

Vote:147 Local Government Finance Commission

V1: Vote Overview

I. Vote Mission Statement

To offer credible and evidence based advice to government on financing of all Local Governments.

II. Strategic Objective

To promote adequate financial resources for service delivery by Local Governments

III. Major Achievements in 2019/20

In order to advise the Local Governments on appropriate tax levels to be levied by Local Government the Commission developed a framework for supporting Local governments setting rates for local revenue sources, this was presented and discussed by the local government budget committee for onward action to the various stake holders .

In regards to Local government financing the Commission conducted the study research to establish the causes of poor budget formulation in the LGs of Kiruhura, Rubanda, Bugiri, kamuli, Namisindwa, Agago, Pallisa, Kiboga, Bundibugyo, Kabarole, kikube, Kaliro, Kumi Mc, Sheema Mc and Bugiri and facilitated in the LG budget consultative workshops (regional levels) which started on 16th September ended 4th October 2019

Discussion of the recommendations and policy implications of the designed Fiscal Decentralization Architecture (FDA) were held to discuss the possibility of putting in place a new law to govern LG financing, particularly to operationalize and clarify grey areas in Article 189 (4), 193 and 194, of the constitution of Uganda.

Negotiations were successfully conducted with the 7 Sectors of Agriculture, Health, Education, Water, Works, Trade and Gender and conditional grants agreements are in place and shared with sectors and LGs. The negotiations ensured that Planned indicative planning figures and budget guidelines for the various sectors catered for the Youth the Women and the Children and the disabled in the various grants for service delivery. The Social sector was to ensure that the youth fund be negotiated with MoFPED but with clear modalities and provide feed back during the mid term review. The sector further agreed to cater for the older persons who do not have national Identification to enable them access the social; assistance grants for empowerment program

Data collection, verification and validation was done in the 3 districts of Obongi, Rwampara and Karenga and Feedback on the findings from the budget analysis of FY 2019-20 provided in 5 LGs of Buliisa, Otuke, Serere, Napak and Nwoya with serious issues regarding compliance with legal requirements provided

Conducted a readiness assessment on alternative sources of revenue for Local Governments in 8 LGs of Rukungiri, Mbale, soroti, Lira, Mukono, Kumi, Gulu and Masaka to assess their readiness to migrate to the automated local revenue collection using Integrated Revenue Administration this would lead to increased revenue for the local governments.

Conducted research on the existing local revenue databases and provided support to exploit the local revenue potential in eight districts of Kaabong, Koboko, Kwania, Bunyagabo, Buyende, Tororo, Nebbi and Mbarara. Conducted 2 technical backstopping workshops on best practices implementation and establishment of data bases.

Trained 360 officers (238 males and 122 females) in selection of LG best practices and estimation of LR potential and public private partnership as an alternative financing in the 18 districts under DINU program.

Conducted readiness assessment for migration and trained and reinstalled on the operation of the Local revenue database management system in all the 18 pilot districts of DINU

A planning retreat was held to discuss the Commission performance for FY 2018/19 and plan for FY 2020-21. Value for money Audit was carried out for Q1 and Q2 and reports submitted to internal Auditor general. The process for the review and realignment of the Job descriptions to the mandate of the Commission stalled.

The contract for provision of medical insurance to staff was signed between the LGFC and the international Medical Link and its operational effective 15th January 2020.

In order to increase performance management staff were trained in Job code of conduct and ethics and integrity in the Public Service. 43 Staff members were trained in performance outcome results based planning and reporting under the performance management system.

Salaries and allowances were paid for all members of staff.

Verification of deliveries and provision of services were done and Board of survey report was produced and the items for boarding off added to the procurement plan for FY 2019/20.

Operating controls for verification of accountability was done by management.

IV. Medium Term Plans

1. To improve service delivery, efficiency and value for money through LGFC and LG capacity and resource enhancement.

Vote:147 Local Government Finance Commission

2. To increase local revenues (LR) through continued support to all local governments by rolling out computerization of revenue registers (establishing LR databases) across the country and other measures.
3. Contribute to increase and equity of all Local Government funding from the national budget by focusing on conditional grants negotiations, programs and outcomes; and review of grants allocation formula.
4. Examine and make recommendation on the Revenues from Natural resources from the various regions and streamline to inform planning and budgeting in Local governments.
5. Regularly Assess Allocation formula and models in light of sector policies reviewed to observe equity and in-build crosscutting issues-poverty, HIV/AIDS, climate change, gender and environment.
6. Evaluate LG funding on Climate Change
7. Build Partnerships with other stakeholders to promote and advocate for equity, transparency and fairness in the resource allocations for local governments.
8. Conduct Action Research in Application of Local Revenue Databases on the potential of local revenue for local governments.
9. Conduct research on the alternative financing using Public Private Partnerships
10. Minimize financial disputes between central and local governments and between local governments
11. Improve equity through the equalization grant and other grants
12. Regularly analyse LGs budget for compliance with legal provisions and support the weak ones to improve their budgets formulation skills
13. Continue advocating for gender and equity in the inter-governmental fiscal transfer and also advocate for the children through Universal Primary Education, cater for the female, children by advocating for better guidelines in the negotiations and also advocating for ramps for the disabled in the guidelines for construction as stipulated in the agreement. In addition, emphasis also to be put on sanitation and hygiene for all both at home and institutional places.

Vote:147

Local Government Finance Commission

V. Summary of Past Performance and Medium Term Budget Allocations

Table 5.1: Overview of Vote Expenditures (US\$ Billion)

	2018/19 Outturn	2019/20		2020/21	MTEF Budget Projections				
		Approved Budget	Expenditure by End Dec		2021/22	2022/23	2023/24	2024/25	
Recurrent									
Wage	0.000	0.000	0.000	1.619	1.619	1.619	1.619	1.619	
Non Wage	0.000	0.000	0.000	3.539	4.246	5.096	6.115	7.338	
Devt.									
GoU	0.000	0.000	0.000	0.157	0.157	0.157	0.157	0.157	
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
GoU Total	0.000	0.000	0.000	5.314	6.022	6.871	7.890	9.113	
Total GoU+Ext Fin (MTEF)	0.000	0.000	0.000	5.314	6.022	6.871	7.890	9.113	
Arrears	0.000	0.000	0.000	0.014	0.000	0.000	0.000	0.000	
Total Budget	0.000	0.000	0.000	5.329	6.022	6.871	7.890	9.113	
A.I.A Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Grand Total	0.000	0.000	0.000	5.329	6.022	6.871	7.890	9.113	
Total Vote Budget Excluding Arrears	0.000	0.000	0.000	5.314	6.022	6.871	7.890	9.113	

VI. Budget By Economic Classification

Table V6.1 2019/20 and 2020/21 Budget Allocations by Item

<i>Billion Uganda Shillings</i>	2019/20 Approved Budget				2020/21 Draft Estimates		
	GoU	Ext. Fin	AIA	Total	GoU	Ext. Fin	Total
Output Class : Outputs Provided	0.000	0.000	0.000	0.000	5.157	0.000	5.157
211 Wages and Salaries	0.000	0.000	0.000	0.000	2.591	0.000	2.591
212 Social Contributions	0.000	0.000	0.000	0.000	0.162	0.000	0.162
213 Other Employee Costs	0.000	0.000	0.000	0.000	0.609	0.000	0.609
221 General Expenses	0.000	0.000	0.000	0.000	0.402	0.000	0.402
222 Communications	0.000	0.000	0.000	0.000	0.043	0.000	0.043
223 Utility and Property Expenses	0.000	0.000	0.000	0.000	0.456	0.000	0.456
224 Supplies and Services	0.000	0.000	0.000	0.000	0.030	0.000	0.030
225 Professional Services	0.000	0.000	0.000	0.000	0.115	0.000	0.115
227 Travel and Transport	0.000	0.000	0.000	0.000	0.562	0.000	0.562
228 Maintenance	0.000	0.000	0.000	0.000	0.187	0.000	0.187
Output Class : Capital Purchases	0.000	0.000	0.000	0.000	0.157	0.000	0.157
312 FIXED ASSETS	0.000	0.000	0.000	0.000	0.157	0.000	0.157
Output Class : Arrears	0.000	0.000	0.000	0.000	0.014	0.000	0.014
321 DOMESTIC	0.000	0.000	0.000	0.000	0.014	0.000	0.014

Vote:147

Local Government Finance Commission

Grand Total :	0.000	0.000	0.000	0.000	5.329	0.000	5.329
Total excluding Arrears	0.000	0.000	0.000	0.000	5.314	0.000	5.314

VII. Budget By Programme And Subprogramme

Table V7.1: Past Expenditure Outturns and Medium Term Projections by Programme and SubProgramme

Billion Uganda shillings	FY 2018/19 Outturn	FY 2019/20		2020-21 Proposed Budget	Medium Term Projections			
		Approved Budget	Spent By End Dec		2021-22	2022-23	2023-24	2024-25
53 Coordination of Local Government Financing	0.000	0.000	0.000	5.329	6.022	6.871	7.890	9.113
01 Administrative Support Services	0.000	0.000	0.000	3.495	3.519	3.668	3.668	3.668
02 Revenues for Local Governments-Central Grants and Local Revenues	0.000	0.000	0.000	1.082	1.342	1.842	2.842	3.842
03 Research and Data management	0.000	0.000	0.000	0.594	1.004	1.204	1.223	1.446
1651 Retooling of Local Government Finance Commission	0.000	0.000	0.000	0.157	0.157	0.157	0.157	0.157
Total for the Vote	0.000	0.000	0.000	5.329	6.022	6.871	7.890	9.113
Total Excluding Arrears	0.000	0.000	0.000	5.314	6.022	6.871	7.890	9.113

VIII. Programme Performance and Medium Term Plans

Table V8.1: Programme Outcome and Outcome Indicators (Only applicable for FY 2020/21)

Programme :	53 Coordination of Local Government Financing				
Programme Objective :	To promote Sustainability adequacy and equity in financial resources for all inclusive service delivery by all Local Governments.				
Responsible Officer:	Lawrence Banyoya				
Programme Outcome:	A resourced Local Government able to carry out Decentralised roles and responsibilities				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Increased Sustainable Local Government Financing					
Outcome Indicators	Performance Targets				
			2020/21	2021/22	2022/23
	Baseline	Base year	Target	Projection	Projection

Vote:147 Local Government Finance Commission

• Percentage share of the National budget between Central and Local governments	12.5%	2018	13.8%	14%	16.5%
• Percentage increase in the grant transfers	20%	2018	15%	18%	20%
• Ratio between the highly funded and the least funded local governments	1:23	2017	1:18	1:14	1:10
SubProgramme: 01 Administrative Support Services					
Output: 04 Institutional Capacity Maintenance and Enhancement					
Proportion of recommendations from policy Dialogue meetings implemented			100%	100%	100%
Proportion of the procurement plan implemented			100%	100%	100%
Number of audit recommendations implemented			19	15	10
Output: 05 Planning Support Services and M&E handed					
Percentage execution of the work plan			100%	100%	100%
Output: 06 Information and Communication Technology Management Enhanced					
Number of ICT Equipment Purchased			12	7	10
Number of ICT Equipment Serviced			8	8	8
SubProgramme: 02 Revenues for Local Governments-Central Grants and Local Revenues					
Output: 02 Enhancement of LG Revenue Mobilisation and Generation					
Number of potential news sources identified for local governments			2	2	3
Number of Local revenue ordinances reviewed by the commission			2	2	2
Output: 03 Equitable Distribution of Grants to LGs					
Number of policy dialogue meetings held			15	20	25
Number of local governments lagging behind the national average for a particular service			50	35	20
SubProgramme: 03 Research and Data management					
Output: 01 Local Government Budget Analysis					
Number of policy briefs and advisory notes generated on LG funding from national budget			3	4	6
Number of LGs producing budgets that comply with the legal and regulatory provisions			175	175	175
Number of budget analysis reports produced			2	2	2
Number of LGs provided with feedback on the findings and reports on budget analysis			175	15	20

IX. Major Capital Investments And Changes In Resource Allocation

Table 9.1: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

N/A

X. Vote Challenges and Plans To Improve Performance

Vote Challenges

1. Dismal funding to the Commission from the National Budget
2. Failure to implement the new approved LGFC staff structure due to lack of adequate wage budget.

Vote:147 Local Government Finance Commission

3. Lack of reforms in Local Revenue Management
4. Increasing number of new districts , urban councils and administration units amidst declining resources to the Commission
5. Resistance by some sector to appreciate the decentralization of funds to local governments
6. Continued Decline of Local Government Share of National Budget

Plans to improve Vote Performance

- i. Continue liaising with MoFPED and MOPs on salary enhancement as approved by cabinet
- ii. Capacity building for Commission and staff members with retooling of Commission and partnering with external funders on technical assistance.
- iii. Advocate for the law on financing of local governments that caters for all the needs of equity poverty population fairness adequacy etc
- iv. Advocacy for a compliance system on decentralization by central governments votes so that funds are released to where most of the service delivery is done in all Lgs.
- v. Assessment of the performance of the existing reforms for local governments to view how the new reforms are affecting service delivery to all people across the country
- vi. Advocate for amendments of the laws polices and strategies concerning local revenue collection.
- vii. Regularly assess allocation formula and models in line with sector polices to ensure adherence fairness and build in of crosscutting issues of poverty HIV/AIDS, Climate Change gender and equity and environment

XI Off Budget Support

Table 11.1 Off-Budget Support by Sub-Programme

<i>Billion Uganda Shillings</i>	2019/20 Approved Budget	2020/21 Draft Estimates
Programme 2053 Coordination of Local Government Financing	0.00	0.83
<i>Recurrent Budget Estimates</i>		
02 Revenues for Local Governments-Central Grants and Local Revenues	0.00	0.83
<i>DINU</i>	<i>0.00</i>	<i>0.83</i>
Total for Vote	0.00	0.83

XII. Vote Cross Cutting Policy And Other Budgetary Issues

Table 12.1: Cross- Cutting Policy Issues

Issue Type: **HIV/AIDS**

Objective :	Ensuring adequate allocation of resources to HIV and AIDS interventions;
Issue of Concern :	There is no deliberate strategy for HIV/AIDS in the Commission
Planned Interventions :	Development and Cascading HIV/AIDS Policy Mainstreaming HIV/AIDS in activities Conducting HIV/AIDS Counselling Staff sensitization programmes Medical Insurance Sick Leave Condoms
Budget Allocation (Billion) :	0.115

Vote:147 Local Government Finance Commission

Performance Indicators:	Percentage of staff that know and can relate to the HIV Policy. Number of Staff benefiting from the insurance
--------------------------------	--

Issue Type: **Gender**

Objective :	Gender and equity issues catered for in planning and budgeting to reduce inequities.
Issue of Concern :	Non-observance of gender and equity issues in planning and budgeting leading to serious inequities.
Planned Interventions :	Negotiating on gender-enhancing conditional grant funded programs between MOGLSD and MOES. Areas covered range from financing needs for children, girls, boys, women youth , the elderly and PWDs
Budget Allocation (Billion) :	0.100
Performance Indicators:	Ratio between the highly funded and the least funded local government (in grant allocations which also must bear the principle of needs based)

Issue Type: **Environment**

Objective :	Observance of environmental issues during planning and budgeting and allocations which leads to environmental degradation loss/ diverse effects on facilities/ investments eventually leads to wastage of funds, food insecurity and also affects the climate.
Issue of Concern :	Non-observance of environmental issues during planning and budgeting and allocations
Planned Interventions :	Assessing the LGs' budgets (especially projects profiles on their attention to environmental and social safeguards) and therefore (projects should be appraised on environment and social safeguards)
Budget Allocation (Billion) :	0.080
Performance Indicators:	No. of projects subjected to the guidelines and mitigation measures included in the project budget, before approval

XIII. Personnel Information

Table 13.1 Staff Establishment Analysis

Title	Salary Scale	Number Of Approved Positions	Number Of Filled Positions
Commission Secretary	LGF-1	1	1
Director of Finance and Administration	LGF-2	1	1
Director Revenue and Research	LGF-2	1	1
Chief Financial Analyst	LGF-3	1	0
Principal Accountant	LGF-4	1	1
Principal Data Analyst	LGF-4	1	1
Principal Data Officer	LGF-4	1	0
Principal Financial Analyst	LGF-4	2	2
Principal Human Resource Manager	LGF-4	1	1

Vote:147

Local Government Finance Commission

Public Relations Officer	LGF-5	1	0
Senior Information Scientist	LGF-5	1	1
Senior Data Analyst	LGF-5	1	1
Senior Financial Analyst	LGF-5	6	3
Senior Internal Auditor	LGF-5	1	1
Senior Planner	LGF-5	1	1
Senior Procurement Officer	LGF-5	1	1
Senior Research Officer	LGF-5	1	0
Accountant	LGF-6	1	1
Administrative Officer	LGF-6	1	1
Data Officer	LGF-6	2	0
Documentation Officer	LGF-6	1	0
Financial Analyst	LGF-6	6	2
Front Desk Officer	LGF-6	1	1
Librarian	LGF-6	1	1
Planner/ Economist	LGF-6	1	1
Procurement Officer	LGF-6	1	1
Senior Personal Secretary	LGF-6	3	0
System Administrator	LGF-6	1	0
Assistant Records Officer	LGF-7	1	0
Inventory Management Officer	LGF-7	1	1
Personal Secretary	LGF-7	2	1
Senior Accounts Assistant	LGF-7	1	1
Driver	LGF-8	9	8
Stenographer	LGF-8	4	0
Office Attendant	LGF-9	3	3
Chairperson	LGF-S 1	1	1
Vice Chairperson	LGF-S 2	1	1

Table 13.2 Staff Recruitment Plan

Post Title	Salary Scale	No. Of Approved Posts	No Of Filled Posts	Vacant Posts	No. of Posts Cleared for Filling FY2020/21	Gross Salary Per Month (UGX)	Total Annual Salary (UGX)
Chief Financial Analyst	LGF-3	1	0	1	1	4,600,000	55,200,000
Data Officer	LGF-6	2	0	2	2	5,400,000	64,800,000
Documentation Officer	LGF-6	1	0	1	1	2,700,000	32,400,000
Driver	LGF-8	9	8	1	1	1,600,000	19,200,000
Financial Analyst	LGF-6	6	2	4	4	10,800,000	129,600,000

Vote:147

Local Government Finance Commission

Personal Secretary	LGF-7	2	1	1	1	2,100,000	25,200,000
Principal Data Officer	LGF-4	1	0	1	1	3,600,000	43,200,000
Public Relations Officer	LGF-5	1	0	1	1	3,100,000	37,200,000
Senior Financial Analyst	LGF-5	6	3	3	3	9,300,000	111,600,000
Senior Personal Secretary	LGF-6	3	0	3	1	2,700,000	32,400,000
Senior Research Officer	LGF-5	1	0	1	1	3,100,000	37,200,000
Stenographer	LGF-8	4	0	4	4	6,400,000	76,800,000
System Administrator	LGF-6	1	0	1	1	2,700,000	32,400,000
Total		38	14	24	22	58,100,000	697,200,000