

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

1. Contribute to improvement of the state of funding for LGs in the National Budget
2. Promote equity in resource allocation among LGs
3. Support LGs to improve local revenue performance
4. Enhance the institutional capacity of the LGFC to effectively perform its mandate.

III. MAJOR ACHIEVEMENTS IN 2022/23

PUBLIC SECTOR TRANSFORMATION

Decentralization and Local Economic Development

Two Finance Committee meetings were held to discuss the release of quarters one and two

Six technical meeting were held to discuss proposed concept notes and questionnaires for activities planned for quarter two

Prepared and submitted budget Framework paper for FY 2023 24 and this was submitted to the respective program secretariats

Capacity building was carried out for staff member in High Performance Culture in Organizations explaining the attributes of a high performance culture and the benefits of high performance culture

Stake Holders engagements were carried out with Uganda Local Government Association and ACODE on the financing of local governments SEATINI on launch of the local revenue enhancement management plan for Soroti City Action Aid International on Sensitization on Automation and Digitization by using IRAS and engagement with political leaders and technical staff of Arua City and Hoima City on issues of Local revenue performance

Analyzed data on Climate Change financing in light of local governments mandates

Research and evaluation

Commenced research on Financing Gaps in land management and Physical planning functions at the local government level So far data has been collected in twelve districts of Bugweri Kalangala Luwero Mpigi Sembabule Jinja Wakiso Kiboga Bukedea Buikwe Budaka and Mukono

Advisory Services

The Commission facilitated the Local government budget regional workshops organized by MoFPED on matters of budget formulation local revenue mobilizations budget guidelines and the implication of new reforms on public financial management

Negotiations between LGs and Program Lead Institutions with decentralized services were organized and facilitated and Conditional grants agreements for the various Ministries were signed and disseminated The outputs informed the budget grant guidelines to local governments

Regulations and Compliance

Analyzed the annual budgets of LGs to establish compliance with the legal requirements and notify the council concerned and the President through the Minister for appropriate action

The Commission provided feedback to seven LG of Agago Luuka Pader Ntungamo Apac Buyende and Lyantonde

The Commission developed its strategic plan for statistics and commenced work on the compilation of statistical abstract

Technical support in budget formulation was provided to eight LG of Kwana Kyenjojo Mbarara Kyanwanzi Nakasongola Kiryandongo Apac Namutumba and Kaliro

DEVELOPMENT PLAN IMPLEMENTATION

VOTE: 147 Local Government Finance Commission (LGFC)

Resource Mobilization and Budgeting

Community Outreach services

Customized the inventory of best practice in the LGS of Lira Tororo Kalungu Mbarara Kiryandongo and Bukedea

Revenue Mobilization

Continued with automation for Twenty-seven LGs as at half year Nine MC and Eighteen districts.

Completed valuation of properties in 15 districts and the valuation lists have been produced

Ongoing valuations in nineteen LG under Resource Enhancement and Accountability Program support

Analyzed challenges in the implementation of revenue administration system

With the support from UNCDF LGFC provided thirteen LGs for selected sub counties with solar PV system to support the implementation of IRAS for those that are not on the national electricity grid

Support supervision was carried out for automation of local revenue managements in the local government of Kamuli Busia Moroto Apac Kasese Bugiri and Sheema.

VOTE: 147 Local Government Finance Commission (LGFC)

IV. MEDIUM TERM BUDGET ALLOCATIONS

Table 4.1: Overview of Vote Expenditure (Ushs Billion)

	2022/23		2023/24	MTEF Budget Projections				
	Approved Budget	Spent by End Dec	Budget Estimates	2024/25	2025/26	2026/27	2027/28	
Recurrent	Wage	1.619	0.763	1.619	1.700	1.870	2.057	2.262
	Non-Wage	3.743	1.621	9.289	9.754	11.704	14.045	16.714
Devt.	GoU	0.094	0.028	0.100	0.100	0.120	0.138	0.152
	Ext Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	5.456	2.412	11.008	11.553	13.694	16.240	19.128	
Total GoU+Ext Fin (MTEF)	5.456	2.412	11.008	11.553	13.694	16.240	19.128	
Arrears	0.000	0.000	0.003	0.000	0.000	0.000	0.000	
Total Budget	5.456	2.412	11.010	11.553	13.694	16.240	19.128	
Total Vote Budget Excluding Arrears	5.456	2.412	11.008	11.553	13.694	16.240	19.128	

VOTE: 147 Local Government Finance Commission (LGFC)

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

<i>Billion Uganda Shillings</i>	Draft Budget Estimates FY 2023/24	
	Recurrent	Development
Programme:14 Public Sector Transformation	9.010	0.100
SubProgramme:04 Decentralization and Local Economic Development	9.010	0.100
Sub SubProgramme:01 Finance and Administration	5.657	0.100
001 Governance and leadership	5.657	0.100
Sub SubProgramme:02 Local Government Financing	3.353	0.000
001 Governance and leadership	3.353	0.000
Programme:17 Regional Balanced Development	0.100	0.000
SubProgramme:01 Production and productivity	0.100	0.000
Sub SubProgramme:02 Local Government Financing	0.100	0.000
001 Governance and leadership	0.100	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	0.792	0.000
002 Sustainable services	1.006	0.000
Total for the Vote	10.908	0.100

VOTE: 147 Local Government Finance Commission (LGFC)

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	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Number of LGs provided with technical support	Number	2019-20	176	25	8	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	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Number of LGs provided with technical support	Number	2019	176	25		30

Sub SubProgramme: 02 Local Government Financing

Department: 001 Governance and leadership

Budget Output: 390004 Research and evaluation

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

VOTE: 147 Local Government Finance Commission (LGFC)**Sub SubProgramme: 02 Local Government Financing****Department: 001 Governance and leadership****Budget Output: 390004 Research and evaluation****PIAP Output: Technical support provided in identified areas of weaknesses in compliance with legal requirements**

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Number of LGs provided with technical support	Number	2019/20	176			30

Programme: 17 Regional Balanced Development**SubProgramme: 01 Production and productivity****Sub SubProgramme: 02 Local Government Financing****Department: 001 Governance and leadership****Budget Output: 000022 Research and Development****PIAP Output: LG Devt projects and priorities funded from royalties****Programme Intervention: 170208 Operationalize the Industrial and Business Parks situated in the target regions**

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Number of LGs funded from royalties	Number	2021-22	0			2

PIAP Output: 4 Regional industrial and business parks established**Programme Intervention: 170208 Operationalize the Industrial and Business Parks situated in the target regions**

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Number of industrial and business parks	Number	0	0			0%

Programme: 18 Development Plan Implementation**SubProgramme: 02 Resource Mobilization and Budgeting**

VOTE: 147 Local Government Finance Commission (LGFC)**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**

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
% increase in grants to LGs.	Percentage	2019	12.5%	17%	13%	20%

Budget Output: 560007 Regulation and Compliance**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**

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
% increase in grants to LGs.	Percentage	2019/20	12.5	17%	13%	20%

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	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
Percentage of LG Budgets financed by LR (Average)	Percentage	2019-20	15%	36%	20%	43%
Proportion of LGs implementing the Local revenue enhancement management plans	Percentage	2019-20	20%	45%	15%	60%

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**

VOTE: 147 Local Government Finance Commission (LGFC)

Sub SubProgramme: 02 Local Government Financing

Department: 002 Sustainable services

Budget Output: 560008 Revenue Mobilization

PIAP Output: Tax Registration expansion programme fast tracked

Indicator Name	Indicator Measure	Base Year	Base Level	2022/23		Performance Targets
				Target	Q2 Performance	2023/24
LG revenues as a Percentage of their Budgets	Proportion	2019-20	15%			37%
Percentage of LG Budgets financed by LR (Average)	Percentage	2019-20	5%	37%	20%	43%
Proportion of LGs implementing the Local revenue enhancement management plans	Percentage	2019-20	20%	45%	15%	60%

VOTE: 147 Local Government Finance Commission (LGFC)

VI. VOTE NARRATIVE

Vote Challenges

- 1 Failure to implement the new approved LGFC staff structure due to lack of adequate wage budget
- 2 Inadequate reforms in Local Revenue Management
- 3 Lack of an appropriate law on local government financing
- 4 Resistance by some Ministries to appreciate the decentralization of funds to local governments decentralized functions
- 5 Absence of a unit responsible for local revenue administration and management in local government structures
- 6 The functions of the Commission are provided as advisory but a legal framework on how and when the advice is to be provided is not provided for especially in matters that relate to determination of annual transfers of financial resources as grants from the Consolidated Fund to LGs
- 7 Local government finance commission mediates on disputes between Local Governments but does not have the authority to arbitrate
- 8 Lack of mechanism to follow up cases where Ministries, Departments and Agencies ignore advice given by Local Government Finance Commission

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 polices and strategies concerning local revenue collection
- 5 Regularly assess grants 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

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 Collections (Uganda Shillings Billions)

N / A

VOTE: 147 Local Government Finance Commission (LGFC)

VIII. VOTE CROSS CUTTING POLICY AND OTHER BUDGETARY ISSUES

Table 8.1: Cross- Cutting Policy Issues

i) Gender and Equity

OBJECTIVE	Negotiate on gender and equity enhancing 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)	0.250
Performance Indicators	Number of Recommendations and undertakings implemented from the Conditional grants negotiations

ii) HIV/AIDS

OBJECTIVE	Staff sensitization programmes on HIV/AIDS policy and capacity building
Issue of Concern	There is no deliberate strategy for HIV/AIDS in the Commission
Planned Interventions	Staff sensitization programmes on HIV/AIDS policy and capacity building
Budget Allocation (Billion)	0.180
Performance Indicators	Number of Staff that have been sensitized on HIV/AIDS

iii) Environment

OBJECTIVE	Assessing the LGs budgets (especially projects profiles on their attention to environmental and social safeguards)
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)
Budget Allocation (Billion)	0.250
Performance Indicators	LGs supported in adhering to the Environmental and social safeguard's guidelines

iv) Covid

OBJECTIVE	Copying mechanisms in Covid 19 Environment
Issue of Concern	Inadequate post Covid measures on improvement of staff performance

VOTE: 147 Local Government Finance Commission (LGFC)

Planned Interventions	Undertake Systems Re-Engineering efforts adopt to post COVID and performance Improvement Support COVID 19 Interventions through sensitization and provision of equipment's LGFC will negotiate with MDAS on copying mechanisms of supporting service delivery
------------------------------	---

Budget Allocation (Billion)	0.250
------------------------------------	-------

Performance Indicators	Number of Recommendations implemented on Covid 19 measures
-------------------------------	--

VOTE: 147 Local Government Finance Commission (LGFC)

IX. PERSONNEL INFORMATION

Table 9.1: Staff Establishment Analysis

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

VOTE: 147 Local Government Finance Commission (LGFC)

Table 9.2: Staff Recruitment Plan

N / A