

VOTE: 147 Local Government Finance Commission (LGFC)

V1: VOTE OVERVIEW

i) Vote Strategic Objectives

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.

ii) Snapshot of Medium Term Budget Allocations

Table V1.1 Overview of Vote Medium Term Allocations (Ush Billion)

Billion Uganda Shillings	FY2022/23		FY2023/24	MTEF Budget Projections			
	Approved Budget	Spent by End Sep	Proposed Budget	2024/25	2025/26	2026/27	2027/28
Recurrent Wage	1.619	0.404	1.619	1.700	1.870	2.057	2.057
Non Wage	3.743	0.556	9.359	9.546	11.456	15.465	15.465
Dev. GoU	0.094	0.000	0.100	0.100	0.120	0.168	0.168
ExtFin	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	5.456	0.961	11.078	11.346	13.445	17.690	17.690
Total GoU+Ext Fin (MTEF)	5.456	0.961	11.078	11.346	13.445	17.690	17.690
<i>A.I.A Total</i>	0.000	0	0	0.000	0.000	0.000	0.000
Grand Total	5.456	0.961	11.078	11.346	13.445	17.690	17.690

Table V1.2: Medium Term Projections by Programme and Sub-Subprogramme

Billion Uganda Shillings	FY2022/23		2023/24	MTEF Budget Projection			
	Approved Budget	Spent by End Sep	Proposed Budget	2024/25	2025/26	2026/27	2027/28
14 PUBLIC SECTOR TRANSFORMATION							
01 Finance and Administration	3.169	0.941	6.827	6.531	8.538	9.843	9.843
02 Local Government Financing	0.488	0.000	2.353	2.864	2.620	4.907	4.907
Total for the Programme	3.657	0.941	9.180	9.395	11.158	14.750	14.750
17 REGIONAL BALANCED DEVELOPMENT							
02 Local Government Financing	0.000	0.000	0.100	0.102	0.122	0.165	0.165

VOTE: 147

Local Government Finance Commission (LGFC)

Total for the Programme	0.000	0.000	0.100	0.102	0.122	0.165	0.165
18 DEVELOPMENT PLAN IMPLEMENTATION							
02 Local Government Financing	1.798	0.019	1.798	1.849	2.165	2.774	2.774
Total for the Programme	1.798	0.019	1.798	1.849	2.165	2.774	2.774
Total for the Vote: 147	5.456	0.961	11.078	11.346	13.445	17.690	17.690

V2: MEDIUM TERM BUDGET ALLOCATIONS BY DEPARTMENT AND PROJECT

Table V2.1: Medium Term Projections by Department and Project

<i>Billion Uganda Shillings</i>	FY2022/23		2023/24	MTEF Budget Projection			
	Approved Budget	Spent by End Sep	Proposed Budget	2024/25	2025/26	2026/27	2027/28
Programme: 14 PUBLIC SECTOR TRANSFORMATION							
Sub-SubProgramme: 01 Finance and Administration							
<i>Recurrent</i>							
001 Governance and leadership	3.075	0.941	6.727	6.431	8.418	9.675	9.675
<i>Development</i>							
1651 Retooling of Local Government Finance Commission	0.094	0.000	0.100	0.100	0.120	0.168	0.168
Total for the Sub-SubProgramme	3.169	0.941	6.827	6.531	8.538	9.843	9.843
Sub-SubProgramme: 02 Local Government Financing							
<i>Recurrent</i>							
001 Governance and leadership	0.488	0.000	2.353	2.864	2.620	4.907	4.907
Total for the Sub-SubProgramme	0.488	0.000	2.353	2.864	2.620	4.907	4.907
Total for the Programme	3.657	0.941	9.180	9.395	11.158	14.750	14.750
Programme: 17 REGIONAL BALANCED DEVELOPMENT							
Sub-SubProgramme: 02 Local Government Financing							
<i>Recurrent</i>							
001 Governance and leadership	0.000	0.000	0.100	0.102	0.122	0.165	0.165
Total for the Sub-	0.000	0.000	0.100	0.102	0.122	0.165	0.165

VOTE: 147

Local Government Finance Commission (LGFC)

SubProgramme							
Total for the Programme	0.000	0.000	0.100	0.102	0.122	0.165	0.165
Programme: 18 DEVELOPMENT PLAN IMPLEMENTATION							
Sub-SubProgramme: 02 Local Government Financing							
<i>Recurrent</i>							
001 Grants Management	1.005	0.000	0.792	0.792	1.054	1.580	1.580
002 Sustainable services	0.793	0.019	1.006	1.057	1.111	1.194	1.194
Total for the Sub-SubProgramme	1.798	0.019	1.798	1.849	2.165	2.774	2.774
Total for the Programme	1.798	0.019	1.798	1.849	2.165	2.774	2.774
Total for the Vote: 147	5.456	0.961	11.078	11.346	13.445	17.690	17.690

V3: VOTE MEDIUM TERM PLANS

Planned Outputs for FY2023/24 and Medium Term Plans

FY2022/23	FY2023/24		
Plan	BFP Performance	Plan	MEDIUM TERM PLANS

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

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

<p>Automation local revenue management, Conducted feasibility on the roll out of the automated local revenue collection using the Integrated Revenue Administration System(IRAS)</p> <p>Implement guidelines for LR mobilization and generation across the Country with special emphasis on regional development.</p> <p>Policy dialogue through the Local Revenue Enhancement Coordinating Committees</p> <p>Explore revenue potentials from natural resources</p>	<p>Developed concept notes on Research on Alternative financing mechanism for Local Governments conducted.</p> <p>Prepared the issues for Grants allocation formula and models in light of sector policies reviewed to in-build crosscutting issues like poverty, HIV/AIDS, gender and environment.</p> <p>Developed concept notes on financing Gaps in Physical planning and land management function at the local government level identified</p> <p>Developed concept note on research on effective utilization of locally raised revenue in LGs</p> <p>Analyzed data on financing of local governments.</p> <p>Analyzed data to Climate Change on funding in light of local governments.</p>	<ol style="list-style-type: none"> 1) Produce Advisory Notes to the President on local government financing. 2) Implement the Local revenue enhancement management plans. 3) Enhance the LG TPCs capacities to partake strategies that lead to self-reliance for LGs 4) Finalize activities in the natural resources that have potential to generate revenues for local governments. 5) Develop new guidelines for the management of royalties from natural resources for stakeholders. 6) Create awareness on sources and benefits from natural resources revenues for local governments. 7) Review the Grants allocation formula (vertical and horizontal allocation) and models in light of emerging socio-economic shocks i.e Covid inflation, increase in population, disasters, refugee's influx, for the Conditional grants under Education, Health, Water, Works, Gender, Agriculture, Trade, Tourism and land management. 8) Review and advice funding to Environment and Climate Change. 9) Conduct reviews on the Grants allocation formula and models in light of sector policies reviewed to in-build crosscutting issues like poverty, HIV/AIDS, gender and environment. 10) Conduct and facilitate Negotiations between LGs and Sector Ministries with decentralized services to improve on modalities of their implementation. 11) Facilitate Local government regional budget consultative workshops. 12) Establish the share of revenue between Central and local governments taking into account parameters of national priorities at program and subprogram level of funding. 13) Analyze local government budget for compliance with legal requirement and provided feedback. 	<ol style="list-style-type: none"> 1) Contribute to increase and equity of all Local Government funding from the national budget. 2) Conduct Fiscal Decentralization meetings to solicit recommendations for improving the process of Fiscal Decentralization. 3) Improve service delivery, efficiency and value for money through LGFC and LG capacity. 4) Undertake Capacity Development for 26 technical officers (12 males and 14 female) staff and Members of the Commission- enhance Human Resource and Seccession Planning.
---	--	---	--

VOTE: 147

Local Government Finance Commission (LGFC)

and provided feedback.
 14) Provide Technical support identified areas of weaknesses compliance with legal requiren LGs.

Programme Intervention: 170208 Operationalize the Industrial and Business Parks situated in the target regions

	<p>Developed concept notes on Research on Alternative financing mechanism for Local Governments conducted. Prepared the issues for Grants allocation formula and models in light of sector policies reviewed to in-build crosscutting issues like poverty, HIV/AIDS, gender and environment.</p> <p>Developed concept notes on financing Gaps in Physical planning and land management function at the local government level identified</p> <p>Developed concept note on research on effective utilization of locally raised revenue in LGs</p> <p>Analyzed data on financing of local governments.</p> <p>Analyzed data to Climate Change on funding in light of local governments.</p>	<p>1) Support Local Governments to operationalize the framework linking Local Revenue to Local Economic Development initiatives.</p> <p>2) Enhance opportunities for sustained local investments LGs using the framework developed.</p>	<p>1) Support LGs to operationalize the framework linking LR to LED initiatives</p> <p>2) Conduct assessment of local governments in respective regional blocks to identify those lagging behind average service delivery for targeted support</p> <p>3) Develop expenditure structure/policy for royalty fees</p> <p>4) Provide support to LGs to tap into alternative financing through PPP arrangement.</p>
--	---	---	--

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

VOTE: 147

Local Government Finance Commission (LGFC)

Automation of local revenue management followed up.
 Implementation of guidelines for LR mobilization and generation across the Country with special emphasis on regional development.
 Conduct policy dialogue on local revenue management and enhancement through the LRECC.
 Carry out action research on effective utilization of locally raised revenue in Local Governments.
 Explore opportunities for sustained local investments in LGs (LED) explored .
 Establish a framework for realization for revenue from natural resources.

1) Roll out Integrated Revenue Administration System to LGs

- 1) Conduct action research on the revenue potential for Local Service Tax and Local Government Hotel Tax
- 2) Carry out regular action research on other possible financing mechanism for Local Governments like Municipal Bonds, Borrowings, and Development levy.
- 3) Conduct media campaigns on local revenue enhancement
- 4) Conduct Action research in economic activities in the natural resources that have potential to generate revenues for local governments
- 5) Support the automation of local revenue collection LGs
- 6) Conduct regional meetings on local revenue mobilization and generation.

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

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

Carry out negotiations between LGs and Program Lead Institutions with decentralized services. Facilitate the local government budget consultative workshops. Provide feed back and Validation of Budget Analysis Reports for local governments on budget releases and expenditure LG TPCs capacities enhanced to partake effective budget formulation Review the Grants allocation formula and models light of sector policies reviewed to in-build crosscutting issues like poverty, HIV/AIDS, gender and environment Grants allocation formulae reviewed to make them responsive to Program policies

- 1) Conduct Local Government Budget Forum at regional levels to discuss local government funding and budget implementation issues
- 2) Collect, consolidate and validate data on grants transfers and produce statistical trends by sector.
- 3) Analyze national and LG budgets for compliance; adequacy, equity in allocations and absorption issues
- 4) Collect, validate and capture fiscal data from LGs Q4/annual performance reports, approved final accounts into the LGFC fiscal data bank.
- 5) Produce Specific Budget Analysis Feedback Reports on the results of the LG approved budgets for each financial year
- 6) Collect and analyze data to identify local governments lagging behind using socio economic development indicators and the Ratio between the highly funded and least funded City/LGs as per article 193(4).

- 1) Regularly Assess Allocation formula & models in light of sector policies reviewed to observe equity and in-build crosscutting issues-poverty, HIV/AIDS, climate change, gender and environment.
- 2) Contribute to increase and equity of all Local Government funding from the national budget and Evaluate LG funding on Climate Change.
- 3) Establish and maintain appropriate systems for data collection, analysis and interpretation.
- 4) Produce statistical reports as required by the directorates and reconcile and cross check captured data for possible errors design and implements research projects and evidence-based initiatives for the LGFC.

V4: Highlights of Vote Projected Performance**Table V4.1: Budget Outputs and Indicators**

Programme:	14 PUBLIC SECTOR TRANSFORMATION
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

VOTE: 147

Local Government Finance Commission (LGFC)

Sub SubProgramme:	01 Finance and Administration					
PIAP Output:	Technical support provided in identified areas of weaknesses in compliance with legal requirements					
Indicator Name	Indicator Measure	Base Year	Base Level	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
Number of LGs provided with technical support	Number	2019-20	176	25	0	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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
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					
Indicator Name	Indicator Measure	Base Year	Base Level	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
Number of LGs provided with technical support	Number	2019/20	176			30
Programme:	17 REGIONAL BALANCED DEVELOPMENT					
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					

VOTE: 147

Local Government Finance Commission (LGFC)

Sub SubProgramme:	02 Local Government Financing					
PIAP Output:	LG Devt projects and priorities funded from royalties					
Indicator Name	Indicator Measure	Base Year	Base Level	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
Number of industrial and business parks	Number	0	0			0%
Programme:	18 DEVELOPMENT PLAN IMPLEMENTATION					
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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
% 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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
% increase in grants to LGs.	Percentage	2019/20	12.5	17%	13%	20%
Department:	002 Sustainable services					

VOTE: 147

Local Government Finance Commission (LGFC)

Sub SubProgramme:	02 Local Government Financing					
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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
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					
Indicator Name	Indicator Measure	Base Year	Base Level	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
LG revenues as a Percentage of their Budgets	Number	2019-20	15%			37%
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	FY2022/23		FY2023/24
				Target	Q1 Performance	Proposed
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%

V5: VOTE CROSS CUTTING ISSUES

VOTE: 147

Local Government Finance Commission (LGFC)

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)	0.25
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)	0.18
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)	0.25
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
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)	0.25
Performance Indicators	Number of Recommendations implemented on Covid 19 measures