

Vote:147 Local Government Finance Commission

VI: Vote Overview

(i) Snapshot of Medium Term Budget Allocations

Table V1.1: Overview of Vote Expenditures

Billion Uganda Shillings	FY2016/17 Outturn	FY2017/18		FY2018/19 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2019/20	2020/21	2021/22	2022/23
Recurrent Wage	1.119	1.119	0.280	1.119	1.231	1.292	1.357	1.425
Non Wage	3.492	3.910	0.885	3.240	3.952	4.545	5.454	6.545
Devt. GoU	0.415	0.572	0.006	0.572	0.697	0.837	0.837	0.837
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	5.026	5.600	1.171	4.930	5.880	6.674	7.648	8.807
Total GoU+Ext Fin (MTEF)	5.026	5.600	1.171	4.930	5.880	6.674	7.648	8.807
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	5.026	5.600	1.171	4.930	5.880	6.674	7.648	8.807

(ii) Vote Strategic Objective

To promote adequate financial resources for service delivery by Local Governments

V2: Past Vote Performance and Medium Term Plans

Performance for Previous Year FY 2016/17

Held eight Commission committee meetings provide policy guidance on matters of human recourses financial managements and operations of the Commission to Conducted policy dialogue outreach activities in the districts of Nakaseke, Lwengo, Kayunga, Buikwe, Napak, Soroti, Ntungamo and Kanungu to discuss Local Economic Development, Commercialization of agriculture, and royalties to inform development of Advisory Note on local revenues.

The Commission provided advisory services to four (4) delegations from Kenya Country Assemblies on a bench marking visits on decentralization in Uganda.

Supported 32 local governments and their respective Town Councils with skills to establish Local Revenue Databases in Pader, Amolator, Oyam, Agago, Katakwi, Lwengo, kibale, Ibanda, Bukomasimbi DC, Butambala DC, Manafwa DC, Amuria DC, Otuke DC, Kyenjojo DC, Nwoya DC, Kamwenge DC Bukomasimbi TC, Butambala, Manafwa, Amuria TC, , Otuke TC, , Nwoya TC, , Kamwenge, Kyenjojo TC, Oyam, Agago, Patongo, Kalongo, Katakwi, Lwengo, Kibaale, Ibanda MC, Gombe DLG, Gombe TC, Namayingo DLG, Namayingo, Zombo DLG, Zombo, Buhweju DLG, Buhweju, Abim DLG, Abim, Kole DLG, Kole Kyegegwa DLG and Kyegegwa

20 Urban Councils were supported with skills in the collection of property rates in the areas of production of Valuation lists, Billing, enforcement and collection i.e Nkokonjeru, Kamuli, Sheema MC, Kumi MC, Apac MC, Kayunga TC, Bugiri MC Mityana MC Nebbi MC, Kapchorwa, Masindi, Wobulenzi Tc, Isingiro Tc, Kitgum MC, Butaleja TC, Mukono M.C, Ibanda M.C, Oyam T.C, Hima T.C and Bukedea T.C

38 LGs were provided with hands on support in the establishment of Local Revenue Databases to ensure the Databases were updated and payments captured into the system: LGs supported were Kabale, Kasese, Nakasongola, Mubende, Kamuli, Bukedea, Iganga, Kayunga, Masaka, Ntungamo, Wakiso, Jinja, Arua, Rukungiri, Tororo, Lira, Kabarole, Mbale, Nebbi, Kumi, Mpigi Gulu, Dokolo, Nwoya, Kaberamaido, Busia, Buikwe, Kiruhura, Masindi, Nakaseke, Bukomasimbi DLG, Bugiri DLG, Pallisa DLG, Rakai DLG, Pader DLG, Otuke DLG, Hoima DLG and Kisoro DLG.

2 Local Revenue Enhancement Coordinating Committee meetings were conducted to discuss policy issues regarding the report findings on the performance and management of markets and vehicle parks and progress on the drafting of Bills to amend legal

Vote:147 Local Government Finance Commission

provisions for administration and management of local Revenues.

Two Regional meeting conducted in Mbale and Mbarara to share best practices and experiences in local revenue mobilization and generation for Bukedi, Bugisu, Sebei, Ankole and Kigezi sub-regions

Facilitated Negotiations between LGs the seven sectors of Health, Water, Education, Agriculture, Works, Gender and Trade on Conditional grants funded programs. The main focus being programme and attendant conditions for utilization of the funds.

20 District LGs of Rubanda, Buliisa, Lamwo, Agago, Arua, Omoro Kagadi, Kibaale, Kitgum, Amuru, Lira, Kween, Ibanda, Apac, Nebbi, Kamuli, Njeru, Mityana, Mubende and Lugazi were supported on budget formulation. They were equipped with skills in Planning and budgeting. Guidelines for Local Government Budget process under Fiscal Decentralisation Strategy Modality were provided.

Two Local Government Budget Committee (LGBC) meeting were conducted to (i) Discuss the report from the Local Government Budget Frame Work Paper Consultative workshop and the preparation for sector conditional grants negotiations. (ii) Local Government Budget Committee (LGBC) meeting with 60 participants was held to discuss the new local government performance assessment manual, the status of implementation of the new grants allocation formula and a concept note on support to climate change activities in local governments 30 members of staff were trained in the Online transfer management information system OTIMS.

The midterm review on conditional grants negotiations signed agreements was conducted and facilitated by LGFC on 31st May 2017 at Piato conference hall with participants from LGs, the various service and representatives from cross cutting agencies of government. The status of implementation of the agreed undertakings by LGs and Sector Ministries in the negotiations for sector conditional grants for FY 2017/18.

The task force comprising of representatives from LGFC, all sector Ministries, cross cutting ministries, departments and Agencies, MoLHUD and Ministry of Tourism, Wild Life and Antiquities, Ministry of Lands, Housing and Urban Development held a meeting on 27th June 2017 at Fairway Hotel with the consultants in attendance and reviewed the 1st draft report on the design of Fiscal Decentralization Architecture and determining the share of funds to LGS from the national budget.

Verified and validated fiscal data from 5 districts Kagadi DLG, Kisoro MC, Kitgum MC, Njeru MC, and Apac MC to ensure completeness of data in the Fiscal Databank.

Fiscal data validation and verification was conducted in 16 districts of Kagadi DLG, Kisoro Mc, Kitgum Mc, Njeru Mc, Apac Mc, Rubanda District, Kapchorwa Mc, Nebbi Mc, Kotido Mc, and Bugiri Mc Feedback on the results from budget analysis was provided in the 16 districts of Pader, Buliisa, Hoima, Mukono, Masindi, Katakwi, Kumi, Kabale, Omoro, Buikwe Rakai, Sembabule, Kalungu, Rubirizi, Ibanda, and Lwengo.

156 Local governments budgets were analysed for legal requirements and 6 Task force meeting were conducted discuss the progress of the budget analysis exercise, discuss the format of the consolidated report and identify LGs for the feedback activity

Technical staff meetings were held to discuss the Draft Strategic Plan and guide on way forward.

20 LGs of Bukedea, Mubende, Masaka, Mpigi, Kiboga, Hoima, Nebbi, Arua, Rukungiri, Ntungamo, Kyotera Tc, Kalisizo, Pallisa, Bugiri, Kiruhura, Rakai, Ngoma, Kazo, Ngora, Rakai were monitored to track the implementation of local revenue databases activities carried out in FY 2015/16.

Trained staff members in research and provision of advisory services.

Performance as of BFP FY 2017/18 (Performance as of BFP)

Staff were oriented in Programme Based Budgeting in preparation for the new budget circle, trained staff in enterprise development in dual carrier planning, absentee business manager and Self-drive business managers, Procurement planning and procurement management, Supervisory management and Local revenue data base management.

The planner, stores assistant, and the administrator were facilitated in project management at Uganda Management Institute, logistical management at Uganda Christian University and Enhancing institutions capacity at ESAMI respectively.

Vote:147 Local Government Finance Commission

Utilities, consumables, transport facilities and other planned logistical operations were procured for staff, monthly office accommodation/rent was paid.

Prepared quarterly financial statements cash and fund management reports and submitted to Finance Committee for review.

Servicing of equipment's like the AC for the server room, Telephone, biometric servicing and the fire extinguisher in server room was done.

Web-hosting, Website update and internet services were provided.

One Budget Working group Committee meetings was held to discuss the budget performance for the Commission.

Vote quarter progress reports was produced for quarter four FY 2016/17 and submitted to MOFPED and OPM. Draft Annual Performance Report for FY 2016/17 was prepared.

One Technical staff meeting was held to discuss the planned activities and how they were to be implemented.

Five monitoring visit were conducted in the local governments of Pader, Amolator,

Bukomasimbi, Butambala and Manafwa on monitoring establishment of local revenue databases.

Roll out establishment of local revenue databases to 8 districts was carried out in Ntoroko, Bundibugyo, Amuru, Lyantonde, Budaka, Kaliro, Lamwo and Kyotera.

Provided technical support in the improved methods for property rate collection in 10 urban councils of Ntungamo Mc, Rukungiri MC, Kisoro MC, Mayuge TC, Ngora TC, Luwero TC, Mubende MC, Bombo TC, Pader TC, and Packwach TC.

Hands-on and follow up support on establishment of Local revenue databases was provided to 8 local governments of Ngora, Kapchorwa, Oyam, Kole, Lwengo, Gombe, Kyegegwa, and Kamwenge.

Six LGs were supported in budget formulation and these were Sheema MC,

Makindye Ssabagabo Mc, Rukiga, Nansana MC, Mukono MC and, Iganga MC

Held two task force meetings and workshops with the consultant to discuss and provide guidance in form of comments and observations on the draft report on Fiscal Decentralization Architecture with the final report expected in second quarter.

Negotiations were successfully funded and conducted with the seven sectors of Education and Sports, Health, Water and Environment, Works and Transport, Agriculture, Trade and Social Development. Conditional grants agreements were signed and submitted to respective sectors and shared with LGs for implementation.

Two budget analysis task force meeting were held to discuss the report for FY 2016/17. Data capture from approved LGs Budgets for FY 2017/18 is ongoing.

Two Research Task force meetings were held to discuss all research activities and minutes were

Vote:147 Local Government Finance Commission

produced. Tools for assessing annual negotiations on sector conditional grants pretested. Research on effects of annual sector negotiations ongoing.

Authorization to purchase purchase of vehicles was sought form Ministry of Public Service and granted.

Technical specification on the vehicles were received from Ministry of Works and the bidding documents were prepared.

Vote:147

 Local Government Finance Commission

FY 2018/19 Planned Outputs

Staff members and the Commission trained in performance management, financial analysis, data analysis tools, Information and communication technology, Strategic human resource management.

Capacity needs assessment carried out and employees coaching, mentoring, counselling skills provided.

Defensive driving for 8 drivers carried out at Ministry of Works and Transport training institute. Fiscal data validation, verification, and collection done in 15 LGs, eight budget analysis task-force meetings held, six data entry assistants hired to capture LGs budget analysis data into the LGBARS.

15 LGs provided with feedback from the findings of the LGs Budget Analysis provided.

Collation and collection of data on FY 2018/19 releases to LGs done.

Analysis of 168 LGs FY 2018/19 Budgets for legal requirement done.

Review the LG budget analysis framework (LGBARS).

13 districts provided with skills and approaches to establish local revenue databases.

Hands-on and follow up support on the existing databases in 35 districts and their urban councils.

28 local governments supported with improved methods for collecting property rates in terms of setting reserve prices and property valuation.

Four regional meetings on local revenue mobilization held to share best practices in revenue generation.

Two Local Revenue Enhancement Coordinating Committee held.

Charging policies for local revenue collection for local governments documented and reviewed for necessary advise

Technical support on LG budget formulation provided to 20 weak LGs

Two Local Government Budget Committee (LGBC) meetings held

Negotiations on Conditional grants funded programs for seven sectors of (Agriculture, Health, Education, Water, Works, Trade and Gender and midterm review of activities carried out.

Two regional FDA dissemination workshops conducted

Finalization of the assessment of the extension of grants to LLGs done

Commission and Committee meetings held and Budget Working group Committee meetings held

Two Policy Dialogue outreach activities conducted held to provide forums for discussion on matter concerning the financing of local governments

One planning retreat to prepare the Budget Framework Paper and Ministerial Policy Statement FY 2019/20

Monitoring visit to 20 LGS Conducted and Policy dialogue meeting held

Top management facilitated for JARD and African Day for Decentralization

Vote quarter progress reports in PBS prepared and submitted to OPM and MOFPED, LGFC Annual Report for 2017 prepared and submitted to Speaker of Parliament top management and the Minister for Local Governments.

The efficacy of DDEG on service delivery in LGs assessed

Extent to which own revenues support service delivery mandates in rural urban councils assessed.

8 meetings of Research Taskforce held and produce minutes

Vote:147 Local Government Finance Commission

Medium Term Plans

Contribute to improvements of the state of funding for the local governments.

Promote equity in grants transfer allocation and support LGs in local revenue collection.

Efficiency of Vote Budget Allocations

As a measure to improve service delivery and improve efficiency for value and money the Commission is planning to carry out capacity building for staff in various areas to improve on output delivery. There are plans to still realign the budget and streamline them to the priority areas as stipulated in the National Development Plan II. Program outcomes were developed for the vote to focus resources to impact other than outputs, the vote plans to refocus the performance.

The Commissions plans provide hands on support for the established databases, track agreed positions in the negotiations agreements, increase monitoring and supervision and provide support to local government to ensure the legal requirement is adhered too during budget formulation.

Vote Investment Plans

The Commission has capital investments in the purchase of transport equipment and furniture and fixtures.

Major Expenditure Allocations in the Vote for FY 2018/19

Conducting of outreaches to inform development of advisory notes in LG financing.

The major expenditure allocations are focused on and facilitating the negotiations on sector conditional grants funded programmes between local governments and 7 sectors.

Provision of hands-on and follow up support on the existing local revenue databases in 35 Local governments.

The assessment of the finalization of the extension of grants to lower local governments

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Table V3.1: Programme Outcome and Outcome Indicators

Vote Controller :	
Programme :	53 Coordination of Local Government Financing
Programme Objective :	To promote adequacy and equity in financial resources for service delivery by all Local Governments.
Responsible Officer:	Mr. Lawrence Banyoya
Programme Outcome:	Financially sustainable local governments with steady growth and equitable distribution of grants

Vote:147 Local Government Finance Commission

Sector Outcomes contributed to by the Programme Outcome

1. Harmonized Government Policy formulation and implementation at central and Local Government level

Programme Performance Indicators (Output)	Performance Targets						
	2016/17 Actual	2017/18 Target	Base year	Baseline	2018/19 Target	2019/20 Target	2020/21 Target
N / A							

Table V3.2: Past Expenditure Outturns and Medium Term Projections by Programme

Billion Uganda shillings	2016/17	2017/18		2018-19	MTEF Budget Projections			
	Outturn	Approved Budget	Spent By End Q1	Proposed Budget	2019-20	2020-21	2021-22	2022-23
Vote :147 Local Government Finance Commission								
53 Coordination of Local Government Financing	4.925	5.600	1.150	4.930	5.880	6.674	7.648	8.807
Total for the Vote	4.925	5.600	1.150	4.930	5.880	6.674	7.648	8.807

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS

Table V4.1: Past Expenditure Outturns and Medium Term Projections by SubProgramme

Billion Uganda shillings	2016/17	FY 2017/18		2018-19	Medium Term Projections			
	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2019-20	2020-21	2021-22	2022-23
<i>Programme: 53 Coordination of Local Government Financing</i>								
01 Administration and support services	2.685	3.188	0.674	2.740	2.821	3.461	4.013	4.669
02 Revenues for Local Governments- Central Grants and Local Revenues	1.245	1.213	0.338	1.087	1.379	1.563	1.839	2.169
03 Research and data management	0.636	0.628	0.132	0.531	0.983	0.813	0.959	1.132
0389 Support LGFC	0.415	0.572	0.006	0.572	0.697	0.837	0.837	0.837
Total For the Programme : 53	4.981	5.600	1.150	4.930	5.880	6.674	7.648	8.807
Total for the Vote :147	4.981	5.600	1.150	4.930	5.880	6.674	7.648	8.807

N / A

Table V4.3: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

FY 2017/18		FY 2018/19
Appr. Budget and Planned Outputs	Expenditures and Achievements by end Sep	Proposed Budget and Planned Outputs
Vote 147 Local Government Finance Commission		
Programme : 53 Coordination of Local Government Financing		
Project : 0389 Support LGFC		

Vote:147 Local Government Finance Commission

Output: 75 Purchase of Motor Vehicles and Other Transport Equipment

Two four wheel vehicles purchased	Authorization to purchase cars was sort form Ministry of public service and this was granted.	Two vehicles purchased	
	Technical specification where received from ministry of works and the bidding documents are being prepared.		
Total Output Cost(Ushs Thousand):	0.505	0.006	0.505
Gou Dev't:	0.505	0.006	0.505
Ext Fin:	0.000	0.000	0.000
A.I.A:	0.000	0.000	0.000

V5: VOTE CHALLENGES FOR 2018/19 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2018/19

Limited support to reforms in the legal and policy framework for local revenues administration and management.

Lack to equipment (especially computers), power supply and skills by local government staff especially at the sub county level.

Absence of a unit responsible for local revenue administration and management in local government structures.

Failure to implement the new LGFC staff structure due to lack of resource.

Increasing number of new districts and town councils amidst same resources to the Commission.

Table V5.1: Additional Funding Requests

Additional requirements for funding and outputs in 2018/19	Justification of requirement for additional outputs and funding
Vote : 147 Local Government Finance Commission	
Programme : 53 Coordination of Local Government Financing	
OutPut : 01 Human Resource Management Improved	
Funding requirement UShs Bn : 1.892	The Commission has a new approved structure by Cabinet but the MTEF provision has not catered for the change in wages as approved by cabinet hence a wage deficit. Gaps in the Human Resource are one of the critical issues the NDP points out as a constraint in service delivery. With the current level of staffing, the capacity of the Commission is seriously constrained to effectively deliver timely results as required by the NDP and the PSM-SIP objectives.
OutPut : 03 Enhancement of LG Revenue Mobilisation and Generation	

Vote:147 Local Government Finance Commission

Funding requirement US\$ Bn : **0.400**

A study on how Local economic development initiatives can be enhanced to increase local revenue collections for local governments. This is aligned to the NDP under decentralized service delivery with resource mobilization for improving service delivery.
Undertake sensitization of political leaders on importance of Local Revenues

OutPut : 04 Equitable Distribution of Grants to LGs

Funding requirement US\$ Bn : **0.230**

Effectiveness of operational investment under development discretion equalization grant .This relates to the NDP and PSM-SIP sector objective of reviewing the modalities for Central Government transfers to LGs to ensure greater equity and flexibility.

OutPut : 05 Institutional Capacity Maintenance and Enhancement

Funding requirement US\$ Bn : **0.670**

Gratuity was removed from the MTEF yet Commission staff are employed on contract.
This is a statutory benefit for Commission staff