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# Vote:147

 Local Government Finance Commission

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## V1: Vote Overview

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### 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 2020/21

1. In regards to considering and recommending to the President potential sources of revenue for Local Governments; Works commenced on the local Revenue mobilization strategy for finalization and dissemination and the Inception Report was received and approved in June 2020. The process had three draft reports that were discussed and these included a) Draft Report on Diagnostic Study on Local Governments Own Source Revenue. b) Draft Report on Legal and Policy framework for local revenue mobilization. c) Report on Local Government IT Systems Local Governments Own Source with the end of the process the Revenue Mobilization Strategy and the end of assignment Report will be produced.

2. The Technical Notes on Policy draft on Equalization Grant, percentage Share of funds to local governments, framework linking LED initiatives to LR enhancement, financing for new cities, Framework for setting of rates for taxes and levies were developed and submitted to the Minister.

3. Action research in revenues potential from natural resources conducted focusing on poorly performing LGs was carried out in LGs of Masindi, Moroto, Mubende, Jinja Buhweju Nwoya and Kanungu and a report produced . This is a phased process that going to be carried out through the year to ensure that LGs benefit sufficiently from revenues of natural resources and research was conducted in revenues potential from all traditional existing revenue local sources available in LGs and this was carried out in the areas of Mbarara, Wakiso, mbale, Lira, Nebbi, Arua, Soroti and Masaka .

4. For distribution of revenue between the government and Local Governments and the allocation to each Local Government of money out of the consolidated fund, the policy draft on Equalization Grant was reviewed and is ready for uptake so that local governments that are lagging behind the national average in terms of services can be equalized with adequacy and equity in allocations and absorption issues. The Technical Note on the percentage of the national budget to be transferred to the LGs for FY 2021/22 was prepared with proposal of funding of 18% to local governments translating to UGX 5,333.3 tn. Technical support was provided on budget formulation to 6 weak LGs of Kazo, Rwampara, Kalaki, Karenga, Kibuku, Kitagwenda, Kwania, Madi-Okollo, Nabilatuk, Arua City, Rukiga Dlg, Buhweju Dlg, Mitooma Dlg, Terego Dlg, Gulu City, Jinja City, Mbale City, Masaka City.

5. Negotiations between Local Governments and sector Ministries representing the various programs to contribute to the improvement of the state of funding for local governments in the National budget and this was carried out on 22nd -25th September 2020. The main objective of the negotiations was to facilitate local governments and sector ministries to discuss and agree on effectiveness of conditional grants funded programs under the NDP3's program-based approach to planning and budgeting for FY 2021/22. A total of 7 Agreements (MoUS) were reached between the respective ministries and LGs represented by UNAT, and are in the final stages of being signed for subsequent dissemination, revision of program guidelines and implementation. All the 7 line ministries selected the key areas of negotiation and included them in the draft grant budget guidelines for LGs to use in implementation.

6. From the negotiations Ministry of Educations and Sports agreed to continue to requesting for an increase in the unit cost for capitation grant to increase from UGX. 18,000 per child also provide information on the unit costs and releases of the funds to Special Needs Education schools and units to the LGs Accounting Officers copied to District Chairpersons, Mayors, Speakers of Council and RDCs on the release of funds to SNE to enable them monitor and follow up the grant. They agreed to recruit more special needs Education officers, provide guidelines on how schools that would like to be on the SNE list can be integrated by the MoES, and engage MoPS to enhance salaries of Special Needs teachers.

7. Ministry of Gender labour and Social developments agreed that in that cases of older persons they would engage with NIRA on modalities enabling them register at the lower local governments for the old age grant. The local governments agreed to encourage older persons to register for National IDS so that they can access the SAGE grant.

8. It was further discussed that the Older person's structures were non-operational at LG levels and there was need for MoGLSD shall engage MoFPED on the issue to consider funding for these structures. For the Orphans and vulnerable children, the management was lacking hence it was agreed that MoGLSD a detailed report on the status to the local governments

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9. The national budget analyzed for legal compliance with respect to the section 9(f) of the LGFC ACT, Analyzed the annual budgets of local governments to establish compliance with the legal requirements and LGs of Pader, Agago, Otuke, Buyende, Kaliro, Bundibugyo, Bunyangabu and Pallisa were provided with feedback.

10. Local Economic Development support was provided to enhance fiscal capacities in Kabarole, Nakaseke, Jinja, and Nwoya districts.

11. 2 reports on performance of Disbursement Linked Indicators (DLIs) was submitted to the Committees, Fiscal Decentralization Technical Committee (FDTC), MoFPED and World Bank.

### **IV. Medium Term Plans**

1. Improve service delivery, efficiency and value for money through LGFC and LG capacity.
2. Increase local revenues (LR) through continued support to all local governments by rolling out computerization of revenue register (establishing LR databases) in all LGs across the country and other measures.
3. Contribute to increase and equity of all Local Government funding from the national budget and Evaluate LG funding on Climate Change.
4. Improve revenues from Natural resources from the various regions and streamline to inform planning and budgeting in Local governments.
5. Regularly Assess Allocation formula & models in light of sector policies reviewed to observe the demographic dividend in population growth equity and in-build crosscutting issues-poverty, HIV/AIDS, climate change, gender and environment.
6. Widen Partnerships with other stakeholders to promote and advocate for equity, transparency and fairness in the resource allocations for local governments.
7. Research on the alternative financing using Public Private Partnerships
8. Establish a framework for collection of data to facilitate the realization for revenue from natural resources.

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## V. Snapshot Of Medium Term Budget Allocations

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

		2019/20 Outturn	2020/21		2021/22	MTEF Budget Projections			
			Approved Budget	Expenditure by End Dec		2022/23	2023/24	2024/25	2025/26
<b>Recurrent</b>	Wage	0.000	1.619	0.809	1.619	1.700	1.700	1.700	1.700
	Non Wage	0.000	3.539	1.771	4.039	4.039	4.039	4.039	4.039
<b>Devt.</b>	GoU	0.000	0.157	0.018	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
<b>GoU Total</b>		<b>0.000</b>	<b>5.314</b>	<b>2.598</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
<b>Total GoU+Ext Fin (MTEF)</b>		<b>0.000</b>	<b>5.314</b>	<b>2.598</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
	Arrears	0.000	0.014	0.010	0.000	0.000	0.000	0.000	0.000
<b>Total Budget</b>		<b>0.000</b>	<b>5.329</b>	<b>2.608</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
<b>A.I.A Total</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Grand Total</b>		<b>0.000</b>	<b>5.329</b>	<b>2.608</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
<b>Total Vote Budget Excluding Arrears</b>		<b>0.000</b>	<b>5.314</b>	<b>2.598</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>

Table 5.2: Budget Allocation by Programme (US\$ Billion)

<i>Billion Uganda Shillings</i>	2021/22 Draft Estimates		
	GoU	Ext. Fin	Total
Regional Development	5.814	0.000	5.814
<b>Grand Total :</b>	<b>5.814</b>	<b>0.000</b>	<b>5.814</b>
<b>Total excluding Arrears</b>	<b>5.814</b>	<b>0.000</b>	<b>5.814</b>

## VI. Budget By Economic Classification

Table V6.1 2020/21 and 2021/22 Budget Allocations by Item

<i>Billion Uganda Shillings</i>	2020/21 Approved Budget				2021/22 Draft Estimates		
	GoU	Ext. Fin	AIA	Total	GoU	Ext. Fin	Total
<b>Output Class : Outputs Provided</b>	<b>5.157</b>	<b>0.000</b>	<b>0.000</b>	<b>5.157</b>	<b>5.657</b>	<b>0.000</b>	<b>5.657</b>
211 Wages and Salaries	2.591	0.000	0.000	2.591	2.591	0.000	2.591
212 Social Contributions	0.162	0.000	0.000	0.162	0.177	0.000	0.177
213 Other Employee Costs	0.609	0.000	0.000	0.609	0.609	0.000	0.609
221 General Expenses	0.402	0.000	0.000	0.402	0.290	0.000	0.290
222 Communications	0.043	0.000	0.000	0.043	0.053	0.000	0.053
223 Utility and Property Expenses	0.456	0.000	0.000	0.456	0.461	0.000	0.461
224 Supplies and Services	0.030	0.000	0.000	0.030	0.045	0.000	0.045

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225 Professional Services	0.115	0.000	0.000	0.115	0.301	0.000	0.301
227 Travel and Transport	0.562	0.000	0.000	0.562	0.903	0.000	0.903
228 Maintenance	0.187	0.000	0.000	0.187	0.227	0.000	0.227
<b>Output Class : Capital Purchases</b>	<b>0.157</b>	<b>0.000</b>	<b>0.000</b>	<b>0.157</b>	<b>0.157</b>	<b>0.000</b>	<b>0.157</b>
312 FIXED ASSETS	0.157	0.000	0.000	0.157	0.157	0.000	0.157
<b>Output Class : Arrears</b>	<b>0.014</b>	<b>0.000</b>	<b>0.000</b>	<b>0.014</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
321 DOMESTIC	0.014	0.000	0.000	0.014	0.000	0.000	0.000
<b>Grand Total :</b>	<b>5.329</b>	<b>0.000</b>	<b>0.000</b>	<b>5.329</b>	<b>5.814</b>	<b>0.000</b>	<b>5.814</b>
<b>Total excluding Arrears</b>	<b>5.314</b>	<b>0.000</b>	<b>0.000</b>	<b>5.314</b>	<b>5.814</b>	<b>0.000</b>	<b>5.814</b>

### VII. Budget By Sub-Subprogramme , Department And Project

Table V7.1: Past Expenditure Outturns and Medium Term Projections by Sub-SubProgramme,Department and Project

Billion Uganda shillings	FY 2019/20 Outturn	FY 2020/21		2021-22 Proposed Budget	Medium Term Projections			
		Approved Budget	Spent By End Dec		2022-23	2023-24	2024-25	2025-26
<b>53 Coordination of Local Government Financing</b>	<b>0.000</b>	<b>5.329</b>	<b>2.608</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
01 Administrative Support Services	0.000	3.495	1.757	3.648	3.648	3.648	3.648	3.648
02 Revenues for Local Governments-Central Grants and Local Revenues	0.000	1.082	0.588	1.391	1.391	1.391	1.391	1.391
03 Research and Data management	0.000	0.594	0.245	0.619	0.700	0.700	0.700	0.700
1651 Retooling of Local Government Finance Commission	0.000	0.157	0.018	0.157	0.157	0.157	0.157	0.157
<b>Total for the Vote</b>	<b>0.000</b>	<b>5.329</b>	<b>2.608</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>
<b>Total Excluding Arrears</b>	<b>0.000</b>	<b>5.314</b>	<b>2.598</b>	<b>5.814</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>	<b>5.895</b>

### VIII. Sub-SubProgramme Performance and Medium Term Plans

Table V8.1: Sub-SubProgramme Outcome and Outcome Indicators

<b>Sub-SubProgramme :</b> 53 Coordination of Local Government Financing					
<b>Objective :</b>	To promote Sustainability adequacy and equity in financial resources for all inclusive service delivery by all Local Governments.				
<b>Responsible Officer:</b>	Lawrence Banyoya				
<b>Outcome:</b>	A resourced Local Government able to carry out Decentralised roles and responsibilities				
<b>1. Increased Sustainable Local Government Financing</b>					
<b>Outcome Indicators</b>	<b>Performance Targets</b>				
			<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>Baseline</b>	<b>Base year</b>	<b>Target</b>	<b>Projection</b>	<b>Projection</b>
• Percentage share of the National budget between Central and Local governments	12.5%	2018	14%	17%	20%

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• Percentage increase in the grant transfers	15%	2018	18%	20%	25%
• Ratio between the highly funded and the least funded local governments	1.23	2017	1:1	1:1	1:1
<b>Department: 01 Administrative Support Services</b>					
<b>Budget Output: 04 Institutional Capacity Maintenance and Enhancement</b>					
Proportion of recommendations from policy Dialogue meetings implemented			100%	100%	100%
Proportion of the procurement plan implemented			100%	100%	100%
<b>Budget Output: 05 Planning Support Services and M&amp;E handed</b>					
Percentage execution of the work plan			100%	100%	100%
<b>Department: 02 Revenues for Local Governments-Central Grants and Local Revenues</b>					
<b>Budget Output: 02 Enhancement of LG Revenue Mobilisation and Generation</b>					
Number of potential news sources identified for local governments			2	2	2
<b>Budget Output: 03 Equitable Distribution of Grants to LGs</b>					
Number of policy dialogue meetings held			20	25	30
Number of local governments lagging behind the national average for a particular service			85	60	45
<b>Department: 03 Research and Data management</b>					
<b>Budget Output: 01 Local Government Budget Analysis</b>					
Number of policy briefs and advisory notes generated on LG funding from national budget			2	2	2
Number of LGs producing budgets that comply with the legal and regulatory provisions			176	176	176
Number of budget analysis reports produced			2	2	
Number of LGs provided with feedback on the findings and reports on budget analysis			175	10	10

## 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. Inadequate and slow reforms in Local Revenue Management
2. Absence of a department / unit to effectively perform the function of Local revenue administration
3. Increasing number of Local government units amidst declining resources to the Commission.
4. Continued Decline of Local Government Share of National Budget
5. Absence of equalization grant to those eligible

### Plans to improve Vote Performance

1. Advocate for the law on financing of local governments that caters for all the needs of equity poverty population fairness adequacy e.t.c
2. Advocacy for a compliance system on decentralization by central governments votes so that funds are released to where most of

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the service delivery is done in all Lgs.

3. 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

4. Advocate for amendments of the laws polices and strategies concerning local revenue collection.

5. 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 Department and Project

<i>Billion Uganda Shillings</i>	2020/21 Approved Budget	2021/22 Draft Estimates
<b>Sub-SubProgramme 2053 Coordination of Local Government Financing</b>	<b>0.83</b>	<b>0.00</b>
<i>Recurrent Budget Estimates</i>		
<b>02 Revenues for Local Governments-Central Grants and Local Revenues</b>	<b>0.83</b>	<b>0.00</b>
<i>DINU</i>	<i>0.83</i>	<i>0.00</i>
<b>Total for Vote</b>	<b>0.83</b>	<b>0.00</b>

## XII. Vote Cross Cutting Policy And Other Budgetary Issues

Table 12.1: Cross- Cutting Policy Issues

Issue Type: **HIV/AIDS**

<b>Objective :</b>	HIV/AIDS in the Commission
<b>Issue of Concern :</b>	There is no deliberate strategy for HIV/AIDS in the Commission
<b>Planned Interventions :</b>	i. Staff sensitization programmes ii. Develop and implement HIV/AIDS policy and capacity building
<b>Budget Allocation (Billion) :</b>	0.020
<b>Performance Indicators:</b>	Number of staff sensitized

Issue Type: **Gender**

<b>Objective :</b>	Inequities in resource allocation
<b>Issue of Concern :</b>	Non-observance of gender and equity issues in planning and budgeting leading to serious inequities.
<b>Planned Interventions :</b>	Review grants allocation formula and models in light of sector policies to in-build crosscutting issues like poverty, HIV/AIDS, gender and environment
<b>Budget Allocation (Billion) :</b>	0.110
<b>Performance Indicators:</b>	Number of recommendations implemented
<b>Objective :</b>	Inequities in resource allocation
<b>Issue of Concern :</b>	Non-observance of gender issues in planning and budgeting leading to serious inequities.
<b>Planned Interventions :</b>	Negotiating on gender-enhancing conditional grant funded programs on financing needs for children, girls, boys, women youth, the elderly and PWDs
<b>Budget Allocation (Billion) :</b>	0.060
<b>Performance Indicators:</b>	No. of recommendations implemented

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**Issue Type:** **Enviroment**

<b>Objective :</b>	Non-observance of environmental issues
<b>Issue of Concern :</b>	Non-observance of environmental issues during planning and budgeting and allocations
<b>Planned Interventions :</b>	i. Assessing the LGs budgets (especially projects profiles on their attention to environmental and social safeguards)
<b>Budget Allocation (Billion) :</b>	0.060
<b>Performance Indicators:</b>	Number of local governments assessed

### 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 Financial Analyst	LGF-4	2	2
Principal Human Resource Manager	LGF-4	1	1
Senior Data Analyst	LGF-5	1	1
Senior Financial Analyst	LGF-5	3	3
Senior Internal Auditor	LGF-5	1	1
Senior Management Information Systems Officer	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	3	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	2	2

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Assistant Records Officer	LGF-7	1	0
Inventory Management Officer	LGF-7	1	1
Senior Accounts Assistant	LGF-7	1	1
Driver	LGF-8	9	8
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**

N/A