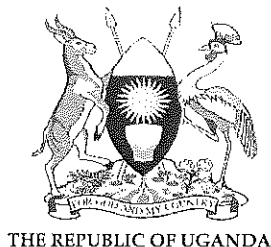


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Ministry of Finance, Planning &
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Plot 2-12, Apollo Kaggwa Road
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In any correspondence on
this subject please quote No. **BPD/86/107/02**

29th February 2016

All Local Government Accounting Officers

LOCAL GOVERNMENT INDICATIVE PLANNING FIGURES (IPFs) AND BUDGET REQUIREMENTS - PREPARATION OF THE DETAILED BUDGET ESTIMATES AND BUDGET PERFORMANCE CONTRACT (FORM B) FOR FY 2016/17

As you may be aware, this Ministry in collaboration with the World Bank, Ministry of Local Government and Local Government Finance Commission has been spearheading the reform on the consolidation of Local Government Inter-Governmental Fiscal Transfers.

The first stage in consolidation put in place a new structure for transfers in the Budget of FY 2015/16 with the grant transfers under each Service Delivery Sector and grants under Administration and Accountability Sectors merged into one Wage, Non-Wage and Development grants each. The second phase of implementation has been finalized and will be implemented in FY 2016/17. This involved the design of allocation formulae with a set of common principles and reduction in earmarking and replacement of transfer conditions with sector budget requirements.

Following consultations with Sector Line Ministries and Agencies with transfers to Local Governments, the Indicative Planning Figures (IPFs) FY 2016/17 have been finalized and generated off the Online Transfer Information System (OTIMS) taking into account the agreed on variables and parameters.

Sector ministries have also prepared sector grant and budget guidelines consistent with the reformed transfers. These guidelines include information on sectoral transfers and set out sector budget requirements. You must ensure that your budgets are compliant to these budget requirements. An independent assessment will be carried out of your adherence to these budget requirements and the degree to which you have adhered to the accountability requirements set out in your Performance Contract (Form B) for FY 2015/16. This will inform whether I sign your Performance Contracts for FY 2016/17 and reappoint you as Accounting Officers. Details of how to comply and how you will be assessed are set out in the guidelines.

In addition, I request you to provide a verified list of gazetted Lower Local Governments Health Facilities and Educational establishments in your Local Governments, including the status of infrastructure and their bank details. The budgets you prepare must break down Wage and Non-Wage budget allocations by Lower Local Government (LLG) and service delivery units, consistent with these lists. Investment decisions must take into account the

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

status and location of service delivery infrastructure set out in these lists. This will form the basis of direct transfers in FY 2016/17.

The IPFs and guidelines are attached to facilitate preparation and laying of your Budget Estimates before your respective Councils and submission of the Budget Performance Contract (Form B) for FY 2016/17 to this Ministry. You should use these IPFs to verify the numbers uploaded onto your LGOBT via the Encrypted file, and to allocate these funds to Vote Functions.

The purpose of this letter, therefore, is three fold:

- i). Inform you that the encrypted file containing the numbers for FY 2016/17 has been emailed to you and the guiding steps for the Budget Desk to upload the actual figures onto the LGOBT. You should therefore, upload the encrypted file onto your LGOBT and produce the Budget Performance Contract (Form B) for FY 2016/17 in compliance with the sector budget requirements. This should be submitted to this Ministry for the attention of the Director Budget **not later than 11th March 2016** (on floor five Room 5.1 or 5.8). You are advised to ensure that you adjust the programmed outputs, for cases where the budget provisions were adjusted;
- ii). Request you, alongside the submission of the draft Budget Estimates, to provide a verified list of Lower Local Governments, Health Facilities and Educational establishments in your Local Governments and to ensure that your Work plans and Budget Estimates are consistent with these lists; and
- iii). Further request you to prepare your Detailed Budget Estimates to be laid before your respective Councils **by 31st March 2016**.

You are also reminded to ensure that you adhere to the Sector Grant and Budget requirements and follow guidelines that have been sent to you by the respective Sector Line Ministries and Agencies while finalizing your Budget Estimates for FY 2016/17. A full pack of information and guidelines is available on www.budget.go.ug/budget/guidance-laws-and-regulations. You can view the formulae and transfer allocations on OTIMS at www.budget.go.ug/fiscal_transfers/.


Keith Muhakani

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Copy to: The Head of Public Service and Secretary to Cabinet
The Deputy Head of Public Service and Deputy Secretary to Cabinet
The Permanent Secretary, Office of the Prime Minister
The Permanent Secretary, Ministry of Health
The Permanent Secretary, Ministry of Works and Transport
The Permanent Secretary, Ministry of Gender, Labour and Social Development
The Permanent Secretary, Ministry of Education, Science Technology and Sports
The Permanent Secretary, Ministry of Agriculture, Animal Industry and Fisheries
The Permanent Secretary, Ministry of Trade, Industry and Cooperatives

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The Permanent Secretary, Ministry of Lands, Housing and Urban Development
The Permanent Secretary, Ministry of Water and Environment
The Ag. Permanent Secretary, Ministry of Local Government
The Secretary, Local Government Finance Commission
The Executive Director, Uganda Road Fund

Mission

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