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Ministry of Finance, Planning &
Economic Development,
P.O. Box 8147
Kampala, Uganda

Date: 30th October, 2023

All NDPIII Program Heads
(Distribution List attached).

KEY POLICY ISSUES RAISED DURING THE NATIONAL BUDGET CONFERENCE AND THE LOCAL GOVERNMENTS' REGIONAL CONSULTATIVE WORKSHOPS FOR THE BUDGET OF FY 2024/2025.

In line with Article 155 (2) of the Constitution and Section 13 (1 and 2) of the Public Finance Management Act, 2015 (as amended), this Ministry commenced the consultative process for preparation of the Budget for FY 2024/2025. This started with the National Budget Conference held on 14th September 2023, followed by the Local Governments' Regional Consultative Workshops on the same, from 18th September to 6th October 2023 in Eastern, Northern, Central and Western regions of the country.

During the consultations, several issues were raised both at policy, administrative and operations levels and these are expected to inform the preparation of the Budget for next financial year. Accordingly, these issues should be considered as you start the preparation of your respective Program and Vote Budget Framework Papers, given the respective actions and responsibility centers indicated in the attached matrix.

The purpose of this letter, therefore, is to communicate to you the attached Key Policy Issues and Matrix for your consideration in line with your respective areas of jurisdiction.

Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

cc. Clerk to Parliament

All Accounting Officers (Central Government, Missions Abroad and Local Governments).

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

Distribution List

The Permanent Secretary, Ministry of Public Service – Public Sector Transformation;

The Permanent Secretary, Ministry of Education and Sports – Human Capital Development;

The Permanent Secretary, Office of the President – Governance and Security;

The Permanent Secretary, Ministry of Works and Transport – Integrated Transport Infrastructure and Services;

The Permanent Secretary, Ministry of Agriculture, Animal Industry and Fisheries – Agro-Industrialization;

The Permanent Secretary, Ministry of Energy and Mineral Development – Sustainable Development of Petroleum Resources and, Mineral Development Programs;

The Permanent Secretary, Ministry of Lands, Housing and Urban Development – Sustainable Urbanization and Housing;

The Permanent Secretary, Ministry of Water and Environment – Climate Change, Natural Resources, Environment and Water Management;

The Permanent secretary, Ministry of Information Communications Technology and National Guidance – Innovation, Technology Development and Transfer and, Digital Transformation Programs;

The Permanent Secretary, Ministry of Tourism, Wild Life and Antiquities;

The Permanent Secretary, Ministry of Gender, Labor and Social Development – Community Mobilization and Mindset Change;

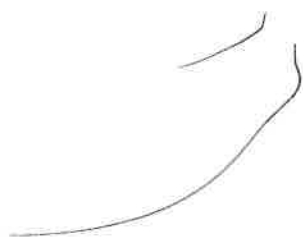
The Clerk to Parliament;

The Secretary to the Judiciary;

The Under Secretary/Accounting Officer, Ministry of Finance, Planning and Economic Development – Development Plan Implementation, Private Sector Development, Regional Development and Manufacturing Programs;

The Executive Director, National Planning Authority.





KEY ISSUES AND RECOMMENDATIONS RAISED AT THE NATIONAL BUDGET CONFERENCE AND THE LOCAL GOVERNMENT BUDGET CONSULTATIONS FOR FY 2024/2025

A. INTRODUCTION

Following the National Budget Conference for FY 2024/2025 held on 14th September 2023, the Ministry undertook the Local Government Regional Budget Consultations from 18th September to 6th October 2023 in Northern, Eastern, Central and Western regions.

B. OBJECTIVES OF THE NATIONAL AND REGIONAL CONSULTATIONS

The objectives included the following:

- i. To present and discuss the Budget Strategy for FY 2024/2025;
- ii. To discuss the financing strategy for next financial year;
- iii. To share with stakeholders the feedback on issues raised during the last budget consultative process for FY 2023/2024;
- iv. To present the preliminary resource envelope for FY 2024/2025.

C. KEY ISSUES RAISED DURING THE CONSULTATIVE PROCESS

At both levels of the consultative process, the following key issues were raised by the various stakeholders to help improve the overall planning and budgeting process for FY 2024/2025:

Issues Raised During the National Budget Conference FY 24/25

1. Domestic Revenue mobilization.

Effective implementation of the Domestic Revenue Mobilization Strategy (DRMS) presents an opportunity to raise revenues to finance our growth and development needs. However, there is pressure to achieve the set targets through excessive tax burden on the few compliant taxpayers, with some businesses being closed, which could undermine economic growth and the overall goal of the Strategy.

Recommendation

- i. Fast-track amendments to the DRMS to realize the targets;



- ii. Fast track the integration of URA ICT Strategy with all other Government systems to improve tax administration and to minimize tax evasion/avoidance;
- iii. Operationalize the existing governance framework to monitor tax exemptions and accountability to ascertain whether the intended objectives are realized;
- iv. Undertake a study to determine the effective tax-rates and their impacts on individuals and businesses for evidence-based decision-making.

2. Inadequacy and Unreliability of Power in West Nile, Northern Uganda and Kabale.

Connecting West Nile, Northern Uganda and Kabale to the national power grid has taken long. Using thermal power is even more costly and environmentally unfriendly. In addition, power supply in the greater Northern Uganda is inadequate, unreliable and intermittent where available. This is costing businesses huge losses, including damages to both industrial and domestic equipment.

Recommendation:

- i. MoFPED to provide funds to MEMD to complete the power distribution and transmission projects for West Nile, Kabale and parts of Northern Uganda;
- ii. Complete the works at the three new substations of Kole, Gulu and Achwa to fasten transmission of power through the Kole-Gulu (67km) and Agago-Gulu (83km) lines by November 2023;
- iii. Expedite the completion of the Mirama-Kabale transmission line for south western Uganda by February 2024; and
- iv. Re-examine the power tariffs to make them more affordable.

3. Public Investment Financing.

There is limited fiscal space to adequately finance and implement all planned and on-going investments through the Government budget. This calls for identification of alternative sources of financing, including the Public Private Partnerships (PPPs).

Recommendation

- i. MoFPED should fast-track the implementation of the recently adopted public investment financing strategy to widen the range of financial resources (both domestic and external) including Public Private Partnerships.



- ii. Strengthen the management of the Public Investment Plan (PIP) to ensure timely admission and exit of projects to create the required fiscal space for financing new projects.

4. Human Capital Development.

The Human Capital Development Program which comprises health, education, water and social protection, is largely externally financed, which poses sustainability issues in cases of reduction in external funding or withdrawal.

There are several systems under the Programme (EMIS, TELA, e-Inspection, and HMIS, DHIS etc.) some of which are playing similar roles and need to be integrated for better management and service delivery.

Low use of contraceptives is partly responsible for Uganda's fast-growing population.

Whereas salaries of medical workers were increased, there appears to be no noticeable improvement in efficiency, attendance to duty and overall service delivery as a result.

Uganda will co-host the June - July 36th edition of the AFCON 2027 tournament with Kenya and Tanzania. However, the current state of sports infrastructure is in a deplorable state and is inadequate to meet the requirements and therefore requires attention.

Recommendation

- i. Based on availability of resources from the domestic resource, as well as the agreed frameworks, such as the Ten-Year Health Commodities Road Map, consider incremental adjustment of financing for the HCD Program.
- ii. MoFPED should engage institutions under the HCD Program Working Group to integrate the different systems (EMIS, TELA, e-Inspection, and HMIS, DHIS etc.) to address the inefficiencies and challenges of exaggerated enrollment in the case of schools, absenteeism and attendance to duty.
- iii. The Program Working Group should prioritize resource allocation to areas that have measurable results and improve service delivery.
- iv. UBOS and NPC should present a Paper on the outcomes of the latest UNHS to facilitate decision making;



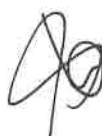
- v. MoES to present to MoFPED the Road Map to AFCON '27, clearly detailing the requirements for AFCON and prepare Uganda's readiness to host the tournament.

5.Improving production and productivity under the Agro-Industrialization Program.

Farmers are faced with the challenges of quality seeds, water for production, soil nutrients, soil exhaustion, post-harvest losses, poor product standards and lack of market access in order to increase production and productivity as well as household incomes and improved livelihoods.

Recommendation:

- i. Expedite the operationalization of the National Seed Company
- ii. Support NARO and NAGRC&DB to further strengthen their functions of improved seed/variety/technology identification and multiplication for distribution to the farmers;
- iii. Support MAAIF to strengthen its inspection and certification services (current stock is 85 inspectors against the NDP III target of 150);
- iv. MAAIF should finalize the development of a traceability system for agro-inputs
- v. Invest and operationalize the fertilizer/phosphate plant in Sukulu (through a PPP) for the production and provision of fertilizers to farmers to improve and sustain soil fertility;
- vi. Support the expansion of small and large-scale irrigation to bridge the rain seasons;
- vii. Reform the Uganda National Bureau of Standards (UNBS) to strengthen its role on standards inspection and certification services.
- viii. Support scientific-based research and development of drought and disease-resistant seed varieties; and
- ix. Support large scale farmers to provide the necessary linkages to the PDM SACCOs such as market to the produce (off takers), demonstration of appropriate technologies in production, pre and post-harvest handling and access to farm inputs. A coordinated approach in produce marketing networks within the country (Warehouse Receipt System), the EAC, and other regions.



6. Development of the Private Sector.

Government has provided channels through which Small and Medium Scale Enterprises can access credit including: Agriculture Credit Facility (ACF), Small Business Recovery Fund (SBRF) and the Uganda Development Bank. However, the participating financial institutions prioritize their own loans, and at higher interest rates.

Power tariffs remain high thus affecting the costs of domestic use, production and generally doing business.

Recommendation:

- i. MoFPED, Bank of Uganda and UDB should revise the terms and conditions for access to the ACF, SBRF and UDB loans;
- ii. In line with debt sustainability undertake reduce domestic borrowing incrementally over the medium term in line with the Domestic Revenue Mobilization Strategy;
- iii. Address the high costs of power-tariffs in order to minimize the costs of production; and
- iv. Establish and operationalize fully serviced industrial parks.

7. Planning and Budgeting under the Program Based Budgeting approach:

Government adopted the program-based planning and budgeting approach to improve coordination of the planning, budgeting, execution, reporting, and accountability across MDAs. This is not yet fully integrated within the overall concept of PBB with cases of “silo” planning and budgeting still being reported. Many critical priorities remain unfunded during the allocation process.

Recommendation:

- i. The Program Working Groups should enhance their coordination function and prioritize the allocation of resources to the most critical program intervention areas or activities;
- ii. Develop and functionalize service delivery standards
- iii. PPDA should put in place a standard price list to serve as a benchmark for the common user procurements;
- iv. Assign the leadership of the Program Working Groups to neutral institutions under the Development Plan Implementation (DPI) Program.



8. Salary enhancement.

Government directed that salaries for scientists, permanent secretaries, senior army officials should be enhanced and this was implemented in line with the overall Salary Enhancement Strategy.

However, since the adoption and start of implementation of the phased salary enhancement approach as directed by Cabinet in FY 2017/2028, salary disparities across the public service still remain a challenge with potential implications for improved service delivery.

Recommendation:

Fast-track the special audit of the pay-roll as well as the Rationalization of Agencies (RAPEX) to harmonize and implement the pay reform for the rest of the public officers.

9. The Challenge of Corruption:

A lot of public financial resources are lost annually to corruption through procurement, mismanagement of Government pay-roll, exaggerated school enrollments, shoddy works among others. This takes away resources that could otherwise be utilized to fund other priorities of Government and improve service delivery.

Recommendation:

- i. Implement the payroll audit and other oversight recommendations;
- ii. Roll out government systems such as e-GP, IFMS, and HCM, to all MDAs to improve on efficiency and effectiveness in the implementation of government programs;
- iii. Harmonise and strengthen the collaboration/coordination between OPM, NPA, the Budget Monitoring and Accountability Unit to strengthen the monitoring and evaluation function; and
- iv. Put in place the standard price list to serve as a benchmark for prices especially of common user items.

10. Regional Development, Gender and Equity.

There is regional imbalance in terms of infrastructure and service delivery across the country (spatial inefficiency) including security along porous border sections of Uganda's international boundaries.

Recommendation:

To address this challenge, Government should undertake the following, among others:



- i. Timely and equitable access to all development programs such as PDM, Emyooga, ACF, SBRF by all Ugandans;
- ii. Provide minimum infrastructure and services across all parts of the country;
- iii. Guarantee security of all Ugandans including porous border-sections

11. Tourism, Manufacturing and Investment Development.

These programs largely rely on security and safety of Uganda as a country. Therefore, posting of negative images including uncoordinated travel advisories about the country, affect the efforts put in place to market Uganda as a tourism and investment destination.

Recommendation:

- i. Invest more in security and counter negative publicity and travel advisories about Uganda;
- ii. Improve the roads, ICT and other infrastructure across the country;
- iii. Promote health tourism—for health services and education tourism, targeting regional markets;
- iv. Promote the un-tapped domestic tourism market to help sustain tourist facilities in very low seasons.

LOCAL GOVERNMENT-SPECIFIC ISSUES

Part I: Policy and Regulatory Issues

1. Challenges impacting the implementation of the PDM:

The following issues were raised under the PDM:

- i. **Non-operationalization of other created Parishes:** There are some Local Governments with newly operationalized parishes that are not benefitting from the PDM allocations.
- ii. **Conflicting/Changing Guidelines:** The challenge of issuance of conflicting guidelines on the implementation of the PDM. In addition, the guidelines are issued late after budget approval by various Councils.



- iii. **Allocation criteria for Parish Revolving Funds:** Concern was raised on the uniform allocation of Parish revolving Funds, does not consider that parishes are not homogenous, in size and population, with differing poverty levels.
- iv. **Need for better coordination among all PDM Pillars.** It was noted that, not all PDM pillars were operating at the same level and not coordinated in approach. Currently focus is only put on Pilar 3 and other pillars are neglected in LGs.

Recommendations:

- i. Delay operationalization of new Units until there are sufficient resources to fund them;
- ii. Guidelines should be disseminated timely to LGs before the second budget call circular is issued;
- iii. Need to review the allocation criteria to address the heterogeneity of the parishes; and
- iv. Improve supervision and monitoring of PDM activities. The secretariat should conduct sensitization training of the different stakeholders at all levels.

2. Conflicting guidelines for Road maintenance Funds:

Ushs.1bn was appropriated to each LG for rehabilitation of roads, and MOWT issued the required guidelines. However, Parliament on 27th July 2023 passed a resolution to channel this money through URF for road maintenance. This was however after 25% of the Budget had already been released to LGs. This has confused LGs and may cause unspent balances at the end of the FY 2023/24 if timely guidance is not provided.

Recommendation:

MoWT, MoLG and MoFPED should urgently provide the required clarification to LGs.

3. Multiple ICT systems for Local Revenue Mgt and in Schools:

There are two parallel systems (IRAS and e-logrev) being rolled out in Local Governments for Local Revenue management. In addition, there is capacity gap on the use of these systems.

In addition, it was earlier noted that, there are a number of systems being rolled-out in sschools and health facilities but doing similar work thus a duplication for example TELA, E-inspection and EMIS, HMIS etc



Recommendation:

The Steering Committee chaired by MFPED should be reinvigorated to address the integration.

4. Takeover of Local Revenue sources by Central Government:

The suspension of payment of taxi fees greatly affected local revenue collections by the Local Governments.

There are conflicting directives by the Central Government Ministries e.g. the recent circular by MOTIC on loading and offloading fees, and these affect Local Revenue performance

Recommendation:

- i. MoLG and LGFC should finalize the guidelines to harmonise the levying of taxi fees and the respective route charts as directed by H.E without frustrating the investors in the transport sub-programme.
- ii. MOLG and MOTIC should harmonize the guidelines.

5. Staffing at Local Governments:

- i. **Freeze on recruitment.** This is affecting service delivery at the District/City/Municipal levels, yet the average staffing level at District level stands at 57% while at for Municipalities at 52%.
- ii. **In adequate Wage for staff in post and late re-voting of unspent wage.** Submissions are made, supplementary are issued but this is not carried forward in the next Indicative Pplanning Ffigures and this causes persistent shortfalls during execution of the Budget. In addition, there is delayed clearance to recruit by Ministry of Public Service leading to shortage of staff in critical areas such as Schools and Health facilities.

Recommendation:

- i. MOFPED working closely with Ministry of Public Service should after the special audit consider lifting the ban on recruitment and allocate wage accordingly; and
- ii. Streamline the planning, budgeting and management of the payroll.



6. Frequent transfers of Accounting Officers.

Some Local Government Accounting Officers are transferred within a short time after being posted and this makes it difficult to track progress, evaluate their performance and where necessary, hold them accountable

Recommendation:

MoLG should design a framework to hold Accounting Officers in one station for at least three financial years, except for cases where their contracts expire and require renewal

7. Non-operationalization of approved Admin Units:

- i. **Non-operational Cities, Town Councils and Sub-Counties.**
The Government approved the creation of fifteen (15) new cities, and only ten (10) of these were operationalized in FY 2020/21. However, to-date, the five remaining Cities have not been operationalized. In addition, a number of Town Councils and Sub-counties created have remained non-operational for long.
- ii. **Relocation of Mother Districts from the created Cities;** The mother districts from where the cities were carved have no supported to office accommodation including their respective Town Councils.
- iii. **Inappropriate staff structure.** It was noted that, the structure was approved late long after the Cities came into effect and some roles are conflicting for example; a labour officer at city division and Senior Labour Officer at the city hall, and there is no provision for U2 in Cities and U3 planners are supervised by Treasurers which are two different areas.
- iv. **Property sharing between Cities and Mother Districts.** It was noted that, there is conflict in the Local Government Act on the sharing of property between the Cities and their mother Districts which has caused tension in some of the Cities

Recommendation(s):

- i. In view of the resource constraints delay the operationalization of the remaining Cities;



- ii. Through repurposing under the Transitional Development Grant provide Ushs1bn for each mother district for construction of office block as start-up to ease relocation;
- iii. Ministry of Public Service should review the staff structure to redefine the roles for the various stakeholders in the department of Community, and that of Planning to avoid role conflict; and
- iv. Ministry of Local Government should urgently provide policy guideline on the issue of property sharing including assets and liabilities between cities and their mother districts

Part II: Other Critical issues with financial implications

8. Lack of physical planning in LGs:

Currently there is a high rate of urbanization, without clear planning framework, hence the high slum prevalence

Recommendation:

The Programme Working Group, through MoLHUD, should provide a Physical Planning Grant to Local Governments in the next budget so as to effectively plan for development. PS/ST and the PS/MOLHUD to meet and resolve this before the budget is finalized.

Non-aligned Programme Implementation Action Plans (PIAPs) in the Programme Budgeting System (PBS): The PIAPs and outputs in the PBS are not aligned to LGs performance hence affecting NDPIII implementation. In addition, the format of reports from the PBS is not user friendly and most times additional information is required

Recommendation

NPA should urgently redefine the LG PIAPs to reflect the activities performed by the Local Government Votes.

9. Non-coding of Schools:

It was observed that, Government has not coded schools for long impacting greatly on service delivery especially in Karamoja. Some of the community schools were built many years ago and have no teachers. It was however noted that last FY 2022/23, funds were provided for coding of schools across the country and these funds were carried forward in the current Budget for FY 2023/24



Recommendation

MoES to establish whether the non-coded schools exist through special audit as a basis to clean up before coding takes place. Coding of schools should only be done in line with Government policy.

10. Inadequate Sports Grant:

It was further noted that, the current funding for sports and co-curricular activities is inadequate. In addition, the current sports grant causes confusion and should be renamed

Recommendation:

- i. Increase funding for sports and co-curricular activities in schools.
- ii. The Sports grant should be renamed Co-curricular Grant to cover other disciplines not Sports only

11. Medicines for Health facilities:

There are frequent drug stock-outs across the country with patients often being referred to buy drugs from private clinics and pharmacies. This is on account of poor planning, and drug theft among others.

Recommendation:

- i. The Program Working Group should increase allocations for medicines, supplies and equipment in all health facilities across the country; and
- ii. Ministry of Health should strengthen the Health Management information System to enhance monitoring and evaluation of health facilities.

12. Inadequate accommodation for Health workers:

Due to lack of adequate accommodation facilities, Health Workers continue to travel long distances to and from places of work. This results in late reporting to work and early departure thus affecting attendance to duty and poor health service delivery.

Recommendation:

- i. The Human Capital Development Program Working Group should prioritize construction of accommodation facilities at the lower levels in the budget process for FY 2024/25; and
- ii. The system to track attendance to duty should be rolled out to all health facilities

13. Delayed Absorption of Development Budget:

Delayed implementation of projects leads to low absorption of funds. This is due to late procurements, poor monitoring and supervision of projects. In addition, there are delays in re-voting the unspent funds back to the Local Governments and this greatly affects decentralized services

Recommendation:

- i. All development unspent balances should be re-voted back to the LGs in the first quarter of a financial year;
- ii. Local Governments should start on the procurement process early enough and only wait to sign contracts when the funds have been received.

14. Allocation of funds for extension services:

At the time of finalizing the Budget for the current FY 2023/24, this was not provided and has greatly affected service delivery given that most agricultural activities are seasonal and with one quarter already gone, LGs were expected to provide extension services in the drive to bring communities into the money economy

In addition, the outputs and PIAPs in the PBS do not reflect the performance under extension services.

Recommendation:

- i. NPA to refine the outputs to reflect the activities conducted under the sub program; and
- ii. Government has already provided a suppl. for extension services and this will be carried in the MTEF for FY 2024/25

15. Inadequate road equipment and high maintenance costs Zonal Centres.

It was noted that, newly created Districts and Municipalities do not have equipment and the zonal centers implemented by Ministry of

Works and Transport (MoWT) had proved expensive for LGs. This will also affect the utilization of the Ushs.1bn for road maintenance.

MoWT clarified that, there was a plan to establish sub-regional (zonal) mechanical workshops in Moroto, Mbale, Hoima, Fort Portal and Kabale to address issues of servicing road equipment to ensure their longevity. In addition, procurement is ongoing for equipment for the new Districts and these will be distributed by December, 2023.

Recommendation

- i. MOWT to provide guidance on the use of force on account to Local Governments
- ii. MOWT to set up Zonal workshops
- iii. URF to improve monitoring and evaluation beyond fund-transfers to Local Governments.

16. Guidelines for Agricultural credit Facility and Emyooga Funds are not clear.

It was noted that, most Local Governments did not have guidelines for accessing the above funds.

Recommendation:

Bank of Uganda and MOFPED should conduct more sensitization to popularize the guidelines across all Local Governments

17. Titling of Government land:

Districts and Cities that do not have demarcated and titled land are at risk of land grabbing. In addition, some UgIFT sites do not have land titles as required in the Project Operations Manual

Recommendation

- i. MOLHUD should through their Ministerial Zonal Offices take stock of all government facilities and title them all. A meeting is to be held with PS/MOLHUD to discuss this further;
- ii. LGs should undertake titling of land using DDEG funds as per the guidelines issued by MoLG; and
- iii. Ministry of Lands Housing and Urban Development (MLHUD) to continue providing support on titling all the Government project sites

18. Damages and attacks by vermin animals to citizens who neighbor National Parks:

Local Governments neighbouring the National Parks suffer attacks to Human beings, get injured, killed or their crops damaged by the wild animals. There is no compensation system in place when that occurs

Recommendations:

- i. Revise the existing policy on compensations for persons injured or killed by the wild animals to ensure co-existence in the game reserve communities; and
- ii. Re-demarcate the National parks to resolve the human-wild life conflicts.

19. Low capacity of LG councillors:

It was noted that MOLG has not conducted training induction for elected leaders in most LGs and as such it has affected the quality of debate in those respective councils

Recommendation:

MoLG was requested to urgently conduct induction training for elected leaders in Local Governments

20. Lack of Transport Facilities:

It was noted that, there is no transport for leaders such as the LCV Chairpersons, Chief Administrative Officers, City Mayors, Municipal Mayors, Municipal Town Clerks and District Speakers among others to effectively carry out mobilization, sensitization of communities for mindset change and monitoring projects in LGs

Recommendation:

This will be addressed as part of the budget process for FY 2024/25.

D. WAY FORWARD

Communicate the matrix to all Program Heads for their necessary action/consideration during the Program Working Groups in preparation of the National Budget Framework Paper for FY 2024/2025 – 2028/2029.



KEY POLICY ISSUES RAISED DURING THE BUDGET CONSULTATIVE PROCESS FOR FY 2024/2025

NO	ISSUE	RECOMMENDATION	RESPONSIBILITY CENTER	TIME FRAME
1	Domestic Revenue mobilization Effective implementation of the Domestic Revenue Mobilization Strategy (DRMS) presents an opportunity to raise revenues to finance our growth and development needs. However, there is pressure to achieve the set targets through excessive tax burden on the few compliant taxpayers, with some businesses being closed, which could undermine economic growth and the overall goal of the Strategy:	Fast-track amendments to the DRMS to realize the targets; Fast track the integration of the URA Comprehensive ICT Strategy with all other Government systems to enhance tax administration and to minimize tax evasion/avoidance; Operationalize the existing governance framework to monitor tax exemptions and accountability to ascertain whether the intended objectives are realized	URA, MoFPED and URA URA, NITA-U, MoICT&NG, MoFPED URA, MoFPED	April, 2024 November, 2023 April, 2024
2	Inadequacy and Unreliability of Power in West Nile, Kabale and Northern Uganda Connecting West Nile, Northern Uganda and Kabale to the national power grid has taken long since Independence. Using thermal power is even more costly and environmentally unfriendly. In addition, power supply in the greater northern Uganda is inadequate, unreliable and intermittent where available. This is costing businesses huge losses, including damages to both industrial and domestic equipment.	MoFPED to provide resources to MEMD to complete the power distribution and transmission projects for West Nile, parts of Northern Uganda and Kabale; Complete the works at the three new substations of Kole, Gulu and Achwa to fasten transmission of power through the Kole-Gulu (67km) and Agago-Gulu (83km) lines by November 2023; Expedite the completion of the Mirama-Kabale transmission line for south western Uganda by February 2024 Re-examine the power tariffs to make them more affordable	MoFPED MEMD, UETCL, UEGCL MEMD, UETCL, UEGCL MEMD, MoFPED	Feb-24 November, 2023 February, 2023 Immediate



3	<p>Public Investment Financing: There is limited fiscal space to adequately finance and implement all planned and on-going investments through the Government budget. This calls for identification of alternative sources of financing, including the Public Private Partnerships (PPPs).</p>	<p>MoFPED should fast-track the implementation of the recently adopted public investment financing strategy to widen the range of financial resources (both domestic and external) including PPPs. Strengthen the management of the Public Investment Plan (PIP) to ensure timely admission and exit of projects to create the required fiscal space for financing new projects.</p>	MoFPED	February, 2024
4	<p>Human Capital Development: The Human Capital Development Program which comprises health, education, water and social protection, is largely externally financed, which poses sustainability issues in cases of reduction in external funding or withdrawal.</p>	<p>Based on availability of resources from the domestic resource, as well as the agreed frameworks, such as the 10 Year Health Commodities Road Map, consider incremental adjustment of financing for the HCD Program</p>	MoFPED, MoH, MoES, MGLSD and MWE.	December, 2023
	<p>Uganda will co-host the June - July 36th edition of the AFCON 2027 Tournament with Kenya and Tanzania. However, the current state of sports infrastructure is in deplorable state and may require urgent attention.</p>	<p>MoFPED to engage institutions under the HCD Program Working Group to integrate different systems (EMIS, TELA, e-Inspection, and HMIS, DHIS) to address the inefficiencies and challenges of exaggerated enrollment, absenteeism and attendance to duty; MoES to provide a clear roadmap to AFCON '27, indicating activities to be undertaken to prepare Uganda to meet the requirements and standards for hosting the tournament.</p>	MoES, MoH	December, 2023
		<p>Provide resources to start the construction and rehabilitation of sports stadia where the football matches will be played.</p>	MoFPED	December, 2023



5 Improving production and productivity under the Agro-Industrialization Program:

Farmers are faced with the challenges of quality seeds, water for production, soil nutrients, soil exhaustion, post-harvest losses, poor product standards and lack of market access in order to increase production and productivity as well as household incomes and improved livelihoods.

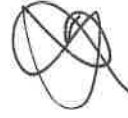
Expedite the operationalization of the National Seed Company	MAAIF, UNBS	December, 2023
Support NARO and NAGRC&DB to further strengthen their functions of improved seed/variety/technology identification and multiplication for distribution to the farmers;	MAAIF, NARO, NAGRC&DB	Feb-24
Support MAAIF to strengthen its inspection and certification services (current stock is 85 inspectors against the NDP III target of 150);	MoFPED	Feb-24
MAAIF should finalize the development of a traceability system for agro-inputs through UgIFT	MAAIF, NITA-U and MoFPED	Feb-24
Invest and operationalize the fertilizer/phosphate plant in sukulu (through a PPP) for the production and provision of fertilizers to farmers to improve and sustain soil fertility;	MAAIF, MoFPED	Feb-24
Support the expansion of small and large-scale irrigation to bridge the rain seasons;	MAAIF, MoTIC	Feb-24
Support the Uganda National Bureau of Standards (UNBS) to strengthen its role on standards inspection and certification services.	MoFPED	Feb-24
Strengthen Public Extension System by recruiting more extension workers (current stock is estimated at 4310 with 5355 vacant positions)	MAAIF	Feb-24
Support scientific-based research and development of drought and disease-resistant seed varieties; and	MAAIF, MoFPED, State House/STEI	Dec-23

	Support large scale farmers to provide the necessary linkages to the PDM SACCOs such as market to the produce (off takers), demonstration of appropriate technologies in production, pre and post-harvest handling and access to farm inputs. (finalise the funding mechanism for large scale farmers)	MAAIF, MWE, MoTIC	Immediate
	A coordinated approach in produce marketing networks within the country (Warehouse Receipt System), the EAC, and other regions.	MAAIF, MoTIC	Dec-23
6	Development of the Private Sector: Government has provided channels through which Small and Medium Scale Enterprises can access credit including: Agriculture Credit Facility (ACF), Small Business Recovery Fund (SBRF) and the Uganda Development Bank. However, the participating financial institutions prioritize their own loans, and at higher interest rates	MoFPED, BoU, UDB and PSFU	October, 2023
7	Planning and Budgeting under the Program Based Budgeting approach: Government adopted the program-based planning and budgeting approach to improve coordination of the planning, budgeting, execution, reporting, and accountability across MDAs. This is not yet fully integrated within the overall concept of PBB with cases of "silo" planning and budgeting still being reported. Many critical priorities remain unfunded during the allocation process. To address this:	MoFPED and NPA	July, 2024
	The Program Working Groups should enhance their coordination function and prioritize the allocation of resources to the most critical program intervention areas or activities.	MoFPED, MoPS, OAG and PPDA	April, 2024
	Develop and functionalize service delivery standards and put in place a standard price list to guide the common user procurements Assign the leadership of Program Working Groups to neutral institutions under the Development Plan Implementation (DPI) Program.	MoFPED, NPA	December, 2023

<p>8 Salary enhancement:</p> <p>Government directed that salaries for scientists, permanent secretaries, senior army officials should be enhanced and this was implemented in line with the overall Salary Enhancement Strategy. However, since the adoption and start of implementation of the phased salary enhancement approach as directed by Cabinet in FY 2017/2028, salary disparities across the public service still remain a challenge for improved service delivery.</p>	<p>Fast-track the special audit of the pay-roll as well as the Rationalization of Agencies (RAPEX) to harmonize and implement the pay reform for the rest of the public officers.</p>	<p>MoFPED, MoPS and OAG.</p>	<p>February, 2023</p>
<p>9 The Challenge of Corruption:</p> <p>A lot of public financial resources are lost annually to corruption through procurement, mismanagement of Government pay-roll, exaggerated school enrollments, shoddy works among others. This takes away resources that could otherwise be utilized to fund other priorities of Government and improve service delivery.</p>	<p>i. Conclude the government payroll audit and implement the recommendations; ii. Roll out government systems such as e-GP, IFMS, and HCM, to all MDAs to improve on efficiency and effectiveness in the implementation of government programs; iii. Strengthen the monitoring and evaluation function to minimize shoddy works and also to ensure the lessons learnt are implemented.</p>	<p>IG, OP, MoFPED, MoH, MoES, MoPS and other MDAs.</p>	<p>December, 2023</p>
<p>10 Regional Development, Gender and Equity:</p> <p>There is regional imbalance in terms of infrastructure and service delivery across the country (spatial inefficiency) including security along porous border sections of Uganda's international boundaries. To address this challenge, Government should undertake the following, among others</p>	<p>Timely and equitable access to all development programs such as PDM, Emyooga, ACF, SBRF by all Ugandans;</p>	<p>MoFPED and all MDAs</p>	<p>March, 2024</p>
	<p>Provide minimum infrastructure and services across all parts of the country;</p>	<p>MoFPED, NPA, OPM and OP</p>	



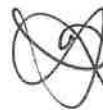
		Guarantee security of all Ugandans including porous border-sections	MoDVA, MTWA, MoIA, ESO, ISO and Uganda Police	
11	Tourism, Manufacturing and Investment Development: These programs largely rely on security and safety of Uganda as a country. Therefore, posting of negative images including uncoordinated travel advisories about the country, affect the efforts put in place to market Uganda as a tourism and investment destination.	Invest more in security and counter negative publicity and travel advisories about Uganda;	MoDVA, MTWA, MoICT&NG, MoTIC, MoWT and MoFPED	October, 2023
		Improve the roads, ICT and other infrastructure across the country;	MoWT, MoICT&NG, NITA-U	
		Promote health tourism—for health services and education tourism, targeting regional markets;	MTWA, MoH	
		Promote the un-tapped domestic tourism market to help sustain tourist facilities in very low seasons.	MTWA, UTB	



KEY POLICY ISSUES RAISED DURING THE BUDGET CONSULTATIVE PROCESS FOR FY 2024/2025				
NO	ISSUE	RECOMMENDATION	RESPONSIBILITY CENTER	TIME FRAME
	LOCAL GOVERNMENT SPECIFIC ISSUES			
	A) Policy and Regulatory Issues			
12	Challenges impacting the implementation of the PDM:			
	Non-operationalization of other created Parishes: There are some Local Governments with newly operationalized parishes that are not benefiting from the PDM allocations.			
	Conflicting/Changing Guidelines: The challenge of issuance of conflicting guidelines on the implementation of the PDM. In addition, the guidelines are issued late after budget approval by various Councils.	Guidelines should be disseminated timely to LGs before the second budget call circular is issued;	MOLG, MOFPED	Jan-24
	Allocation criteria for Parish Revolving Funds: Concern was raised on the uniform allocation of Parish revolving Funds, does not take into account that parishes are not homogenous, in size and population, with differing poverty levels.	Need to review the allocation criteria	MOLG, MOFPED	Feb-24
	Need for better coordination among all PDM Pillars. It was noted that, not all PDM pillars were operating at the same level and not coordinated in approach. Currently focus is only put on Pillar 3 and other pillars are neglected in LGs.	Need for improved supervision and monitoring of PDM activities. The secretariat should conduct sensitization training of the different stakeholders at all levels.	LG, MOLG	Jan-24




13	Conflicting guidelines for Road maintenance Funds	During appropriation, Ushs.1bn was allocated to each LG for rehabilitation of roads, and MOWT issued the required guidelines. However, Parliament on 27th July 2023 passed a resolution to channel this money through URF for road maintenance. This was however after 25% of the Budget had already been released to LGs. This has confused LGs and may cause unspent balances at the end of the FY 2023/24 if timely guidance is not provided	Government should urgently provide the required clarification to LGs; and We shall continue disbursing funds directly to LGs in-line with the Appropriation Act.	MOLG, MOWT and MOPPED	Oct-24
14	Multiple ICT systems for Local Revenue Mgt and in Schools	There are two systems (IRAS and Elogrev) being rolled out in Local Governments for Local Revenue mgt that are not linked. In addition, there is capacity gap on the use of these systems. In addition, it was noted that, there are a number of systems being rolled-out in Schools and health facilities but doing similar work thus a duplication for example TELA, E-inspection and EMIS, HMIS etc	The Steering Committee chaired by MFPE should be reinvigorated to address the integration.	MOLG, MOPPED & MOES, LGFC	Nov-23
15	Takeover of Local Revenue sources by Central Government	The suspension of payment of taxi fees greatly affected local revenue collections by the Local Governments.	MoLG and LGFC should finalize the guidelines to harmonise the levying of taxi fees and the respective route charts as directed by H.E without frustrating the investors in the transport sub-programme	MOLG, LGFC	Jan-24



	There are conflicting directives by the Central Government Ministries e.g. the recent circular by MOTIC on loading and offloading fees, and these affect Local Revenue performance	MOLG and MOTIC should harmonize the guide	MOLG and MOTIC	Jan-24
17	Staffing at Local Governments			
	Freeze on recruitment. This is affecting service delivery at the District/City/Municipal levels, yet the average staffing level at District level stands at 57% while at for Municipalities at 52%.	MOPPED working closely with Ministry of Public Service should after the special audit consider lifting the ban on recruitment and allocate wage accordingly	MOPPED, MOPS	Jan-24
	In adequate Wage for staff in post and late re-voting of unspent wage. Submissions are made, supplementary are issued but this is not carried forward in the next IPFs and this causes persistent shortfalls during execution of the Budget. In addition, there is delayed clearance to recruit by Ministry of Public Service leading to shortage of staff in critical areas such as Schools and Health facilities	Streamline the planning, budgeting and manag	MOPPED, MOPS and LGs	Feb-24
18	Frequent transfers of Accounting Officers			
	Some Local Government Accounting Officers are transferred within a short time after being posted and this makes it difficult to track progress, evaluate their performance and where necessary, hold them accountable	MOLG should design a framework to hold Accounting Officers in one station for at least three financial years, except for cases where their contracts expire and require renewal	MOLG	Jul-24



19	<p>Non-operationalization of approved Admin Units</p> <p>Non-operational Cities, Town Councils and Sub-Counties. The Government approved the creation of fifteen (15) new cities, and only ten (10) of these were operationalized in FY 2020/21. However, to-date, the five remaining Cities have not been operationalized. In addition, a number of Town Councils and Sub-counties created have remained non-operational for long.</p> <p>Relocation of Mother Districts from the created Cities; The mother districts from where the cities were created have no supported to office accommodation including their respective Town Councils.</p> <p>Inappropriate staff structure. It was noted that, the structure was approved late long after the Cities came into effect and some roles are conflicting for example; a labour officer at city division and Senior Labour Officer at the city hall, and there is no provision for U2 in Cities and U3 planners are supervised by Treasurers which are two different areas</p> <p>Property sharing between Cities and Mother Districts. It was noted that, there is conflict in the Local Government Act on the sharing of property between the Cities and their mother Districts which has caused tension in some of the Cities</p>	<p>MOPPED, MOLG</p> <p>MOPPED</p> <p>MOPS</p> <p>MOLG</p>	<p>Oct-23</p> <p>Feb-24</p> <p>Feb-24</p> <p>Jul-24</p>
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20 Poor quality of Agricultural inputs			
It was reported that, the quality of agricultural inputs and products continues to depreciate hence fetching little returns for the desperate farmers that are already battling effects of adverse and less predictable rain patterns	MAAIF should conduct surveillance against counterfeit products as well as a review of the legal and regulatory framework governing agro-inputs so that any culprits are strongly dealt with in a bid to deter others from the practice	MAAIF	Jul-24
	Hold a meeting with the private sector, producers and research Institutions to find a solution to this issue before the budget is finalized	MOPPED	Oct-23
A) Other Critical issues with financial implications			
21 Lack of physical planning in LGs			
Currently there is a high rate of urbanization, without clear planning framework, hence the high slum prevalence	The Programme Working Group, through MOLHUD, should provide a Physical Planning Grant to Local Governments in the next budget so as to effectively plan for development. Accordingly, a meeting has been scheduled by PS/ST with the PS/MOLHUD to resolve this before the budget is finalized	MOLHUD, MOPPED	Nov-24
22 Non-aligned PIAPs in the PBS			
The PIAPs and outputs in the PBS are not aligned to LGs performance hence affecting NDP/III implementation. In addition, the format of reports from the PBS is not user friendly and most times additional information is required	NPA should urgently redefine the LG PIAPs to reflect the activities performed by the Local Government Votes.	NPA	Oct-23



23 Non-coding of Schools	It was observed that, Government has not coded schools for long impacting greatly on service delivery especially in Karamoja. Some of the community schools were built many years ago and have no teachers. It was however noted that last FY 2022/23, funds were provided for coding of schools across the country and these funds were carried forward in the current Budget for FY 2023/24	There is need to establish whether the non-coded schools exist through special audit as a basis to clean up before coding takes place. Coding of schools should only be done in line with Government policy	MOES	Jul-24
24 Inadequate Sports Grant	It was further noted that, the current funding for sports and co-curricular activities is inadequate. In addition, the current sports grant causes confusion and should be renamed	Increase funding for sports and co-curricular activities in schools.	MOES, MOPPED	24-Jan
25 Medicines for Health facilities	There are frequent drug stock-outs across the country with patients often being referred to buy drugs from private clinics and pharmacies. This is on account of poor planning, and drug theft among others	The Sports grant should be renamed Co-curricular Grant to cover other disciplines not Sports only	MOES	24-Jan
		The Program Working Group should increase financing for drugs to cater for adequate supplies of medicines and equipment in all health facilities across the country; and	MOH, PWG	Jan-24
		Ministry of Health should strengthen the Health Management information System to enhance monitoring and evaluation of health facilities as well as the overall performance of the National Medical Stores right from procurement, distribution, storage and prescription of drugs	MOH, PWG	Jan-24



26 Inadequate accommodation for Health workers			
Due to lack of adequate accommodation facilities, Health Workers continue to travel long distances to and from places of work. This results in late reporting to work and early departure thus affecting attendance to duty and poor health service delivery	The Human Capital Development Program Working Group should prioritize construction of accommodation facilities at the lower levels in the budget process for FY 2024/25; and	HC PWG	Jan-24
	The system to track attendance to duty should be rolled out to all health facilities	MOH	Jul-24
27 Delayed Absorption of Development Budget			
Delayed implementation of projects leads to low absorption of funds. This is due to late procurements, poor monitoring and supervision of projects. In addition, there are delays in re-voting the unspent funds back to the Local Governments and this greatly affects decentralized services.	All development unspent balances should be re-voted back to the LGs in the first quarter of a financial year	MOFPED	Sep-23
28 Allocation of funds for extension services			
At the time of finalizing the Budget for the current FY 2023/24, this was not provided and has greatly affected service delivery given that most agricultural activities are seasonal and with one quarter already gone, LGs were expected to provide extension services in the drive to bring communities into the money economy	NPA to refine the outputs to reflect the activities conducted under the sub program; and	NPA	Jan-24
In addition, the outputs and PIAPs in the PIAP extension services and this will be carried in the MTEF for FY 2024/25	Government has already provided a suppl. for extension services and this will be carried in the MTEF for FY 2024/25	MOFPED	Feb-24



29 Inadequate road equipment and high maintenance costs Zonal Centres.	It was noted that, newly created Districts and Municipalities do not have equipment and the zonal centers implemented by Ministry of Works and Transport (MoWT) had proved expensive for LGs. This will also affect the utilization of the Ushs.1bn for road maintenance. MoWT clarified that, currently there is a plan to establish sub-regional (zonal) mechanical workshops in Moroto, Mbale, Hoima, Fortportal and Kabale to address issues of servicing road equipment to ensure longevity. In addition, procurement is ongoing for equipment for the new Districts and these will be distributed by December 2023	MOWT to provide guidance on the use of force on account to Local Governments	MOWT	Feb-24
30 Guidelines for Agricultural credit Facility and Emyooga Funds are not clear	It was noted that, most Local Governments still do not have guidelines for accessing the above funds	Bank of Uganda and MOFPED should conduct more sensitization to popularize the guidelines across all Local Governments	BOU, MOFPED	Nov-23
31 Titling of Government land	Districts and Cities that do not have demarcated and titled land are at risk of land grabbing. In addition, some UGIFT sites do not have land titles as required in the Project Operations Manual	MOLHUD should through their Ministerial Zonal Offices take stock of all government facilities and title them all. A meeting is to be held with PS/MOLHUD to discuss this further;	MOLHUD	Jul-24
		LGs should undertake titling of land using LG DDEG funds as per the guidelines issued by MoLG; and	LG	Dec-24



		Ministry of Lands Housing and Urban Development (MLHUD) to continue providing support on titling all the Government project sites	MOLHUD	Continuous
32 Damages and attacks by vermin animals to citizens who neighbor National Parks				
Local Governments neighbouring the National Parks suffer attacks to Human beings, get injured, killed or their crops damaged by the wild animals. They are not compensated nor their families but UWA instead shoots people and kills them. On the contrary, however, when wild animals are killed by humans there are fines and life imprisonment administered by Government	There is need to revise the existing policy on compensations for persons injured and/or killed by the wild animals to ensure co-existence in the game reserve communities; and	UWA, MOTWA	Dec-24	
33 Low capacity of LG councillors	Re-demarcation of the National parks to resolve	UWA, MOTWA		
It was noted that MOLG has noted conducted training induction for elected leaders in most LGs and as such it has affected the quality of debate in those respective councils	MOLG was requested to urgently conduct induction training for elected leaders in Local Governments	MOLG		
34 Lack of Transport Facilities				
It was noted that, there is no transport for leaders such as the LCV Chairpersons, Chief Administrative Officers, City Mayors, Municipal Mayors, Municipal Town Clerks and District Speakers among others to effectively carry out mobilization, sensitization of communities for mindset change and monitoring projects in LGs	This will be addressed during the budget process for FY 2024/25	MOFPED	Jan-24	



