

# VOTE: 147 Local Government Finance Commission(LGFC)

## I. VOTE MISSION STATEMENT

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

## II. STRATEGIC OBJECTIVE

- a)Contribute to improvement of the state of funding for all LGs in the National Budget
- b)Promote equity in resource allocation among all Local Governments
- c)Support all Local Governments to improve local revenue performance and streamlining revenues from the natural resources
- d)Enhance the institutional capacity of the Local Government Finance Commission to effectively perform its mandate

## III. MAJOR ACHIEVEMENTS IN 2021/22

The Grants allocation formulae and models were reviewed in line with the program approach to make them responsive to line ministries policies and in build crosscutting issues like poverty HIV AIDS gender and environment through seven meetings of negotiations between the program line ministries central and local governments

Program Conditional grants negotiations between Local Governments and line ministries were conducted

The emerging policy issues concerning service delivery and local development in LGs under the Programme based approach to planning were discussed taking into account the following

The expected engagement between the Line Ministries and LGs under the new program approach to planning and budgeting

Programs designed for implementation of decentralized services were agreed upon

The human resource requirements for LGs to be able to deliver effectively on service delivery requirements were discussed.

A draft report on the Negotiations was produced and disseminated

The agreed undertakings with financial and policy implications were submitted to MoFPED and respective MDAS for necessary action

A report on the local government financing issues was produced from 24 sub regional meetings of the Local government budget consultative regional workshops

The relevant Disbursement Linked Indicators for four Ministries of Health Education and sports Water and environment and Agriculture were verified in line with performance of the DLIs and a reports produced inline with the UGIFT program operational manual

Two Meetings were held to discuss and create awareness on the progress on the Disbursement Linked Indicators with Ministry of Agriculture animal industry and fishers on Micro scale irrigation and the Ministry of Water and Environment on Water projects under Uganda intergovernmental fiscal transfer reform.

15 LGs of Rukungiri Mc Kasese Mc Lira City Masindi MC Tororo City Kamuli MC Busia MC Kumi MC Tororo MC Mubende MC Ntungamo MC and the Districts of Nakasongola Wakiso and Butambala and Lwengo were trained in budget formulation and supportive strategies provided and the reports are being prepared

The national budget was analyzed for legal compliance with respect to the section 9g of the LGFC ACT on the share to LGs and a report on the state of LG financing in the national budget produced with the current share standing at 13 point 7 percent for FY 2021 22 higher than the previous year FY 2020 21 which was at 11 point7 percent

Status report on the financing of local governments was produced

A technical Status report on budget analysis for compliance with legal requirements was produced

Data on the quarterly grants releases and local revenue for local governments was collected and analyzed and results shared with stakeholders.

Quarter 2 grants release and Local revenue tracking report was produced

Feedback information was provided to 3 districts of Kween DLG Nwoya DLG Nakaseke DLG

Detailed LG Specific Analytical Reports and Feedback was provided to 161 LGs

Development plan implementation

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### *Development plan implementation*

Beginning rollout of the IRAs to MCs in the greater Kampala metropolitan ie Nansana Makindye Sebagabo Entebbe and 9 cities of Masaka Hoima Mbarara Gulu Lira Arua Mbale Fortpotal and Soroti 8 MC and 14 Districts LR administration automated in the local governments through IRAS in 6 Moyo Adjumani Lamwo Pader Otuke Amuria Moroto LGs of in Northern Uganda and 2 cities of Masaka Lira and and 3 municipalities of Ntungamo Kabale and Kitugum MC under USMID

A framework for appropriate tax levels was disseminated in the LGs of Kiboga Bukomasimbi and Namayingo

A policy brief on strategies and recommendations on local revenue enhancement was produced from the backstop meetings

Data was collected from the LGs of Busia Bududa and Buliisa on revenues from natural resources so that a framework for LGs can be produced

Dissemination of the LED framework that links Local revenues to LED initiatives in local governments

**VOTE: 147 Local Government Finance Commission(LGFC)****IV. MEDIUM TERM BUDGET ALLOCATIONS****Table 4.1: Overview of Vote Expenditure (Ushs Billion)**

	2022/23 Proposed Budget	MTEF Budget Projections				
		2023/24	2024/25	2025/26	2026/27	
<b>Recurrent</b>	Wage	1.619	1.619	1.619	1.619	1.619
	Non-Wage	3.743	3.793	3.793	3.793	3.793
<b>Devt.</b>	GoU	0.094	0.094	0.094	0.094	0.094
	Ext Fin.	0.000	0.000	0.000	0.000	0.000
<b>GoU Total</b>		<b>5.456</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>
<b>Total GoU+Ext Fin (MTEF)</b>		<b>5.456</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>
<b>Arrears</b>		0.000	0.000	0.000	0.000	0.000
<b>Total Budget</b>		<b>5.456</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>
<b>Total Vote Budget Excluding</b>		<b>5.456</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>	<b>5.506</b>

**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 2022/23	
	Recurrent	Development
<b>Programme:14 PUBLIC SECTOR TRANSFORMATION</b>	<b>3.563</b>	<b>0.094</b>
<b>SubProgramme:04 Decentralization and Local Economic Development</b>	<b>3.563</b>	<b>0.094</b>
<b>Sub SubProgramme:01 Finance and Administration</b>	<b>3.075</b>	<b>0.094</b>
001 Governance and leadership	3.075	0.094
<b>Sub SubProgramme:02 Local Government Financing</b>	<b>0.488</b>	<b>0.000</b>
001 Governance and leadership	0.488	0.000
<b>Programme:18 DEVELOPMENT PLAN IMPLEMENTATION</b>	<b>1.798</b>	<b>0.000</b>
<b>SubProgramme:02 Resource Mobilization and Budgeting</b>	<b>1.798</b>	<b>0.000</b>
<b>Sub SubProgramme:02 Local Government Financing</b>	<b>1.798</b>	<b>0.000</b>
001 Grants Management	1.005	0.000
002 Sustainable services	0.793	0.000
<b>Total for the Vote</b>	<b>5.361</b>	<b>0.094</b>

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### V. PERFORMANCE INDICATORS AND PLANNED OUTPUTS

Table 5.1: Performance Indicators

<b>Programme: 14 PUBLIC SECTOR TRANSFORMATION</b>				
<b>SubProgramme: 04 Decentralization and Local Economic Development</b>				
<b>Sub SubProgramme: 01 Finance and Administration</b>				
<b>Department: 001 Governance and leadership</b>				
<b>Budget Output: 000014 Administrative and Support Services</b>				
<b>PIAP Output: Technical support provided in identified areas of weaknesses in compliance with legal requirements</b>				
Indicator Name	Indicator Measure	Base Year	Base Level	Performance Targets
				2022/23
Number of LGs provided with technical support	Number	2019-20	10	25
<b>Programme: 18 DEVELOPMENT PLAN IMPLEMENTATION</b>				
<b>SubProgramme: 02 Resource Mobilization and Budgeting</b>				
<b>Sub SubProgramme: 02 Local Government Financing</b>				
<b>Department: 001 Grants Management</b>				
<b>Budget Output: 560006 Advisory Services</b>				
<b>PIAP Output: Adequacy for and equity in financing of LGs</b>				
Indicator Name	Indicator Measure	Base Year	Base Level	Performance Targets
				2022/23
% increase in grants to LGs.	Percentage	2019-20	12.5%	17%
<b>Department: 002 Sustainable services</b>				
<b>Budget Output: 320008 Community Outreach services</b>				
<b>PIAP Output: Enhanced Local Revenue</b>				
Indicator Name	Indicator Measure	Base Year	Base Level	Performance Targets
				2022/23
Percentage of LG Budgets financed by LR (Average)	Percentage	2019-20	15%	10%
Proportion of LGs implementing the Local revenue enhancement management plans	Percentage	2019-20	10%	15%

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## 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 a law on local government financing
- 4 Resistance by some Ministries to appreciate the decentralization of funds to local governments decentralized functions
- 5 Dismal of Local Government Share of National Budget
- 6 Absence of a unit responsible for local revenue administration and management in local government structures
- 7 Lack of digital access to information on the consolidated fund for a comprehensive analysis as per the constitutional mandate
- 8 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 annual transfers of financial resources as grants from the Consolidated Fund to LGs
- 9 Local government finance commission mediates on disputes between Local Governments but does not have the authority to arbitrate
- 10 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 needs of equity poverty population fairness adequacy
- 2 Advocacy for a compliance system on decentralization by central governments votes so that funds for decentralization function are released directly to local governments.
- 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 fair taxation 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

## VII. Off Budget Support

**Table 7.1: Off Budget Support by Project and Department**

<i>Billion Uganda Shillings</i>	<b>2022/23 Draft Estimates</b>
<b>Programme : 18 DEVELOPMENT PLAN IMPLEMENTATION</b>	<b>182,000</b>
<b>SubProgramme: 02 Resource Mobilization and Budgeting</b>	<b>182,000</b>
<b>Sub SubProgramme : 02 Local Government Financing</b>	<b>182,000</b>
Department: 001 Grants Management	182,000
<b>Total For The Vote</b>	<b>182,000</b>

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### VIII. VOTE CROSS CUTTING POLICY AND OTHER BUDGETARY ISSUES

Table 8.1: Cross- Cutting Policy Issues

#### i) Gender and Equity

<b>OBJECTIVE</b>	Gender and Equity in allocation of resources among LGs
<b>Issue of Concern</b>	Inadequate of gender and equity issues in planning and budgeting leading to wide inequities.
<b>Planned Interventions</b>	Review grants allocation formula & models in light of sector policies to in-build crosscutting issues like poverty, HIV/AIDS, gender & environment Negotiating on gender-enhancing conditional grant funded programs between MDAs with Conditional grants
<b>Budget Allocation (Billion)</b>	0.100
<b>Performance Indicators</b>	Number of Recommendations and undertakings implemented from the Negotiations

#### ii) HIV/AIDS

<b>OBJECTIVE</b>	HIV Interventions
<b>Issue of Concern</b>	There is no deliberate strategy for HIV/AIDS in the Commission
<b>Planned Interventions</b>	Staff sensitization programmes on HIV/AIDS policy and capacity building
<b>Budget Allocation (Billion)</b>	0.020
<b>Performance Indicators</b>	Number of Staff that have been sensitized on HIV/AIDS

#### iii) Environment

<b>OBJECTIVE</b>	Environment issues in Planning and budgeting for LGS
<b>Issue of Concern</b>	Non-observance of environmental issues during planning and budgeting and allocations
<b>Planned Interventions</b>	Assessing the LGs budgets (especially projects profiles on their attention to environmental and social safeguards)
<b>Budget Allocation (Billion)</b>	0.100
<b>Performance Indicators</b>	LGs supported in adhering to the Environmental and social safeguard's guidelines

#### iv) Covid

<b>OBJECTIVE</b>	Copying mechanisms in Covid 19 Environment
<b>Issue of Concern</b>	Inadequate post Covid measures on improvement of staff performance
<b>Planned Interventions</b>	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
<b>Budget Allocation (Billion)</b>	0.100
<b>Performance Indicators</b>	Number of Recommendations implemented on Covid 19

**VOTE: 147 Local Government Finance Commission(LGFC)****IX. PERSONNEL INFORMATION****Table 9.1: Staff Establishment Analysis**

<b>Title</b>	<b>Salary Scale</b>	<b>Number of Approved Positions</b>	<b>Number of filled Positions</b>
Administrative Officer	LGF-6	1	1
Chief Financial Analyst	LGF-3	1	0
Commission Secretary	LGF-1	1	1
Data Officer	LGF-6	3	0
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
Financial Analyst	LGF-6	6	2
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 Financial Analyst	LGF-4	2	2
Principal Human Resource Manager	LGF-4	1	1
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	3	3
Vice Chairperson	LGF-S 2	1	0



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**Table 9.2: Staff Recruitment Plan**

N / A

