

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	FY2017/18 Outturn	FY2018/19		FY2019/20 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2020/21	2021/22	2022/23	2023/24
Recurrent Wage	1.119	1.119	0.279	1.119	1.175	1.233	1.295	1.360
Non Wage	3.909	3.572	0.636	3.240	3.726	4.471	5.365	6.438
Devt. GoU	0.572	0.572	0.151	0.572	0.686	0.686	0.686	0.686
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	5.600	5.262	1.066	4.930	5.586	6.390	7.346	8.484
Total GoU+Ext Fin (MTEF)	5.600	5.262	1.066	4.930	5.586	6.390	7.346	8.484
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	5.600	5.262	1.066	4.930	5.586	6.390	7.346	8.484

(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 2017/18

ADMINISTRATION AND SUPPORT SERVICES PROGRAMME,

1. Human Resources Department carried out training for 14 females and 24 males in providing advisory services and enterprise development in dual carrier planning, absentee business manager and Self-drive business managers and Procurement planning and management. The department further offered refresher training to 12 females and 14 males in local revenue data base management systems upgrade and Programme Based Budgeting in preparation for the new budget circle. (Ugshs 30m) was spent

2. A Commission meeting was held elect the Chairperson, Vice Chairperson and to inaugurate the Commission by the Minister but also take the judicial Oath of Secrecy and Allegiance. Another Commission meeting was held to form committees of the Commission i.e. the Finance Administration; Research and Policy and the Audit Committee.

3. General staff meetings were held to discuss staff welfare, changes in motor vehicle management and redeployment of drivers but also introduction of the new Chairperson and the Vice chairperson of the Commission to the staff members.

4. Servicing of the AC for the server room, Telephone, bio metric, fire extinguisher in server room was done and Web hosting, Website update and internet services provided.

5. The Planning section monitored some activities to establish progress on update of advice provided in FY 2016/17 towards establishment of the local revenue data management system in the 12 LGs of Nkokonjeru, Kamuli, Sheema, Kumi, Bugiri, Mityana & Kayunga, Pader, Amolator, Bukomasimbi, Butambala and Manafwa.

6. Two Budget Working Group Committee meetings were held to discuss the budget performance for the Commission and Annual performance report for FY 2016/17 together with the Vote quarter progress reports for FY 2017/18 were produced and submitted to MOFPED and OPM.

7. Budget Task force meetings were held to discuss; areas for development of the Budget framework paper for FY 2018/19 and the proposed work plans for various departments.

REVENUES FOR LOCAL GOVERNMENTS- CENTRAL GRANTS AND LOCAL REVENUES PROGRAMME

1. In regards to Enhancement of local revenues establishment of local revenue databases in 14 districts across the country was carried out and these included Ntoroko, bundibugyo, Amuru, Lyantonde, Budaka, Kaliro, Lamwo, Kyotera, Omoro, Butaleja, Namutumba, kalungu, and kakumiro with a

Vote:147 Local Government Finance Commission

major aim of ensuring that they have computerized local revenue registers.

2. Technical support was provided on improved methods of collecting and managing property rates and these included Mayuge TC, Ngora TC, Luwero TC, Mubende MC, Bombo TC, Pader TC, Packwach TC, Agago, Kibaale, Ibanda, Namayingo, Zombo, Buhweju, Abim and Butambala.
3. Hands-on and follow up support on establishment of Local revenue databases was provided to 8 local governments across the country of Ngora, Kapchorwa, Oyam, Kole, Lwengo, Gombe, Kyegegwa, Kamwenge, Agago, Kibaale, Ibanda, Namayingo, Zombo, Buhweju, Abim and Butambala.
4. Under Grants and advisory services, the sector conditional grant negotiations were successfully conducted with the seven sectors of Education and Sports, Health, Water and Environment, Works and Transport, Agriculture, Trade and Social Development. Agreements were signed and shared with sectors and LGs for implementation. For example, under the Education sector the conditional grant allocation per child was increased from 7,000 Ugx to 10,000 Ugx per child but also pay consideration to the talent of children by providing a budget for sports further more under Gender MoGLSD was to document success stories and use them to lobby for increase in the budget provision and roll out to more beneficiaries of Social Assistance Grant for Empowerment (SAGE) across the country. (Ugx 120M was spent)
5. 12 weak LGs were supported across the country in budget formulation as per the new allocation formula and these were Sheema MC, Makindye, Ssabagabo Mc, Rukiga, Nansana MC, Mukono MC, Iganga, Kyenjojo, Ntungamo, Gombe, Koboko, Nebbi, and Budaka MC.
6. The draft report on the Fiscal Decentralization Architecture Design was produced awaiting review by stakeholders before the final report is produced.

RESEARCH AND DATA MANAGEMENT PROGRAMME

1. Under the component of budget analysis, the fiscal data bank was updated with data from the FY 2015/2016 LGs Final Audited Accounts for 93 DLGs out of 112, 30 MCs out of 41, and 148 TCs out of 174.
 2. Data was analyzed for the Q2 Grants releases to LGs for all votes thus 115 DLGs and 41 MCs to establish how much of the approved budget was released and spent to improve service delivery for the marginalized.
 3. Data was captured from the FY 2017/18 approved LGs budgets for 63 HLGs out of the expected 156 into the budget analysis tool. Feedback was provided to five LGs on the findings of the LGs budget analysis. These were; Bundibugyo, Kalungu, Oyam, Iganga, Amura and Kyegegwa.
 4. Under research management nine districts were visited to assess annual sector negotiations on conditional grants and these included Katakwi, Kamuli, Kabarole, Gulu, Kiruhura, Moroto mityana, Koboko and Mbarara Mc.
 5. Two Research Task force meetings were held to discuss concept notes on the impact of negotiations, extension of transfers to LLGs and Climate change and minutes were produced.
-

Vote:147 Local Government Finance Commission

Performance as of BFP FY 2018/19 (Performance as of BFP)

ADMINISTRATION AND SUPPORT SERVICES PROGRAMME,

1. Human Resources Department carried out training in Leadership and governance training for members of the Commission was carried out (3 females and 8 members).
2. Staff salaries and allowances were paid to all Commission staff and Two Commission Committee meetings and One Finance Committee meeting was held to discuss the 1st quarter budget allocations and the activities to be implemented.
3. Logistical support was provided to staff to enable them carry out their assignments and the financial records were maintained, with procurement producing the monthly reports and submitted to PPDA. Rent and utilities expenses were paid.

REVENUES FOR LOCAL GOVERNMENTS- CENTRAL GRANTS AND LOCAL REVENUES PROGRAMME

1. In regards to Enhancement of local revenues establishment of local revenue databases Hands on support was provided to six districts of Kitgum, Luuka, Kibuuku, Nakaseke, Isingiro and Rukiga across the various regions.
2. Under Grants and advisory services, the sector conditional grant negotiations were successfully conducted with the seven sectors of Education and Sports, Health, Water and Environment, Works and Transport, Agriculture, Trade and Social Development. Agreements were signed and shared with sectors and LGs for implementation. Under the gender and social development sector from the negotiations special interest groups (youth, women, PWDs) among others logged in complaints concerning their mistreatment during the allocation of funds in the sector and it was undermining the objective of providing affirmative action to the vulnerable groups. Negotiations also addressed issues of equity in grants allocation were it was agreed that MoGLSD shall retain the discretionary nature of the social development grant so that LGs can use it to allocate to priorities of their choice, but within the department. It led to the allocations being Youth Council - 14%; Women council - 8%; Council for Disability - 4%; Libraries - 4%; Community based Rehabilitation - 5%; Community Development-5%; Special Grant for PWDs -39%; and FAL - 20%. In water and Education sectors emphasis was on un-served regions and hard-to reach areas in the country
3. Five weak LGs were supported across the country in budget formulation as per the new allocation formula that was catering for Equity/ needs based, Poverty sensitivity and Transparency in the share of resources and these were Kiryandongo, Kyotera, Kyankwanzi, Kagadi and Kakumiro.

FY 2019/20 Planned Outputs

ADMINISTRATION AND SUPPORT SERVICES PROGRAMME,

1. Under the human resources component, the Commission will be trained in Planning and Policy Analysis Training for members of the Commission
2. Twenty-one staff members trained in a two weeks course in financial analysis at Uganda Management Institute and hands on training in Data analysis computer packages for 21 technical Officers) (Ugx 67m)
3. Medical insurance package established and managed. Recruitment and assessment/appraisal of staff of the commission carried out.
4. Six Commission meetings, sixteen Committee meetings, four staff technical meetings and two general staff meetings held
5. Outreach and monitoring conducted by the Commission and National Forums attended.
6. The Commission Board charter developed and the African Day for Decentralization attended.
7. One planning meeting to prepare the Budget Framework Paper and Ministerial Policy Statement FY 2020/21, Two Planning Meeting, four budget working group meetings.
8. Vote quarter progress reports in PBS prepared and submitted to OPM and MOFPED, LGFC Annual Report for 2018 prepared and submitted to Speaker of Parliament top management and the Minister for Local Governments.
9. One Local government budget consultation workshop facilitated
10. Strategic plan for the Commission evaluated and aligned with National Developed
11. Functional Server Room equipment and secure premises in the Commission Servicing to be done after every three months. New LGFC website in place and a new Intranet website in Place, Firewall maintenance and spam filter serviced, Updated ICT security policy document in place, Website and LAN redesign
12. Implementation of the cooperate brand of the Commission and Complete the corporate branding strategy and Stake Holders Consultative Meetings held.
13. Value for money audit, Pre audit of payment files, Verification of deliveries and provided services, Board of survey review, Review of operating controls verification of account abilities, Review of financial statements and preparation of audit reports carried out
14. Amendment of the LGFC ACT 2003 followed by the reviewing Commission regulations and the operational manual

REVENUES FOR LOCAL GOVERNMENTS- CENTRAL GRANTS AND LOCAL REVENUES PROGRAMME

Local Revenues

1. Hands-on and follow up support on the existing local Revenue databases in 35 districts and their respective urban councils
2. 16 local governments provided with skills for automation of local revenue collection using Integrated Revenue Administration System (IRAS) these are Arua, Gulu, Lira (Northern Uganda); Soroti, Moroto, Mbale, Tororo, Jinja (Eastern Uganda); Entebbe, Masaka (Central); Mbarara,

Vote:147 Local Government Finance Commission

Kabale, Fort Portal and Hoima (Western Uganda).

3. Twenty local governments supported with in implementation of guidelines and strategies for local revenue mobilization and generation i.e. Royalties and local service tax. (Ugx 280m)
4. Two Regional Dialogue meetings on local revenue mobilization and two Operations of Local Revenue Enhancement Coordinating Committee supported
5. Charging policies for local revenue for local governments set

Grants and Advisory Services department

1. President advised on the share of National budget to LGs
2. President advised on potential sources of revenue to local governments
3. Technical support provided to 25 weak LGs budget formulation. The support given to the LGs includes, among others; building their (TPC members) skills on inclusive planning and budgeting in areas like mainstreaming the cross-cutting elements of Gender, Environment, HIV/AIDS and equity budgeting. These have to be reported on in their annual performance.
4. Two Local Government Budget Committee (LGBC) meetings facilitated
5. Sector Conditional Grants negotiations between LGs and 7 sector ministries organised and facilitated.
6. Dissemination of the lessons learnt from implementation of the allocation formula.
7. Production and Dissemination of the Fiscal Decentralization Architecture Framework to LGs
8. LGFC will follow up on the following agreed areas per the negotiations; In the Agriculture sector for FY 2019-20 it was agreed that MAAIF shall share the criteria for allocation of the Motor cycles and vehicles to ensure equity in all regions where extension workers have been recruited.
8. NAADS shall consider and bring the urban agriculture component on board for them to benefit from OWC drawing on the KCCA experience.
9. In the health sector it was agreed that Ministry of health would carry out affirmative action for Health Centers in hard to reach and hard to stay LGs in regards the health sector wage grant
10. It was also agreed that Ministry of health shall consider treating broader districts as refugee districts in the MoH refugee action plan.
11. In Education sector it was agreed that MoES shall always communicate to the LGs on the releases of the funds to SNE schools and units to enable them monitor and follow up but also MOES shall decentralize the special needs funds once the memorandum of understanding is completed by the Ministry.
12. It was agreed that MoES in liaison with MOFPED and MOPS shall continue to advocate for a wage bill commensurate to the special needs teachers.
13. It was agreed that under skilling Uganda Ministry of Education and sports shall consider skilling the early age/ youth group in the new policy for TVET.
14. It was agreed that under the Water and Sanitation Sub-sector MoWE shall request MoFPED to increase funding for the entire Water Sector to be able to meet the target of a water source for each village. (Ugx 170m)

RESEARCH AND DATA MANAGEMENT PROGRAMME

1. Research on assessment of resources allocation in the agriculture sector carried out and local revenue mobilization in the areas of electricity and sand and quarries
2. Conduct forums in the newly created LGs to discuss modalities for submission of fiscal data to LGFC Done in 8 LGs: Bugweri, Kikuuba, Nabilatuk, Kasanda, Kwania, Kapelebyong, Rukiga, Bunyangabu
3. Conduct regular data verification and validation exercises in LGs carried out in 10 LGs to address existing gaps and inconsistencies in data
4. Analysis of 2019/20 Annual LGs Approved Budgets of 174 LG-specific analysis reports and one consolidated analysis Report produced.
5. Feedback on the findings from the budget analysis provided in 20 LGs with serious issues regarding compliance with legal requirements
6. Fiscal Data-bank redesigned for accessibility on the LGFC Intranet

Medium Term Plans

1. To improve service delivery, efficiency and value for money through LGFC and LG capacity and resource enhancement.
2. To increase local revenues (LR) through continued support to all local governments by rolling out computerization of revenue registers (establishing LR databases) in all LGs across the country and other measures.
3. Contribute to increase and equity of all Local Government funding from the national budget by focusing on conditional grants negotiations, programs and outcomes; and review of grants allocation formula.
4. Examine the Revenues from Natural resources from the various regions and streamline to inform planning and budgeting in Local governments.

Efficiency of Vote Budget Allocations

The vote plans to make re allocations to the various new priority areas that have emerged from the alignment of the NDP II and the strategic plan for FY 2017/18- FY 2020/2021.

Vote Investment Plans

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

Major Expenditure Allocations in the Vote for FY 2019/20

Vote:147 Local Government Finance Commission

1. Provision of hands-on and follow up support 16 Districts with the skills for automation of local revenue collection using Integrated Revenue Administration system (IRAS).
2. Facilitating the negotiations on sector conditional grants funded programmers between local governments and 7 sectors.
3. Conducting of outreaches to inform development of advisory notes in LG financing.
4. 2 Regional Dialogues on streamlining the Revenues of Natural resources

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Table V3.1: Programme Outcome and Outcome Indicators

Programme :	53 Coordination of Local Government Financing				
Programme Objective :	To promote adequacy and equity in financial resources for all inclusive 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				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Harmonized government policy formulation and implementation at central and local government level					
Programme Performance Indicators (Output)	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• ratio between the highly funded and the least funded local government	1:11	1:10	1:9	1:8	1:7
• % increase in annual revenue generated across all Local Governments	13%	4.5%	20%	22%	25%

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

<i>Billion Uganda shillings</i>	2017/18	2018/19		2019/20	MTEF Budget Projections			
	Outturn	Approved Budget	Spent By End Q1	Proposed Budget	2020/21	2021/22	2022/23	2023/24
Vote :147 Local Government Finance Commission								
53 Coordination of Local Government Financing	5.453	5.262	1.053	4.930	5.586	6.390	7.346	8.484
Total for the Vote	5.453	5.262	1.053	4.930	5.586	6.390	7.346	8.484

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS

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

<i>Billion Uganda shillings</i>	2017/18	2018/19		2019/20	Medium Term Projections			
	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2020/21	2021/22	2022/23	2023/24
<i>Programme: 53 Coordination of Local Government Financing</i>								
01 Administration and support services	3.080	2.910	0.614	2.791	3.089	3.545	4.092	4.748
02 Revenues for Local Governments- Central Grants and Local Revenues	1.213	1.278	0.220	1.115	1.251	1.460	1.710	2.010
03 Research and data management	0.628	0.503	0.069	0.452	0.560	0.700	0.858	1.039

Vote:147 Local Government Finance Commission

0389 Support LGFC	0.572	0.572	0.151	0.572	0.686	0.686	0.686	0.686
Total For the Programme : 53	5.493	5.262	1.053	4.930	5.586	6.390	7.346	8.484
Total for the Vote :147	5.493	5.262	1.053	4.930	5.586	6.390	7.346	8.484

Table V4.2: Key Changes in Vote Resource Allocation

Major changes in resource allocation over and above the previous financial year	Justification for proposed Changes in Expenditure and Outputs
Vote :147 Local Government Finance Commission	
<i>Programme : 53 Coordination of Local Government Financing</i>	
Output: 01 Human Resource Management Improved	
Change in Allocation (US\$ Bn) : 0.092	The increase in the budget for is cater for a policy to contribute on the medical contributory scheme for all staff and medical allowance for all staff
Output: 76 Purchase of Office and ICT Equipment, including Software	
Change in Allocation (US\$ Bn) : 0.073	The increase is to cater for computers for the new Commission leadership

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

FY 2018/19		FY 2019/20
Appr. Budget and Planned Outputs	Expenditures and Achievements by end Sep	Proposed Budget and Planned Outputs
Vote 147 Local Government Finance Commission		
<i>Programme : 53 Coordination of Local Government Financing</i>		
<i>Project : 0389 Support LGFC</i>		
Output: 75 Purchase of Motor Vehicles and Other Transport Equipment		
Two vehicles purchased	Procurement process has started and its in bidding stage	2 vehicles purchased for the commission
Total Output Cost(US\$ Thousand):	0.505	0.433
Gou Dev't:	0.505	0.433
Ext Fin:	0.000	0.000
A.I.A:	0.000	0.000

V5: VOTE CHALLENGES FOR 2019/20 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2019/20

1. Limited support to reforms in the legal and policy framework for local revenues administration and management.
2. Lack to equipment (especially computers), power supply and skills by local government staff especially at the sub county level.
3. Absence of a unit responsible for local revenue administration and management in local government structures.
4. Failure to implement the new LGFC staff structure due to lack of resource.
5. Increasing number of new districts and town councils amidst dwindling resources to the Commission.

Table V5.1: Additional Funding Requests

Vote:147

Local Government Finance Commission

Additional requirements for funding and outputs in 2019/20	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 US\$ Bn : 0.968	<p>The Commission plans to recruit staff to help manage the current work at the commission under administration and the revenue department</p> <p>A considerable period of time has passed since the last salary raise for staff at the Commission. With the creation of new districts and town councils the work for Commission staff has increased hence the request for salary increment to cater for increment in Wage NSSF and gratuity for staff.</p>
OutPut : 02 LGs Budget Analysis	
Funding requirement US\$ Bn : 2.000	<p>Establish mechanisms to strengthen the policy, planning, coordination, monitoring and evaluation framework for Local Government Financing the Commission Plans to develop a Fiscal Data-bank that will accommodate all the local government financing</p>
OutPut : 03 Enhancement of LG Revenue Mobilisation and Generation	
Funding requirement US\$ Bn : 0.500	<p>Establishment of local revenue data bases relates to the NDP and the PSM-SIP sector objectives of implementing measures to aimed at enhancing mobilization and administration of local revenues.</p> <p>When the data bases are installed and officers trained to operate, potentially there will be efficiency in the collection of local revenues hence improve on quality and quantity in the provision of service delivery by local governments.</p>
OutPut : 04 Equitable Distribution of Grants to LGs	
Funding requirement US\$ Bn : 3.000	<p>In a bid to build partnerships with other stakeholders to promote and advocate for equity, transparency and fairness in the resource allocations for local governments as stated in the NDP the Commission plans to carry out pre budget conferences to enable proper planning process for the next budget cycle. These Conferences will enable views of local governments be considered in the planning and budgeting process.</p>
OutPut : 05 Institutional Capacity Maintenance and Enhancement	
Funding requirement US\$ Bn : 0.500	<p>Considering and recommending potential sources of revenue for Local Government is one of the major intervention of the Commission so that there is Increase financing and revenue mobilization of LGs to match the functions of LGs</p>