

VOTE: 147 Local Government Finance Commission (LGFC)

I. VOTE MISSION STATEMENT

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

II. STRATEGIC OBJECTIVE

- a) Contribute to improvement of the state of funding for LGs in the National Budget
- b) Promote equity in resource allocation among LGs
- c) Support LGs to improve local revenue performance
- d) Enhance the institutional capacity of the LGFC to effectively perform its mandate

III. MAJOR ACHIEVEMENTS IN 2023/24

1 The Commission facilitated negotiations between 9 Ministries in the various programs and Local governments to ensure equitable distribution of resources and also to ensure that the decentralized services are fully funded

Subsequently conditional grants were created under the Ministry of Tourism Wildlife and Antiquities Tourism Development section and Ministry of Lands Housing and Urban Development Physical Planning Section to a tune of UGX 1 6896bn and UGX 2 0 bn respectively

2 Integrated Local Revenue Administration System was rolled out to 124 Vote Level Local Governments as follows 9 Cities 20 Municipalities and 95 District Local Governments

3 The Commission collected data on the state of school infrastructure to assess the status of the learning environment of children in light of advocating for equity in service provision in line with Article 194 (4) of the Constitution of the Republic of Uganda

10 LGs of Ngora Namutumba Nakapiripirit Buikwe Sheema Buhweju Ibanda Otuke Sembabule Amuru were supported in the local revenue enhancement management plans as a strategy in revenue mobilization

11 The Commission conducted a dialogue on the collection and sharing of Royalty fees but found that even where the legal provision was clear the implementation and management were inadequate

12 LGs of Pallisa Lira Pader Obongi Katakwi Koboko and Kaberamaido and the cities of Hoima Arua Mbale and Soroti and the Municipal Council of Nebbi were supported to finalize activities in the natural resources that have the potential to generate revenues for Local Governments from Sand mining gold Marble Lime Stone quarrying clay silicone brick making copper cobalt murrum

13 The members of the Commission carried out outreach activities in the 12 LGs of Butebo Kibuku Budaka Kalaki Kapelebyong Katakwi Buhweju Isingiro Kazo Terego Koboko Maracha with the objective documenting issues related to policy on financing of LGs in light of the Constitutional mandate of the LGFC

14 The Commission commenced the review of the grants allocation formulae to show the vertical and horizontal allocation in light of emerging socio economic shocks ie inflation increase in population disasters refugees influx

15 The Commission supported Local Governments to operationalize the framework linking Local Revenue to Local Economic Development initiatives in the sub regions of Teso and Acholi and a total of 21 LGs of Gulu City Kitgum district Kitgum Municipality Lamwo district Agago district Pader district; Omoro district Nwoya district Amuru district Soroti City Soroti district Kumi district Kumi Municipality Bukedea district Ngora district Serere district Kaberamaido district Amuria district and Katakwi district were covered

16 Conducted 24 Local Government Budget Forums at regional levels to discuss Local Government funding and budget implementation issues

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IV. MEDIUM TERM BUDGET ALLOCATIONS

Table 4.1: Overview of Vote Expenditure (Ushs Billion)

	2023/24		2024/25	MTEF Budget Projections				
	Approved Budget	Spent by End Dec	Budget Estimates	2025/26	2026/27	2027/28	2028/29	
Recurrent	Wage	1.619	0.805	1.619	1.700	1.785	1.874	2.061
	Non-Wage	9.289	4.567	8.988	9.168	10.726	12.335	13.745
Devt.	GoU	0.100	0.003	0.400	0.420	0.483	0.531	0.638
	Ext Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total		11.008	5.375	11.007	11.288	12.994	14.741	16.444
Total GoU+Ext Fin (MTEF)		11.008	5.375	11.007	11.288	12.994	14.741	16.444
Arrears		0.003	0.000	0.000	0.000	0.000	0.000	0.000
Total Budget		11.010	5.375	11.007	11.288	12.994	14.741	16.444
Total Vote Budget Excluding Arrears		11.008	5.375	11.007	11.288	12.994	14.741	16.444

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Table 4.2: Budget Allocation by Department for Recurrent and Development (Ushs Billion)

<i>Billion Uganda Shillings</i>	Draft Budget Estimates FY 2024/25	
	Recurrent	Development
Programme:14 Public Sector Transformation	8.710	0.400
SubProgramme:04 Decentralization and Local Economic Development	8.710	0.400
Sub SubProgramme:01 Finance and Administration	6.150	0.400
001 Governance and leadership	6.150	0.400
Sub SubProgramme:02 Local Government Financing	2.560	0.000
001 Governance and leadership	2.560	0.000
Programme:17 Regional Balanced Development	0.099	0.000
SubProgramme:01 Production and productivity	0.099	0.000
Sub SubProgramme:02 Local Government Financing	0.099	0.000
001 Governance and leadership	0.099	0.000
Programme:18 Development Plan Implementation	1.798	0.000
SubProgramme:02 Resource Mobilization and Budgeting	1.798	0.000
Sub SubProgramme:02 Local Government Financing	1.798	0.000
001 Grants Management	0.841	0.000
002 Sustainable services	0.957	0.000
Total for the Vote	10.607	0.400

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V. PERFORMANCE INDICATORS AND PLANNED OUTPUTS

Table 5.1: Performance Indicators

Programme: 14 Public Sector Transformation

SubProgramme: 04 Decentralization and Local Economic Development

Sub SubProgramme: 01 Finance and Administration

Department: 001 Governance and leadership

Budget Output: 000014 Administrative and Support Services

PIAP Output: Technical support provided in identified areas of weaknesses in compliance with legal requirements

Programme Intervention: 140101 Build LG fiscal decentralization and self-reliance capacity

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
Number of LGs provided with technical support	Number	2019-20	176	30	24	30

Project: 1651 Retooling of Local Government Finance Commission

Budget Output: 000014 Administrative and Support Services

PIAP Output: Technical support provided in identified areas of weaknesses in compliance with legal requirements

Programme Intervention: 140101 Build LG fiscal decentralization and self-reliance capacity

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
Number of LGs provided with technical support	Number	2019	176	30	24	30

Programme: 18 Development Plan Implementation

SubProgramme: 02 Resource Mobilization and Budgeting

Sub SubProgramme: 02 Local Government Financing

Department: 001 Grants Management

Budget Output: 560006 Advisory Services

PIAP Output: Adequacy for and equity in financing of LGs

Programme Intervention: 180120 Strengthen the alignment of the Sector, MDA and LG Plans to the NDP III

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Sub SubProgramme: 02 Local Government Financing

Department: 001 Grants Management

Budget Output: 560006 Advisory Services

PIAP Output: Adequacy for and equity in financing of LGs

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
% increase in grants to LGs.	Percentage	2019	12.5%	20%	15.2%	22%

Department: 002 Sustainable services

Budget Output: 320008 Community Outreach services

PIAP Output: Enhanced Local Revenue

Programme Intervention: 180106 Deepening the reduction of informality and streamlining taxation at national and local government levels

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
Percentage of LG Budgets financed by LR (Average)	Percentage	2019-20	15%	43%	25%	50%
Proportion of LGs implementing the Local revenue enhancement management plans	Percentage	2019-20	20%	60%	30%	80%

Budget Output: 560008 Revenue Mobilization

PIAP Output: Tax Registration expansion programme fast tracked

Programme Intervention: 180106 Deepening the reduction of informality and streamlining taxation at national and local government levels

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
LG revenues as a Percentage of their Budgets	Proportion	2019-20	15%	37%	37%	30%
Percentage of LG Budgets financed by LR (Average)	Percentage	2019-20	5%	43%	25%	50%
Proportion of LGs implementing the Local revenue enhancement management plans	Percentage	2019-20	20%	60%	30%	80%

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VI. VOTE NARRATIVE

Vote Challenges

- 1 Inadequate wage to recruit staff to fill vacant positions has affected the performance of the Commission
- 2 Lack of a retooling budget the current equipment at the Commission has suffered from wear and tear over the years
- 3 The Commission Lacks Transport Equipment to conduct fieldwork to support LGs and also secure data from local governments to effectively advise the government on the financing of LGs and also support LG enhance their local revenues
- 4 The Chairman of the Commission has no vehicle to facilitate his work The one available was purchased in 2015 and this has crippled his work movements

Plans to improve Vote Performance

- 1 Advocate for a specific law on financing of local governments that caters for all the aspects of adequacy equity poverty population transparency
- 2 Advocacy for a compliance system on decentralization by central governments votes so that funds for decentralized functions are released directly to local governments.
- 3 Assessment of the performance of the existing reforms for local governments on service delivery and local development
- 4 Advocate for fair taxation laws and policies and strategies concerning local revenue collection
- 5 Regularly assess grants allocation formula and models in line with sector policies to ensure adherence to fairness and build in of crosscutting issues of poverty HIV AIDS Climate Change gender and equity and environment

VII. Off Budget Support and NTR Projections

Table 7.1: Off Budget Support by Project and Department

N/A

VOTE: 147 Local Government Finance Commission (LGFC)**Table 7.2: NTR Projections(Uganda Shillings Billions)**

Revenue Code	Revenue Name	FY2023/24	Projection FY2024/25
142159	Sale of bid documents-From Government Units	0.000	0.000
Total		0.000	0.000

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VIII. VOTE CROSS CUTTING POLICY AND OTHER BUDGETARY ISSUES

Table 8.1: Cross- Cutting Policy Issues

i) Gender and Equity

OBJECTIVE	Negotiate on gender responsive interventions from the conditional grant funded programs between MDAs with conditional grants and local governments
Issue of Concern	Inadequate of gender and equity issues in planning and budgeting leading to wide economic social inequities.
Planned Interventions	Review grants allocation formula & models in light of sector policies to in-build crosscutting issues like poverty, HIV/AIDS, gender & environment Negotiate on gender-enhancing conditional grant funded programs between MDAs with Conditional grants
Budget Allocation (Billion)	0.500
Performance Indicators	Number of Recommendations and undertakings implemented from the Conditional grant's negotiations

ii) HIV/AIDS

OBJECTIVE	Staff sensitization programmes on HIV/AIDS policy and capacity building
Issue of Concern	Lack of refresher training on HIV/AIDS in the Commission
Planned Interventions	Conduct training in HIV gender and diversity management
Budget Allocation (Billion)	0.030
Performance Indicators	Number of staff trained

iii) Environment

OBJECTIVE	Evaluation of the Allocation formula for natural resources and environments (especially projects profiles on their attention to environmental issues
Issue of Concern	Non-observance of environmental issues during planning and budgeting and allocations
Planned Interventions	Evaluating the Water environment and natural resources in attention to environmental issues
Budget Allocation (Billion)	0.070
Performance Indicators	Number of environment issues raised

iv) Covid

N / A

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IX. PERSONNEL INFORMATION

Table 9.1: Staff Establishment Analysis

Title	Salary Scale	Number of Approved Positions	Number of filled Positions
Accountant	LGF-6	1	0
Administrative Officer	LGF-6	1	0
Assistant Records Officer	LGF-7	1	0
Chairperson	LGF-S 1	1	0
Commission Secretary	LGF-1	1	0
Data Officer	LGF-6	3	0
Director of Finance and Administration	LGF-2	1	0
Director Revenue and Research	LGF-2	1	0
Driver	LGF-8	9	9
Financial Analyst	LGF-6	3	3
Front Desk Officer	LGF-6	1	0
Inventory Management Officer	LGF-7	1	1
Librarian	LGF-6	1	1
Manager- Human Resource and Administration	LGF-3	1	1
Office Attendant	LGF-9	3	3
Personal Secretary	LGF-7	1	0
Planner/ Economist	LGF-6	1	1
Principal Accountant	LGF-4	1	1
Principal Data Analyst	LGF-4	1	1
Principal Human Resource Manager	LGF-4	1	1
Principal Revenue Officer	LGF-4	1	1
Procurement Officer	LGF-6	1	1
Public Relations Officer	LGF-5	1	0
Senior Information Scientist	LGF-5	1	1
Senior Internal Auditor	LGF-5	1	1
Vice Chairperson	LGF-S 2	1	1

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Table 9.2: Staff Recruitment Plan

N / A