Size Per District
Ntungamo	Rubare T/C	66	10	176	122
	Rubare	70	10		
Mbarara	Rugando	95	12	215	103
	Kinoni	96	12		
Kabale	Bubare	228	12	568	166
	Bukinda	264	12		
Total		871	68	959	391

Source: Primary Data, July 2013

3.4 Sampling Method

The sampling methods used included purposive, cluster sampling, simple random sampling, and systematic sampling. Purposive sampling was utilized and this enabled the researcher his own judgment or common sense regarding the participants whom information was collected purposively, leadership officials at district and sub-county level were recipients that provided required information on fiscal decentralization and agricultural services delivery. This was because local government officials such as NAADS coordinators, Sub-Accountants and Chief Finance Officers, CAOs , Agricultural officers, Sub County Chiefs Knows what goes on in their respective districts and sub counties. This sampling technique was more appropriate for qualitative data than quantitative data. The main limitation of this sample is the potential for accuracy in researcher's criteria and the resulting sample selection.

In addition, Cluster sampling was used involving sub-population at district, sub-county and parish levers. Random selection of clusters was done in stages. NAADS farmer groups and unregistered NAADS farmers were selected which increased the like hood that these groups

selected adequately represented the entire population. Its limitation was that chances were great of selecting a sample that is not a representative of the population; hence a large sample of 400 was targeted to obtain a minimum sample size of 391. Simple random sampling technique was key for statistics before quantitative data. Samples of the same size had equal chances of being selected. Its limitation was that could lead to a biased sample although it was the best way to obtain a representative sample of registered NAADS farmers. Systematic sampling was also utilized depending on the nature of the study that were based on three selected districts and other lower local governments hence a sample randomly assigned to two or more treatment. This was a good procedure for sampling from a large population size of 956 to obtain a sample size of 391. These were registered farmers and unregistered farmers under the NAADS program from five sub-counties and one town council of Ntungamo, Mbarara and Kabale districts of South Western Uganda.

Sampling Procedure

In this study, all 391 participants were considered for both quantitative and qualitative where by most active farmers received questionnaires where as selected local government stakeholders were interviewed and led through group discussions without discrimination. The purposive sampling was utilized to select the respondents based on these criteria:

- (1) Male and female respondents in any of the rural district local governments included in the study.
- (2) Agricultural program beneficiaries with farming experience ranging from one year and above.
- (3) Policy implementers of the district local governments and selected sub counties/town council under study.

From the list of qualified respondents that were registered farmers experienced in farming practices were chosen based on the inclusion criteria, the systematic random sampling by proportional allocation was used to finally select the respondents with consideration to the computed minimum sample size.

Selecting respondents for the quantitative survey involved consideration of parishes and sub-county of residence, experience in agriculture, religion, education qualification, age and gender. The parish has hitherto been the basic unit for implementing NAADS activities in a sub county. Under this arrangement farmer groups are presumed to reside in a parish. However, sampling generally considered Sub-counties. Two sub counties and a town council were selected randomly per each selected district. With the assistance of the parish community mobilizers (for NAADS activities) the researcher, together with two locally recruited assistants, then generated a sampling list for each of the sub counties/town council.

The potential respondents on the respective lists were then stratified, based on membership status with NAADS affiliated farmer groups. This stage was informed by both official records on farmer membership of NAADS-affiliated groups, available in the NAADS office for each sub county, and the community mobilizers' knowledge of the residents in their respective parishes. Next, for Sub-county, sampled farmers in each of the two categories were stratified based on gender. As noted previously, gender was a key consideration in the farmer targeting strategy of NAADS. The respondents for gender category per each district were as follows; Mbarara district computed minimum sample of 103, Ntungamo was 122, and Kabale was 166, thus a sum total of 391 was sampled and determined according to the gender proportions and participants that are farmers and local government stakeholders. Respondents were selected using random sampling that is systematic sampling, purposive and cluster sampling technique.

3.5 Research Instruments

The research instruments were applied to obtain both qualitative and quantitative data that was not merely to validate findings, but also to achieve innovation of conceptual and theoretical frameworks. The justification for the use of research instrument was that research in social sciences is very broad, is based on positivism and encompasses different processes, strategies, assumptions, techniques principles and approaches to arrive at a conclusion. This section described the instruments that were used for data collection in line with specific question asked in the study. Interviews were relevant to this study that involved agricultural farmers, recipients registered as NAADS farmers were key informants. The relevance of this kind of information in

evaluating agricultural research projects is noted in Casley and Kumar (1988) as cited by Mwesigye (2011). When conducted with project participants and other key informants, qualitative interviews helped in understanding the complex ecological, sociological, and cultural situations with which the project must deal. These methods required the researcher to interact with the communities throughout the qualitative phase. The evidence presented was based on both qualitative and quantitative analysis. The terms quantitative research and qualitative research were used and not just to refer to the distinction between numerical and non-numerical (qualitative).

The quantitative data was collected via a cross-sectional survey and the survey targeted two categories of farmers, namely members of NAADS-affiliated farmer groups (i.e. farmer group members) and farmers with no membership in such groups (here referred to as 'non-group informants'). It was worth recalling here that NAADS required farmers to form groups as a primary means to access services and participate in program activities more generally (above). Nonetheless, its services included training on agricultural topics by contracted service providers; they were from community-wide nature and generally open to all farmers in a particular community (i.e. parish). Hence all interested farmers (members or non-members of the NAADS affiliated farmer groups) have been free to attend such training activities. The study, therefore, sought to get the views and experiences of these two distinct categories of farmers in regard to their interaction with NAADS. It was also of interest to acquire information regarding the expectations and concerns the two categories of farmers; registered farmers under NAADS registered program and non-participants in the delivery of agricultural extension services in Uganda generally.

Where quantitative data were concerned (simple) descriptive statistics were used. The main procedure involved the Chi-squared (X^2) test of significance of the difference in the proportions within the different groups (i.e. based on age and gender differentiation) in relation to their status of contact with NAADS activities and satisfaction with NAADS services. For this purpose the measures of (status of) contact with NAADS activities (i.e. dependent variable)

included the respondent's: (i) membership status with a NAADS affiliated farmer group (i.e. whether one was member or not part of 391); (ii) (status of) awareness about NAADS activities in their respective communities; (iii) (status of) attendance in NAADS related training activities; and subsequently (iii) self-rating on (status of) contact with NAADS activities on a four-point scale from 'high contact' to 'no contact at all'. It was worth mentioning that for purposes of this analysis; awareness about NAADS activities' was considered as the first level of contact by farmers with NAADS.

Research instruments that were used to collect data included; questionnaire, interviews, group discussions targeting the following recipients; key informants, focused groups. The instruments were used to collect data follows:

Questionnaire was a research tool to utilize that achieved objective (3) that was to and analyze ways of improving fiscal decentralization for effective delivery of agricultural services. And objective (4) that was to examine the relationship between fiscal decentralization and delivery of agricultural services in Ntungamo, Mbarara, and Kabale districts of South Western Uganda. Questions were designed to help research assistants to obtain meaningful results. To ease administration, almost all questions in the instrument were closed-ended, that had options given as per research instrument.

The research instruments that were utilized in this study included the following: (1) As shown in Appendix IVA on page (v), a face sheet to gather data on the respondents' demographic characteristics that includes, gender, education qualification, number of years in agricultural extension practices. (2) Researcher devised questionnaire and interview guide that is under Appendix IV A and B on page (v) to page (xv) were utilized to determine the level of fiscal decentralization (44 items) with the constructs. All questionnaires were standardized to determine the degree of delivery of agricultural services which comprised of (47 items). These were adopted considering all selected respondents from selected sub- counties within the districts of south western Uganda. Researcher devised questionnaires determined the level of fiscal decentralization in terms of effective financial planning and budgeting (8 items), fiscal accountability (14 items), transparency (15 items), stakeholder participation (7 items). (3)

Standardized questionnaire determined the degree for the delivery of agricultural services that consist of options referring to the following; agricultural extension services (19 items), supply of agricultural inputs (10 items), agricultural innovation and technology (8 items), agricultural financing and credit (10 items) to a total of (94 items). The response modes and scoring system of the research instrument for fiscal decentralization were indicated as: strongly agree (4); agree (3); disagree (2); strongly disagree (1). The response mode also for the questionnaire on delivery of agricultural services was indicated as: strongly agree (4); agree (3); disagree (2); strongly disagree (1). A combination of standardized and research devised questionnaires on fiscal decentralization and delivery of agricultural services was used to obtain respondents' view. It was ensured that questions are understandable and time to administer the research instrument was established. The research devised instrument started with a main title; then an introductory or covering letter was used to enable easy collection of data.

Interviews were the second research instrument utilized to attain objective (1) that was to establish whether fiscal decentralization has impact on agricultural services delivery and (2) that was to assess the constraints that hinder fiscal decentralization towards delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda. The key informant interviews were purposely to collect qualitative data that could enable proper and valid interpretation of data. The various key informants were selected purposively to obtain reliable data. Seventy two interviews were conducted with key informants and focused group discussions, twenty four per each district; Ntungamo, Mbarara, and Kabale districts. Interviewees included key district departmental leaders and members of sub-county farmer fora, leaders of NAADS affiliated farmer groups, and community based group members practicing agriculture, 24 sub county NAADS coordinators, NAADS service providers and concerned sub-county technical staff, and community leaders (both civic and political) and participating NGO staff. Some informants were selected because the researcher perceived that they had special knowledge. This was mostly applied to NAADS program implementers. Nevertheless, these interviews were typically conducted in a semi-structured and conversational manner, and were quite in-depth. This enabled the participants to express their point of view on an issue to the extent and in the detail possible. Besides fulfilling their intended purpose the key informant

interviews helped to identify issues that were followed up during 'open' meetings at farmer group and community levels. In addition, interview guide tool indicated as under Appendix IVB page (xv) was used to collect qualitative data. This was also used for key informant with a range of fiscal decentralization implementers and stakeholders. Group discussions/meetings with key informants from the NAADS program registered affiliated farmers, discussion meetings with local government stakeholders and observations was made during the meeting. Additional information was collected through review of relevant NAADS planning, implementation, and review/evaluation documents, and participation in other agricultural commercial activities, where the researcher was involved either as a consultant or resource person.

Focused group discussions with documentary analysis achieved objective (1) (2) and (3). The researcher also was quite frequently engaged in informal discussions with key NAADS implementers, including the farmer group leaders, sub county and district NAADS coordinators. Occasionally, such conversations involved local government stakeholders. These discussions provided a chance to collect additional information and played a vital part in cross-checking and clarifying research impressions and preliminary conclusions. Mwesigye (2011) justifies that group interviews (focus group and community interviews) are commonly-used interviewing techniques. The terms 'group' and 'community' were used here in the sense of a numbers of participants thought to be typical of the type of population to which they belonged to. Participants in community meetings were members of the general farming community in the different parishes, and would be met as a group of residents in their respective parishes (or villages). On the other hand, participants in the farmer group discussion/meetings were typically from NAADS-affiliated farmer groups (and occasionally from other farmer/community groups). These too were met in their regular group settings. To emphasize the nature of the interaction, the researcher used the term discussion or meeting instead of 'interview. Community meetings were used to collect information from a wide cross-section of parish farming communities. This provided opportunity to sample the general perceptions of farming community members about NAADS and its services in a community setting. At least two community-wide meetings were held in each of the sub county out of the five sub-counties and one town council.

However, such meetings were largely unstructured, with participants free to raise any issue of concern. This mainly necessitated the dynamics involved in an interview involving a large number of participants. This setting was also used to arrive at broad issues that could be followed up with other more focused techniques, notably key informant interviews. Such an approach, at times, drew the researcher's attention to unforeseen issues. Participants often raised issues related to NAADS activities specific to their communities. In particular, these meetings were instrumental in exploring the general response of the various categories of farmers to NAADS activities and related issues. In addition to purposely arranged meetings, the researcher took advantage of opportune occasions to meet other members of the communities. This might have occurred for instance, when farmers gathered to attend farmer related training activities or other community-wide events. Such occasions provided an opportunity to engage community members who might have been hard to access during the researcher's own schedule of community meetings. Farmer group discussions/meetings were held mostly with members of agricultural extension staff in the five sub counties and one town council. These meetings covered thirty active farmers from Rubare town council and Rubare sub-county of Ntungamo, Kinoni and Rugando sub- counties of Mbarara district, Bubare, Bukinda sub counties of Kabale, respectively.

Farmer groups were selected purposively, on the basis of initial clues about: time of formation of the farmer groups was given to citizens in the sub county (some were NAADS affiliated farmers), type of farmer group (in terms of composition by gender and/or age), main enterprise of interest around which members of a farmer group organized, and registered farmers that had co-funded for agricultural programs at the sub-county level. The effort was made to include farmer/community groups that had no formal link with NAADS in either of the two sub-counties per each district. This was part of a desire to include independent views about agricultural activities and the informative experiences of such groups. Such groups were in fact not only scarce but in some cases were reluctant to reveal their present status vis-à-vis NAADS activities, perhaps because some had abandoned NAADS due to earlier disappointment. Qualitative material used included program implementation reports and other relevant

documents, and attended at certain sub-county NAADS community level 160 activities and review meetings.

3.6 Validity and Reliability

Content validity of the instrument was ensured through valid concepts and/or words which measure the study variables as cited in literature. Experts in the field of Public Administration and local governments' program implementation were used to evaluate the relevance of variables, wording and clarity of questions or items in instrument. Supervisors and other employees who could estimate the validity on the basis of their experience such as in public management and administration and agricultural experts, associate professors for management and senior lecturers in development studies and local governance systems were also used in this study. The questionnaires on fiscal decentralization and delivery of agricultural services were analyzed using the Statistical Package for Social Scientists (SPSS).

This study tested reliability of the instrument for both fiscal decentralization and delivery of agricultural services as research variables by using Cronbach's alpha co-efficient. Although some of the constructs in this study measured primarily on previously validated measurement items and strongly grounded in literature, were modified to suit the local government context in Uganda. Consequently, an overall alpha value considered 0.90. These values suggested that theoretical constructs exhibit.

Variables were subjected to a test for internal consistency. This was done to determine the extent of agreement between the respondents for each dimension; which implies that a high score would indicate a higher reliability. The computation of Cronbach's alpha was above cut-off value of 0.70 are suggested by Nunnally & Bernstein (1994). This indicated that the measures of training and development, and employee performance appraisal were reliable. Amin (2005) further assert that permissible alpha values can slightly be lower than 0.60 for newer scales. This was to measure for the supply of agricultural inputs was the lowest Cronbach's alpha value.

To ensure reliability, the two instruments were pre-tested administering ten public employees of the sampled four sub-counties and one town council of the selected districts of south western Uganda. Pre-testing for reliability helped to reveal; (1) problems relating to answering, completing or returning the questionnaire; and (2) weaknesses in administration, organization and distribution of the questionnaire. If the test was reliable and the trait being measured was stable, the results were consistent and essentially the same in both times (Treece, 1973). Construct validity and Cronbach's Alpha to test for the reliability of the adopted questionnaire on district local governments was contextualized under Ugandan decentralized governance system. Evaluation of fiscal decentralization and delivery of agricultural services, clarification of questions or items in the instrument was done. Thus, there was reliability of the instrument on multi-item variables such as under "fiscal decentralization" was tested via Cronbach Alpha method provided by SPSS (Fostel, 1998). Reliability of the data collected was tested using the Cronbach's coefficient alpha, computed using SPSS. The details for each component are in Appendix VC, table 6 on page (xlii).

3.7 Data Gathering Procedures

Introduction letter was obtained from the College of Higher Degrees and Research for district Chief Administrative Officers/Local government chairpersons of Ntungamo, Mbarara and Kabale districts of south western Uganda, and sub-county local governments administrators of the five sampled sub-counties and one town council, each of whom had a research assistant in their respective positions. Respondents were approached and requested for their cooperation to answer all questions appropriately and return the questionnaires in time. Collected data was organized in statistical packages to establish the relationship between fiscal decentralization and delivery of agricultural services and test the hypothesis.

Administration of the Questionnaires

The researcher secured; (1) an introduction letter that was obtained from the office of the Deputy Vice Chancellor College of Higher Degrees and Research (CHDR) to authorities of various respective heads of districts and sub-county local governments permitted to access data. The letter contained the criteria for the selection of the respondents and the request to be

provided with the list of specifically agricultural extension officers and farmers, (2) after approval, agricultural extension workers and NAADS coordinators guided the researcher in identifying farmers and peasants as study participants through a systematic random sampling from this list to arrive at the minimum sample size, (3) a group of research assistants were nominated by the researcher to help in distribution, follow up and collection of filled questionnaires, (4) more than enough questionnaires for distribution were reproduced. The researcher produced over 400 copies of the questionnaires and convened with all research assistants, discussed and briefed them on the sampling techniques and data gathering procedures.

Quantitative data collection was used and data was compiled using a pre-tested individual structured questionnaire. This instrument was based on insights from the qualitative interviews. Two separate questionnaires, one for the members of the NAADS-affiliated farmer groups and one for the non-members. The questionnaire comprised both closed, fixed choice and open-ended questions. The closed-choice questions were mainly used to collect information on demographic and socio-economic characteristics of respondents and their respective households. Open-ended questions were used to reduce risks of researcher bias where responses could not be predicted in advance and, as importantly to enable probing of issues in greater detail.

Overall these open-ended items produced rich 'qualitative-type' data, nevertheless susceptible of quantification. This is the case for information on, for example: a) experience of respondent and satisfaction with NAADS activities and services/benefits (including their expectations for the NAADS and extension service generally), b) issues related to the respondents contact/involvement with, satisfaction with, and perception of NAADS farmer institutions, and c) history of contact of individual respondents and their households with external development initiatives.

The questionnaire was administered by trained enumerators. The interview technique was preferred because of the need to overcome barriers related to low literacy levels. Some of the questions were to be of a technical nature and required clarification for respondents. Interviews were conducted mainly with heads of household (either male or female), but in exceptional cases any responsible member in a household as long as he or she was an adult member could

be interviewed. Specifically, the researcher and assistants requested the respondents the following; (1) after the respondents explained about the study, they were requested to sign the Informed Consent Form (Appendix 3), (2) answer all questions without leaving any item of the questionnaires unanswered, (3) questions were returned within seven days from the date of distribution. Some respondents were guided on what to do by the research assistants. After data gathering some questionnaires were retrieved on spot. On retrieval, all returned questionnaires were checked if all were answered. After data gathering, the data gathered was collated, encoded into the computer and statistically treated using the Statistical Package for Social Sciences.

3.8 Data Analysis

The approach to data analysis was thematic in order to minimize repetitions; relevant themes were found to be common to both study sub- county data series. Collection of material and analysis was done concurrently. Proportions (i.e. frequencies and percentages, and, where applicable, average values) using the relevant descriptive techniques within the Statistical Package for Social Scientists (SPSS) (Windows 12 Version). Questions included NAADS program fund impact which required establishing whether the difference in the proportions within the different gender and age groups in relation to their status of contact with the farmers' activities as well as satisfaction with NAADS services was statistically significant. For this purpose the Chi-squared (X2) test of significance was applied. The frequency and percentage distribution was used to determine the demographic characteristics of the respondents. While the mean and standard deviations was applied for the levels of fiscal decentralization and delivery of agricultural services through district local governments, an item analysis was illustrated, the strengths and weaknesses was based on the indicators in terms of mean and rank. The following mean range was used to arrive at the mean of the individual indicators and interpretation as below:

Mean Range	Response Mode	Interpretation
3.26-4.00	Strongly Agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

Pierson's Linear Correlation Coefficient (PLCC) method was used to test a hypothesis of no significant relationship between the level of fiscal decentralization and the degree of delivery of agricultural services and the significant in difference between means for hypothesis one (Ho #1) at 0.05 level of significance. A multiple correlation-coefficient tests the hypothesis on correlation (Ho #2). The regression analysis R² (coefficient of determination) were computed to determine the degree of delivery of agricultural services.

Data was edited, categorized, coded and entered into the computer using the statistical package for social sciences (SPSS) for generation of summary frequency tables and graph. The actual data analysis at univariate level was based on relative frequencies (or percents) and descriptive statistics. At bivariate level, agricultural services delivery shall be correlated with the respective fiscal decentralization utilization of grants and relevant programs implemented and evaluated using Pearson's Correlation Method.

Lastly at multivariate level, degree of delivery of agricultural services was correlated with the three aspects through which various agricultural program funds were managed and utilized using multiple linear regressions.

3.9 Ethical Considerations

Confidentiality of the information provided by the respondents was ensured. To ascertain the practice of ethics in this study, the following activities were to be implemented by the researcher:

Written requests to the concerned officials of the district higher local governments and lower local governments were considered by the CHDR for acceptance to be given information.

All the questionnaires, respondents and local governments were coded instead of reflecting the names that provided anonymity of the respondent. Requested the respondents to sign in the Informed Consent (Appendix II) on page (iii).

Acknowledged the authors quoted in this study and the author of the standardized instrument through citations and referencing. Findings were presented in a generalized manner.

3.10 Limitations of the Study

The study has offered an evaluative perspective on policy and program implementation for service delivery, and was conducted in a rural environment through sampling local governments and households. As a direct consequence of this methodology, the study encountered a number of limitations, which caused difficulties for getting accurate or full answers. However, the researcher mentioned in this dissertation how the limitations were minimized. The limitations only served to warn the reader of the amount of trust to place in the findings.

There was lack of adequate financial resources since the research methods and sampling required facilitation. However, the researcher improvised all means possible to ensure factual findings are obtained from the respondents.

Data collection from six local governments required more accurate respondents. Not all questionnaires were returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travel, sickness, hospitalization and refusal to or withdrawal from participation. In anticipation of this, the researcher reserved more respondents by exceeding the minimum sample size.

The researcher availed 400 questionnaires targeted the sample size of 391 that constituted 97.8 percent. The respondents were reminded not to leave any item in the questionnaires unanswered and all the information was closely followed up collected by the date of retrieval.

In view of the other threats like validity, the researcher claimed an allowable five percent margin of error at 0.05 level of significance. Measures were indicated in order to minimize if not eradicate the bias/threats to the validity of the findings of this study. In addition, extraneous variables were beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study. However, the researcher limited that challenge by briefing clear explanation respondents and building their confidence to freely and honestly answer the questions.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This chapter involves presentation of data, analysis of both quantitative and qualitative data focused on answering specific objectives of this study, the applicability or relevancy of previous reviewed literature, documentaries, empirical studies and the main theory to elaborate the basis of the findings for purposes of obtaining new knowledge out of this study.

Table 4:1

Profile of Respondents in Ntungamo, Mbarara and Kabale Districts, $n=387$

Category	Ntungamo		Mbarara		Kabale	
	Frequency	%	Frequency	%	Frequency	%
Gender						
Male	69	56.6	46	46.5	96	57.8
Female	53	43.4	53	53.5	70	42.2
Total	122	100	99	100	166	100
Age: 20-30 years	31	25.4	17	17.5	35	21.1
30-39 years	50	41.0	42	43.3	71	42.8
40-49 years	26	21.3	22	22.7	31	18.7
50-59 years	11	9.0	16	16.5	22	13.3
60 and above years	4	3.3			7	4.2
Total	122	100	97	100	166	100
Working experience						
Below 1 year	13	10.7	2	2.4	17	10.3
1-2 years	16	13.1	4	4.9	54	32.7
3-5 years	59	48.4	10	12.2	78	47.3
6 and above years	34	27.8	66	79.5	16	9.7
Total	122	100	82	100	165	100

Source: Researcher, July 2013

The social-demographic characteristics of respondents in terms of gender, age of farmers and program stakeholders' and experience was considered as detailed in Table 4.1 indicating the profile of respondents in Ntungamo, Mbarara and Kabale districts. In Ntungamo age between 30-39 years in terms of frequency=50 and 41.0%, Mbarara in terms of frequency=42 and 43.3%, Kabale districts in terms of frequency =71 and 42.8%.

The results (Table 4.1) reveals that slightly more than half of the farmers are males (214 or 55.3%), farmers of small, medium and large agricultural enterprisers in the districts of Mbarara, Ntungamo and Kabale were involved in agricultural crop and animal farming in the selected districts of south western Uganda. In Ntungamo level of education mainly was at various certificate categories participated, in terms of frequency=82 or 67.2%, Mbarara in terms of frequency=72 or 86.7%, Kabale districts in terms of frequency=116 or 69.9%. Generally, for comparatively, the profile of respondents in terms of gender, farmers and program stakeholders' age, religion, experience, and level of educational qualification varies in terms of frequencies and percentages as indicated above.

However, the qualitative approach through interview stated key information that was relevant with gender as a profile of the participants in various aspects related to the variables. For instance in Ntungamo district (especially in Rubare sub-county), one of the key informants was the sub-county chief that used a documentary reveal that:

Agricultural extension services are under constant pressure to be responsive to over growing challenges of food production where female and male farmers in Uganda were about 74.7% while other were about 25.3% are not participating in agriculture.

This response was based on UBOS (2008) that indicates that in 2008, 75% of households in agricultural activities, compared to 64% in 2004 that was suggesting that more people should get involved in agricultural activities. It is noticed that previous studies done by Ministry of Agriculture, Animal and Fisheries (2010) and NAADS Guidelines (2010) emphasize gender sensitivity and interest groups to be considered while extension workers are training and

selecting farmers reports from district and sub-county NAADS progressive reports indicate that mostly women actively participate in NAADS program and agricultural production as owners of small and medium enterprises in Uganda.

This was in agreement with previous studies, the revised NAADS Program implementation Guidelines (2008, 2010) has a strategy to realize NAADS impact for the next 16 years to support all farmers regardless of their sex and grant them capacity to determine the effectiveness and efficiency of program implementation at the grassroots village level. The government is with a farmer grand strategy to realize a total shift of farmers from the predominantly subsistence-based way of agricultural production to agricultural commercialization for export and internal consumption. This has been supported by Taulrain, (2003) and Bonnal (2012) in their assertion that agriculture has remained centrally part of African economy providing 30-50% of Growth Domestic Product (GDP) in most countries of which is the major source for 70- 80% of population's food supplies, employment and revenues from the export of cash crops.

It was quoted from the response of one of the key informants from the NAADS coordinator of Ntungamo as follows: Most of the group farmers that are beneficiaries of NAADS program, with experience majority were market-oriented farmers. It was stated that establishing an agricultural farm for food security was relevant compared to non- NAADS beneficiary farmers.

These findings are valid in relation with the objectives of fiscal decentralization that suggests that effective financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation is positively related to delivery of agricultural services through anti-poverty program funds. The beneficiaries of local government programs are based on transfer and allocation of conditional grants as cited in the Local Government Act Cap 243, (1997).

Level of Fiscal Decentralization

Objectives were set up to examine the level of effectiveness of fiscal decentralization on for the delivery of agricultural services which was divided into effective financial planning and budgeting, fiscal accountability, transparency, and stakeholder participation. Fiscal decentralization was the independent variable under study in Ntungamo, Mbarara, Kabale districts of south western Uganda.

The impact of Fiscal Decentralization in Terms of Effective Financial Planning and Budgeting, Fiscal Accountability on Delivery of Agricultural Services

Objective (1) was to explore the impact of financial planning, budgeting on agricultural extension services delivery in Ntungamo, Mbarara, Kabale districts of South Western Uganda. The first construct under fiscal decentralization was effective financial planning and budgeting, the second construct was fiscal accountability. In order to obtain information, local government stakeholders and farmer beneficiaries were requested to respond to and rate various questions pertaining to the level of fiscal decentralization in terms of effective financial planning and budgeting, fiscal accountability as strongly agree=1, Agree=2, Disagree=3, Strongly disagree=4. The ratings of NAADS beneficiary farmers were analyzed using means indicating the level to which local government public employees implement fiscal decentralization. The results are presented in Table 4.2A below on page 103.

Table 4.2A

Level of Fiscal Decentralization Terms of Effective Financial Planning and Budgeting and Fiscal Accountability (Item Analysis). n= 387

Item	Mean		
	Ntungamo	Mbarara	Kabale
Effective Financial Planning and Budgeting (8 Items)			
Fiscal decentralization involves effective financial planning and budgeting for better delivery of agricultural services.	3.71	3.89	3.82
Fiscal decentralization affects delivery of agricultural services.	3.67	3.61	3.75
Effective financial planning and budgeting impacts delivery of agricultural services.	3.42	3.57	3.69
Effective Delivery of agricultural services requires local government financial planning and budgeting reforms.	3.41	3.50	3.61
Effective financial planning and budgeting is positively related to agricultural extension services for commercial agriculture.	3.40	3.48	3.60
Fiscal decentralization contributes to effective use of NAADS funds.	3.39	3.45	3.57
Participatory planning and budgeting is for effective financial allocations and delivery of agricultural services.	3.32	3.43	3.43
Fiscal decentralization emphasizes equitable allocation of conditional grants for effective delivery of agricultural services.	3.02	2.69	3.35
Average Mean	3.42	3.45	3.61
Fiscal Accountability (14 Items)	Ntungamo	Kabale	Mbarara
Fiscal accountability has enhanced supply of agricultural inputs.	3.44	3.04	3.56
Local Government accounting officers' fiscal accountability is based on actual agricultural service delivery out comes.	3.22	3.06	3.53
Effective fiscal accountability enables timely transfer of funds for delivery of agricultural services.	2.99	2.85	3.44
Fiscal decentralization has led to fiscal accountability to improve supply of agricultural inputs.	2.88	2.70	3.46
Agricultural extension services have transformed rural economy due to fiscal accountability.	3.38	3.14	3.65
Fiscal accountability by local governments is to ensure delivery of agricultural services and value for money.	3.21	3.18	3.42

Fiscal accountability procedures have led to agricultural productivity.	3.26	2.77	3.42
Fiscal and local taxation policies facilitate effective delivery of agricultural services.	3.35	2.92	3.61
Fiscal decentralization and local revenue mobilization has enhanced delivery of agricultural services.	3.43	2.91	3.74
Fiscal accountability and effective utilization of NAADS program funds significantly affects agricultural services delivery.	3.20	2.56	3.47
Fiscal accountability and timely release of funds promotes effective agricultural service delivery.	3.14	2.47	3.40
Fiscal accountability by government leads to agricultural productivity.	3.30	2.56	3.52
Fiscal decentralization implemented by ministry of finance, and local government promotes effective agricultural services delivery.	3.24	2.53	3.63
Fiscal accountability improves public financial management	3.16	2.49	3.35
Average Mean	3.23	2.80	3.50

Source: Primary Data, July 2013

Legend for the level of fiscal decentralization (effective financial planning and budgeting, fiscal accountability)

Mean Range	Response Mode	Interpretation
3.26-4.00	Strongly Agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

The results (Table 4.2A) showed data analyzed considering purposively and random sampled recipients, questionnaires on fiscal decentralization involved financial planning and budgeting for effective delivery of agricultural services to farmers. However, the researcher presents details for descriptive statistics on appendix VB on pages (xviii)- (xxii) to determine the level of impact due to fiscal decentralization in terms of effective financial planning and budgeting, and fiscal accountability on delivery of agricultural services. The results in Ntungamo was very satisfactory (mean =3.71), both in Mbarara (Mean =3.89) and Kabale (mean=3.82) was very

satisfactory. This enhanced effective allocation and utilization of public funds. Results also showed that effectiveness of fiscal decentralization implementation affect on the delivery of agricultural services in Ntungamo i.e very satisfactory (mean =3.67), in both Mbarara (mean=3.61) and Kabale (mean=3.75) the results were also very satisfactory. The results (Table 4A) revealed that community participation in planning and budgeting which has led to effective financial allocations in Ntungamo was very satisfactory (mean=3.32), compared to Mbarara (mean=3.43) and Kabale (mean=3.43) was also very satisfactory.

Furthermore, based on questionnaire recipients randomly sampled, results showed that the examined effect of fiscal decentralization for better delivery of agricultural services was based on effective financial planning and budgeting impacts delivery of agricultural services where by in Ntungamo was very satisfactory (mean =3.42), Mbarara (mean=3.57) and Kabale (mean=3.69) still both were very satisfactory. It was also analyzed that based on findings about the effectiveness of agricultural services delivery that requires local government financial planning and budgeting reforms, it interpreted that; in Ntungamo was very satisfactory (mean =3.41), Mbarara (mean=3.50) and Kabale (mean=3.61) were strongly agreed upon in all districts to be very satisfactory. The recipients further responded that, effective financial planning and budgeting is positively related to agricultural extension services for commercial agriculture, results were revealed that in Ntungamo was very satisfactory (mean =3.40), Mbarara (mean=3.48) and Kabale (mean=3.60) were strongly agreed upon in all districts to be very satisfactory. However, Ibid, (2000) contributes to the above findings with fundamental observation that, national budgeting process in Uganda has been largely driven by the central government with little participation of local stakeholders since the commencement of fiscal decentralization in 1993. Consequently, fiscal decentralization reforms have been adopted to harmonize the former position of argument. Local communities have been empowered to the extent that, they complain about budgeting and abuses of funds, but are not empowered to influence directly the public spending decisions which must affect their lives. In connection to that, the President's Office Report on NAADS and PEAP (2009) considers fiscal decentralization, in comparison to the funding levers between 2006 to 2010, of which there has been tremendous shift in funding levels due to the new policy of Prosperity For All (PFA) programme. This intends to support commercial farming, values addition and eradicate poverty in Uganda, through which all Local government budgets are funded at 70% under NAADS

program. The report further indicated that Katakwi district NAADS coordinator (DNC), was tasked to account for shillings 78m that was utilized without proper accountability. The funds were part of shillings 145m released for the development of a seed bank to empower communities in the sub-counties. In review to the above authors' views, this implies that the level of fiscal decentralization implementation in Uganda coupled with financial mismanagement challenges did not have suitable impact on the delivery of agricultural services as well in Ntungamo, Mbarara and Kabale districts of South Western Uganda.

Nevertheless recipients seem to have differed on the question of effective fiscal decentralization as an emphasis of equitable allocation for utilization of conditional grants to aim at efficient delivery of agricultural services, for instance in Ntungamo was satisfactory (mean =3.02), Mbarara (mean=2.69) it was satisfactory and Kabale (mean=3.35) were strongly agreed upon to be very satisfactory. Other studies such Cockerift, (1996) contributes to the above findings in that, delivery of agricultural services was to be autonomously decentralized and funded with conditional grants by the central government to enable districts implement a package of effective social services based on reliable fiscal policies. Generally, the over all results considering various shown facts revealed that, the average mean of the level of fiscal decentralization in terms of effective financial planning and budgeting has a positive effect on effective delivery of agricultural services as indicated Ntungamo (Average Mean=3.42), Mbarara (Average Mean= 3.45), and in Kabale (Average Mean=3.61). This implies that, effective implementation of fiscal decentralization requires active financial support by development partners and central government for poverty reduction through agricultural services delivery.

On the other hand of the findings, one of the key informants in Mbarara district, Rugando sub-county and the town clerk of Rubare town council in Ntungamo district had this to narrate in response to how fiscal decentralization in terms of effective financial planning and budgeting had effect on delivery of agricultural services:

Since the introduction of PEAP and PMA conditional grants during 1998, effective and efficient delivery of agricultural services was the main target by the MAAIF and subsequently local governments. Agricultural extension services aiming modernization of agriculture, productivity and food security was emphasized for poverty reduction.

Whereas the Sub county NAADS Coordinator of Rubare sub county that this to respond:

Although NAADS program was introduced, its design was not specific to her objectives which have not yielded more fruits that require agricultural extension policy reforms to be undertaken by the central government for tangible social economic transformation for our rural communities.

It was suggested by key informants that substantial effective policy reforms requires majority of local government stakeholders and NAADS program beneficiaries to participate in determining how funds transferred should be planned for and allocated by the local governments. It was observed that, there has been growth in the number and diversity of transfer mechanisms from central government and donors that has been a matter of concern in both central and local government. Ministry of Local Government-Fiscal Decentralization Draft Strategy Paper, (2004), has adapted to the decentralization framework with local governments given little power over allocation of resources, although there has been little involvement of lower level local governments in decision making. This implies that, local governments should be empowered fully with financial autonomy to mobilize, plan and utilize public funds effectively for agricultural service provision ensuring no misuse and mismanagement of such scarce financial resources.

The qualitative findings further reveals that (LCIII councilors of Bubare and Bukinda sub-counties in Kabale district were interviewed) other sources of funds that could finance their local government council plans and budget delivery of agricultural services, were supported by graduated tax compensation which was the leading source of local revenue in Uganda. The LCIII Chairperson of Bukinda Sub County in Kabale district represented a focused group discussion of councilors. He had this to say on behalf of councilors while commenting on local government financial sources and agricultural services delivery:

Local governments are too much dependant on central government financial allocations including graduated tax compensation although it used not to yield good out comes, this has constrained the funding of our council budgets and plans. Meeting the needs of electorates has affected their livelihoods. The majority of our rural people are still poor. NAADS program

funds for poverty reduction and food security is being mismanaged by sub county technocrats which had caused its suspension during 2007.

Thus, blocking or the suspension of graduated tax meant looking for a substitute as this would affect many activities. However, a report from the (Ministry of Local Government 1998) cited that graduated tax system did not yield a lot of revenue because of diverse problem in its mobilization. Emphasis was made that, the transfers of Central Governments were said to be high, stable and extraordinary (JARD Report, 2004) but were not commensurate to service delivery mandated to local governments. In the same report it was established that there were increased levels of service delivery which has been funded by Central Government transfers.

Objective (2) was to assess factors which compromise fiscal accountability for effective supply of agricultural inputs in Ntungamo, Mbarara, Kabale districts of south western Uganda. Appendix VB on page (xx)- (xxii) reveals details of quantitative data with descriptive statistics per each district. The results revealed the level of challenges for fiscal decentralization implementation in terms fiscal accountability that affects effective delivery of agricultural services. There was need by central government financial allocations to efficiently utilize resources to achieve value for money. In Ntungamo, this was very satisfactory (Mean=3.44), Mbarara it was satisfactory (Mean =3.04), where as in Kabale it was very satisfactory (Mean=3.56). This means that fiscal accountability in Mbarara required improvement especially for effective utilization of agricultural extension program funds. In relation to the above findings, Ibid, (2000) emphasizes and suggests that, the need to scrutinize public fund spending by citizens is paramount if effective allocation and utilization of agricultural grants are to be of effect for the social economic wellbeing of citizens.

The results (Table 4.2A) revealed that agricultural advisory service providers mismanagement of agricultural public funds and misuse has negative effect on agricultural services delivery. In Ntungamo the interpretation was very satisfactory (Mean=3.38), Mbarara it was satisfactory (Mean=3.14) where as in Kabale it was very satisfactory (Mean=3.65). The researcher asserts that, the findings had gaps of public financing wastage and mismanagement. In this regard the MoFPED, (2002) report concern should be emphasized in this study while ensuring that people

at grass root level, local voices should be fully heard for the enhancement of effective financial accountability. This justifies part of the problem statement and the theory of demand- side and supply- side theory that addressed the participation of citizens for accountable services delivery.

The results further indicated that, there was an effective financial legal frame work for checks and balances in local governments for Ntungamo district was satisfactory (Mean =2.99), Mbarara similarly was satisfactory (Mean=2.85) where as for Kabale it was very satisfactory (Mean=3.44). A key informant that was purposively selected responded appropriately in that, Local government accounting officers' fiscal accountability is based on actual agricultural service delivery out comes. In Ntungamo was satisfactory (Mean=3.21), Mbarara it was satisfactory (Mean=3.18) where as in Kabale it was very satisfactory (Mean=3.42).

The recipients also considered that, fiscal accountability by local governments is to ensure delivery of agricultural services and value for money in the selected districts responded as follows; in Ntungamo was very satisfactory (Mean=3.22), Mbarara it was satisfactory (Mean=2.77) where as in Kabale it was very satisfactory (Mean=3.42). Results revealed that, fiscal accountability procedures have led to agricultural productivity; in Ntungamo was very satisfactory (Mean=3.35), Mbarara it was satisfactory (Mean=2.92) where as in Kabale it was very satisfactory (Mean=3.61). The recipients further considered the quest of fiscal and local taxation policies as away to facilitate effective delivery of agricultural services; in Ntungamo was very satisfactory (Mean=3.43), Mbarara it was satisfactory (Mean=2.91) where as in Kabale it was very satisfactory (Mean=3.74). The results on fiscal decentralization further revealed that fiscal accountability and local revenue mobilization have enhanced delivery of agricultural services, in Ntungamo was satisfactory (Mean=3.20) ; Mbarara it was very satisfactory (Mean=3.56) where as in Kabale it was very satisfactory (Mean=3.47).It was also determined by recipients that fiscal accountability and adequate public funds significantly affects agricultural services delivery; in Ntungamo was satisfactory (Mean=3.14), Mbarara it was satisfactory (Mean=3.47) where as in Kabale it was very satisfactory (Mean=3.40).

In addition, results indicated that fiscal accountability and timely release of funds promotes effective agricultural services; in Ntungamo was satisfactory (Mean=3.20), Mbarara it was satisfactory (Mean=3.56) where as in Kabale it was very satisfactory (Mean=3.52). It was also disclosed by recipients that fiscal decentralization via ministry of agriculture, finance, and local

government promotes effective agricultural services delivery, in Ntungamo was very satisfactory (Mean=3.30), Mbarara it was satisfactory (Mean=2.53) where as in Kabale it was very satisfactory (Mean=3.63). The recipients further considered fiscal accountability as a strategy that improves agricultural service delivery and productivity; in Ntungamo was satisfactory (Mean=3.16), Mbarara it was satisfactory (Mean=2.49) where as in Kabale it was very satisfactory (Mean=3.35). In regard to the above findings, Saito (2003) relatively comments that, delivery of agricultural services by districts and central government depends on build capacity for peasants/farmers ability to demand for fiscal accountability to boast their agricultural projects that can sufficiently improve agricultural service provision.

Although the average mean of the level of fiscal decentralization in terms of fiscal accountability in Ntungamo district (Average Mean=3.23) and Mbarara (Average Mean=2.80) was satisfactory, where as in Kabale was very satisfactory (Average Mean= 3.50). It was in agreement with previous studies which shows that local governments spends on alternative services via creative accounting practices, designing central transfers as conditional grants does not guarantee efficient and effective revenue utilization at local level (Barhan, Mookherjee, 2006). The findings are further supported by the Olowu and Wansh (2009) theory of fiscal decentralization which proposes relatively clear that, at the very least, they must have a defined area and population be of a reasonable size, have authority and resources proportionate to the problems they face and be working institutions that make decisions and enforce accountability to their population (Ostrom 1990).

Qualitative findings reveal that face to face interviews were conducted with accounting officers of local governments at all districts and sub-counties' level. The purpose of these interviews was to get detailed account concerning the issues of financial transfers/grants concerning fiscal accountability. Most information was disclosed by the Chief Administrative Officer (CAO), and the district auditors' office. In Mbarara it was disclosed that the process of fiscal accountability by local governments through IGG and Auditor General put local governments to account for all grants/public funds transferred by the central government. When the Chief Administrative Officer was interviewed on which sources of local government funds that implements local government plans and budgets, he had this to respond;

The central government of Uganda annually allocates some program funds based on the national formula for distribution or disbursement. These funds are conditional grants, of which requires proper accountability during utilization to effectively implement service delivery. Specifically NAADS program for agricultural services dominated in funding although since the last eleven years. Co-funding by farmer registered farmer groups at 3% and by various local governments at 5% of the total annual program releases was a regulatory and guideline to follow.

One of the key informants Ntungamo stated that though the accountability offices are put in place supposed to offer substantial checks on the misuse of financial resources. In relation to the above, in Kabale district, it was observed by one registered farmer group from Bukinda Sub county through a focused group discussion that presented a press report on the mismanagement of funds that;

The reality of fiscal accountability has been politicized and was often compromise in a corrupt system of government. It was recalled that during 2007, 50million of NAADS program in Bukinda sub-county was not accountable for the mismanagement of the conditional grant, the NAADS coordinator and sub- accountant did not have accountability report in place (Musinguzi 2008). Yet no strict action was taken to offer a substantial action on finances misused and mismanaged under the NAADS program.

In conclusion, Ugandan government should effectively plan and budget for increasing support to the agricultural sector to increase productivity and profitability for national economic growth and development. This is supported by unpublished document by Bucyanayandi (2009) which reveals that land available for cultivation in Uganda is 16.7million hectares representing 86% of the total area. Of this, only 5.20 million hectares (31.1%) of total cultivatable land is currently utilized, un-cultivable land is 11.5 million hectares. This concurs with the agricultural extension demand and supply-side theory by Birner and Palaniswamy (2006) whereby since there are 11.5 millions of hectares that are not cultivated then the need by local governments through fiscal decentralization to supply services in terms of effective planning and budgeting and fiscal accountability is vital. However this requires local governments' adequate

mobilization revenues either raised locally or transferred from the central government. This justifies why it is required that central government remains with an invisible hand that supports the current agriculture national budgetary allocations from 6 percent to 15 percent. This is in agreement with the free market theory Smith (1992) which positions the central government as the arbitrator with an invisible hand that influences provision of services to citizens on a competitive basis, but with no control on demand and supply side. This implies that, local council representative's provides services by ensuring effective financial planning and budgeting, and fiscal accountability that is mandatory demanded by stakeholders or clients aiming at the goal of effective provision of agricultural services.

Level of Fiscal Decentralization in Terms of Transparency, Stakeholder Participation (Item Analysis). n= 387

Furthermore, objective (3) was to assess strategies of fiscal transparency for effective agricultural innovation and technology in Ntungamo, Mbarara, Kabale districts of South Western Uganda. Evidently, the quantitative data statistically presented by the researcher on pages (xxiii)- (xxviii) under Appendix VB was to determine the level of analyzed way that improves fiscal decentralization in terms of transparency, stakeholder participation for effective and efficient delivery of agricultural services. However, Table 4.2B on page 113 below shows that the nine items under the main construct on transparency and stakeholder participation indicated ratings ranging from satisfactory to very satisfactory.

The results in the Table 4.2B reveals that, transparency through financial reports enables timely release of conditional grants for effective delivery of agricultural services was very satisfactory in Ntungamo (Mean= 3.66), in Mbarara it was satisfactory (Mean =3.17) where as in Kabale it was very satisfactory (Mean=3.59). This puts central government conditional grants secure due to the financial accounting and transparency procedures that lead to value for money effective management of agricultural program funds. The results in Table 4.2B further revealed that fiscal decentralization implementation emphasizes transparent expenditure of agricultural program funds by sub-county local governments in Ntungamo was very satisfactory (Mean=3.48), in Mbarara was satisfactory (Mean=3.23) where as in Kabale very satisfactory (Mean= 3.58).

It was also revealed that transparency via auditor's reports and effective utilization of agricultural funds improves agricultural services whereby in Ntungamo it was satisfactory (Mean =2.96), and in Mbarara (Mean= 2.96 where as in Kabale it was very satisfactory (Mean=3.52). Recipients identified as focused group members responded in a way to suggest ways that leads to effective fiscal decentralization implementation through financial transparency enhances effective delivery of agricultural services, whereby in Ntungamo it was satisfactory (Mean =2.96), and in Mbarara results were satisfactory (Mean= 2.96 where as in Kabale it was very satisfactory (Mean=3.52).

In consideration to further suggested ways, it was investigated that financial rules and regulations have improved effective fiscal decentralization and transparency for better agricultural services provision. Results in Ntungamo it was interpreted to be satisfactory (Mean =3.43), and in Mbarara (Mean=2.67) where as in Kabale it was very satisfactory (Mean=3.51). The results also indicated that, transparency is a local government practice that enables farmers to freely access agricultural innovations and technologies for effective delivery of agricultural services. In Ntungamo it as very satisfactory (Mean =3.44), and in Mbarara it was satisfactory (Mean=2.71) where as in Kabale it was very satisfactory (Mean=3.40).

Table 4:2 B Level of Fiscal Decentralization in Terms of Transparency, Stakeholder Participation (Item Analysis). n= 387

ransparency (15 Items)	Means		
	Ntungamo	Mbarara	Kabale
ffective fiscal decentralization implementation through financial ansparency enhances effective delivery of agricultural services.	3.14	2.66	3.62
nancial rules and regulations improve financial transparency and fiscal centralization for agricultural services provision.	3.43	2.67	3.51
scal decentralization with transparency improves citizens' free access to gricultural education, innovations and technologies.	3.25	2.21	3.67
centralized transparency enables farmers to acquire improved gricultural innovations for better agricultural services.	3.44	2.62	3.42
centralized financial transparency in financial utilization focuses on gricultural productivity.	3.12	2.71	3.40
scal decentralization through transparency is a best strategy that	3.15	2.75	3.70

positively affects delivery of agricultural services.			
Financial transparency with financial reports enables transfers of agricultural funds for effective delivery of agricultural services.	3.66	3.17	3.59
Fiscal decentralization implementation emphasizes transparent management of agricultural funds for best agricultural practices,	3.48	3.23	3.58
Financial transparency affects procurement and supply of agricultural technologies for profitability.	3.31	3.26	3.60
Decentralized financial transparency leads to quality of agricultural innovations and productivity.	3.42	3.02	3.69
Transparency under fiscal decentralization has impact on supply of agricultural inputs for agricultural services delivery.	3.42	2.95	3.46
Fiscal decentralization and transparency by extension workers leads to delivery of agricultural services closer to rural farmers.	3.11	2.51	3.51
Monitoring of agricultural program financial efficiency is a better strategy for transparent delivery of agricultural services.	3.27	3.37	3.55
Effective fiscal decentralization leads to result oriented management of agricultural programs implemented by local governments.	3.15	3.19	3.24
Transparency in utilizing agricultural funds improves agriculture.	2.96	2.96	3.52
Average Mean	3.25	2.90	3.51
Stakeholder Participation (7 Items)	Ntungamo	Mbarara	Kabale
Fiscal decentralization and stakeholder participation boasts revenue mobilization for better delivery of agricultural services.	3.40	3.29	3.62
Fiscal decentralization and stakeholder participation leads to effective financial planning, budgeting for agricultural services delivery.	3.50	3.04	3.55
Stakeholders and farmers' participation benefits from fiscal decentralization implementation.	3.25	2.45	3.67
Fiscal decentralization implemented by stakeholders enables effective management of NAADS program funds for effective delivery of agricultural services.	3.54	2.87	3.50
Local governments' councils and farmers' participation in fiscal decentralization to boost the delivery of agricultural services.	3.21	2.40	3.72
Stakeholder participation enhances effective fiscal decentralization policy implementation to deliver agricultural services.	3.57	2.82	3.46
Stakeholders' participation and fiscal decentralization has a supplier effect for better delivery of agricultural services.	3.43	2.96	3.81
Average Mean	3.42	2.83	3.62
Overall mean	3.33	2.99	3.56

Source: Primary Data, July 2013

Legend for the level of Fiscal Decentralization (in terms of transparency, and stakeholder participation).

Mean Range	Response Mode	Interpretation
3.26-4.00	Strongly Agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

Through focused group members it was revealed that, local governments’ financial transparency was required to focus on agricultural service delivery and productivity, hence both in Ntungamo results were very satisfactory (Mean =3.44), where as in Mbarara (Mean=2.62) it was satisfactory and in Kabale it was very satisfactory (Mean=3.42). It was revealed through respondents under focused group members that were both elected and appointed officials working in sub county local governments that; Fiscal decentralization practices are improved when citizens freely access agricultural education on innovations and technologies. Results in Ntungamo it was interpreted to be satisfactory (Mean =3.44), and in Mbarara (Mean=2.62) where as in Kabale it was very satisfactory (Mean=3.42).

Furtherstill, the recipients results revealed that fiscal decentralization and transparency best practices utilized by accounting officers positively affect delivery of agricultural services where by in Ntungamo it was interpreted to be (Mean =3.15), and in both were satisfactory in Mbarara (Mean=2.75) where as in Kabale it was very satisfactory (Mean=3.70). Results indicated that, financial transparency affects procurement and supply of agricultural technologies; in Ntungamo it was satisfactory (Mean =3.31), and in Mbarara (mean is 3.26 where as in Kabale it was very satisfactory (Mean=3.60). It was also revealed that a strategy to mprove fiscal decentralization was transparency that leads to quality agricultural innovation und technology. Results in Ntungamo indicates that it was very satisfactory (Mean =3.42), where as in Mbarara it was satisfactory (Mean=3.02) where as in Kabale it was very satisfactory Mean=3.69).

Results indicate that, financial transparency and fiscal decentralization has led to effective supply of agricultural inputs and agricultural services delivery, that is in Ntungamo it was very satisfactory (Mean =3.42), where as in Mbarara it was satisfactory (Mean= 2.95), contrary in Kabale it was very satisfactory (Mean=3.46). Recipients on the ways of improving fiscal decentralization and transparency of extension workers delivers agricultural services closer to rural farmers, results indicates that in Ntungamo it was interpreted to be satisfactory (Mean =3.11), where as in Mbarara (Mean= 2.51) as were as in Kabale it was very satisfactory (Mean=3.51). The investigation also considered monitoring of agricultural program financial efficiency is a common practice for transparency in delivery of agricultural services. Results in Ntungamo (Mean =3.27), in Mbarara (Mean =s 3.37) both were interpreted as very satisfactory, and as were in Kabale it also was very satisfactory (Mean=3.55).

Related to the above, effective fiscal decentralization was considered to be away for result oriented management of agricultural programs implemented by local governments, results indicated that; in Ntungamo it was interpreted to as satisfactory (Mean =3.15), and in Mbarara (Mean= 3.19 where as in Kabale it was satisfactory (Mean=3.24). It was revealed that, fiscal decentralization and stakeholder participation boasts revenue mobilization for better delivery of agricultural services that is in Ntungamo it was interpreted to as very satisfactory (Mean =3.40), and in Mbarara results also were revealed as very satisfaction (Mean= 3.29) as well as in Kabale it was satisfactory (Mean=3.62). Results indicate that, fiscal decentralization implemented by stakeholders enables effective management of NAADS program funds for effective delivery of agricultural services whereby in Ntungamo it was interpreted to as very satisfactory (Mean =3.54), in it was satisfactory Mbarara (Mean=2.87) where as in Kabale it was very satisfactory (Mean=3.50). Results also indicates that Local governments' councils and farmers' participation in fiscal decentralization can boast the delivery of agricultural services; in Ntungamo it was interpreted to as satisfactory (Mean =3.21), and in Mbarara (Mean= 2.40) where as in Kabale it was satisfactory (Mean=3.72). It was revealed that, stakeholder participation enhances effective fiscal decentralization policy implementation to deliver agricultural services, whereby in Ntungamo it was interpreted to as satisfactory (Mean =3.15), and in Mbarara (Mean= 3.19 where as in Kabale it was satisfactory (Mean=3.24). This was in support by Saito, (2003) that emphasizes that, the delivery of social services especially agriculture services that requires local council and farmer participation. The LC systems led by

councilors are expected to harness popular participation at the grass root level to discuss and decide how to improve effective service delivery. This implies that stakeholder participation service delivery gap should be bridged especially when matters communicated to the upper levels of the LC hierarchy, usually feedback should be obtained by lower levels.

The results in Table 4.2B finally revealed that the average mean of the level of fiscal decentralization in terms of transparency is that Ntungamo, average mean was satisfactory (Average Mean =3.25), in Mbarara average mean was also satisfactory (Average Mean=2.90) where as in Kabale district, average mean was very satisfactory (Average Mean= 3.51). This means in Ntungamo and Mbarara districts transparency requires some improvement for the delivery of agricultural services to be realized while in Kabale district transparency was enhanced for sustainable delivery of agricultural services.

The qualitative sources revealed that respondents in selected sub-counties of Mbarara district were interviewed to answer why fiscal decentralization had scanty impact on agricultural extension services delivery. Sub county councilors of Kinoni in Mbarara district were the key informants that had this to narrate in their discussion report;

We they did not have effective control powers over the extension workers. Real powers are in the hands of the technocrats at both central government and local government level who are directly responsible for the design of conditional grants. The speaker LCIII as one of the respondents responsibly proposes that, the need to strengthen external Audit and Public accounts committee was necessary to establish the level of transparency.

A male respondents that was LCII chairman and non-registered farmers was interviewed in Ntungamo district, about what extent was the budgeting transparent and effective in Rubare sub-county. He was quoted saying that; there is a sub- county budget that was acquired by a participatory approach where the villagers, technocrats, the LC3 council and the sub-county chief are all involved in the budget process One of the respondents from Ntungamo district finance office was quoted saying;

At times some funds of agricultural program funds that were released to sub counties during the mid- month of may end of the financial year at times were taken back to the Ministry of Finance, Planning and Economic Development as per financial regulatory instructions and directives causing farmers to miss their opportunity for technological supplies.

One of the Sub Accountant and other clients at Rubare town council stated that they were satisfied with the budgeting process but the problem of utilization still exists in some cases. However, all respondents that were sub-county officials agreed that because of the accountability frame work laid down in the (1997) Local Government Act, the Accounting and Financial Regulations (1998) have supported effective fiscal decentralization ensuring transparency for the improvement of better services delivery.

Objective (4) that was to analyze the nature of local governments' stakeholder participation and agricultural financing for effective delivery of agricultural services in Ntungamo, Mbarara and Kabale districts of South Western Uganda. In response to this, the results in Table 4B showed that fiscal decentralization and stakeholder participation annually facilitates financial planning, budgeting for agricultural services delivery where in Ntungamo it was very satisfactory (Mean =3.50), in Mbarara it was satisfactory (mean =3.04) where as in Kabale was satisfactory (Mean=3.55). This has a relates with other authors views, that participation is often restricted to selected groups/elected and individuals, and tends to exclude the vast majority of citizens who pay local taxes and consume local services provided by local governments (Barhan, Mookherjee, 2006).

The results in Table 4.2B further revealed that stakeholders and farmer participation benefits are based on fiscal decentralization objectives, whereby in Ntungamo it was satisfactory (Mean=3.25), Mbarara it was fair (Mean=2.45) where as in Kabale it was very satisfactory (Mean=3.67). The comparative analysis means that Mbarara district had challenges of engaging citizens in the participatory process which was against the constitutional, legal and policy frame works that were put in place for ordinary people to take part in matters of service delivery. In addition, it was also revealed that stakeholders participation affects fiscal decentralization implementation for better delivery of agricultural services in that Ntungamo was very