

Vote:147 Local Government Finance Commission

V1: Vote Overview

I. Vote Mission Statement

To offer credible and evidence based advice to government on all matters of financing for all Local Governments.

II. Strategic Objective

To promote adequate financial resources for service delivery by Local Governments

III. Major Achievements in 2018/19

ADMINISTRATION AND SUPPORT SERVICES PROGRAMME,

1. Seven members of the Commission. 3 females 4 male were trained in Enterprise Development, developing retirement plans, dual career and starting and managing businesses. Conducted training for 40 staff members, 15 females 25 male in Performance Management for staff to understand setting performance targets, indicators and linking to business goals and Institutional, directorate, departmental and individual level and Developing performance plans and activities

REVENUES FOR LOCAL GOVERNMENTS- CENTRAL GRANTS AND LOCAL REVENUES PROGRAMME

1. Eight LGs were supported 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, Kakumiro, Iganga, Kiboga, Kaliro Mc.

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 .during 27th -31st August 2018. 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 where 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 put on un-served regions and hard-to reach areas in the country.

3. Four Fiscal Decentralization Architecture regional dissemination workshops were held with local leaders in the centers of Mbarara, Fort Portal, Lira and Mbale to generate consensus on the way forward on recommendations.

4. In regards to Enhancement of local revenues, one regional workshops was held in Fort Portal on sharing experiences and best practices in local revenue generation and mobilization. The earlier were held in Lira and Tororo.

5. Five urban councils were supported with improved methods for collection of property rates i.e Apac MC, Busia MC, Bukedea Nakasongola TC, Rukungiri MC, Masindi MC. Hands on support in establishment of local revenue databases was provided in the 15 districts of Kitgum, Luuka, Kibuuku, Nakaseke, Isingiro Rukiga, Kween, Butebo, Dokolo, Nwoya, Amuru, Buvuma, Kalungu, Sheema, Kagadi. Five Local Governments were provided with skills and approaches to establish local revenue databases and these included Bunyangabu, Namisindwa, Buyende, Kaabong, Buliisa.

RESEARCH AND DATA

1. Data capture from approved Budgets of 146 Local governments for FY 2018/19 is ongoing Fiscal data validation, verification, and collection was done in 3 LGs of Kotido MC, Nebbi MC and Rukiga DLG.

2. 3 LGs of Moroto DLG, Bullisa DLG, and Masaka DLG, provided with feedback from the findings of the LGs Budget Analysis.

3. A concept note for LED was developed and reviewed by members of the research committee and this led to the development of the Agri LED industrialization program for the Rwenzori region.

IV. Medium Term Plans

1. Advocate for adequacy 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.

2. Advocate for gender and equity in the inter-governmental fiscal transfer and also advocate for the children through Universal Primary Education, cater for the female, children by advocating for better guidelines in the negotiations and also advocating for

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ramps for the disabled in the guidelines for construction as stipulated in the agreement. In addition, emphasis also to be put on sanitation and hygiene for all both at home and institutional places.

3. To improve service delivery, efficiency and value for money through LGFC and LG capacity and resource enhancement.
4. 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 creation of platforms for e- payments other measures.
5. Examine the Revenues from Natural resources from the various regions and streamline to inform planning and budgeting in Local governments

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V. Summary of Past Performance and Medium Term Budget Allocations

Table 5.1: Overview of Vote Expenditures (US\$ Billion)

	2017/18 Outturn	2018/19		2019/20	MTEF Budget Projections				
		Approved Budget	Expenditure by End Dec		2020/21	2021/22	2022/23	2023/24	
Recurrent									
Wage	1.119	1.119	0.504	1.119	1.175	1.233	1.295	1.360	
Non Wage	3.909	3.572	1.741	3.552	4.084	4.901	5.881	7.058	
Devt.									
GoU	0.572	0.572	0.154	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	2.398	5.242	5.945	6.821	7.863	9.104	
Total GoU+Ext Fin (MTEF)	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104	
Arrears	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Budget	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104	
A.I.A Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Grand Total	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104	
Total Vote Budget Excluding Arrears	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104	

VI. Budget By Economic Classification

Table V6.1 2018/19 and 2019/20 Budget Allocations by Item

<i>Billion Uganda Shillings</i>	2018/19 Approved Budget				2019/20 Draft Estimates		
	GoU	Ext. Fin	AIA	Total	GoU	Ext. Fin	Total
Output Class : Outputs Provided	4.690	0.000	0.000	4.690	4.670	0.000	4.670
211 Wages and Salaries	1.868	0.000	0.000	1.868	2.092	0.000	2.092
212 Social Contributions	0.100	0.000	0.000	0.100	0.102	0.000	0.102
213 Other Employee Costs	0.359	0.000	0.000	0.359	0.462	0.000	0.462
221 General Expenses	0.457	0.000	0.000	0.457	0.436	0.000	0.436
222 Communications	0.038	0.000	0.000	0.038	0.038	0.000	0.038
223 Utility and Property Expenses	0.481	0.000	0.000	0.481	0.476	0.000	0.476
224 Supplies and Services	0.030	0.000	0.000	0.030	0.030	0.000	0.030
225 Professional Services	0.150	0.000	0.000	0.150	0.115	0.000	0.115
227 Travel and Transport	1.020	0.000	0.000	1.020	0.732	0.000	0.732
228 Maintenance	0.186	0.000	0.000	0.186	0.186	0.000	0.186
Output Class : Capital Purchases	0.572	0.000	0.000	0.572	0.572	0.000	0.572
312 FIXED ASSETS	0.572	0.000	0.000	0.572	0.572	0.000	0.572
Grand Total :	5.262	0.000	0.000	5.262	5.242	0.000	5.242
Total excluding Arrears	5.262	0.000	0.000	5.262	5.242	0.000	5.242

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VII. Budget By Programme And Subprogramme

Table V7.1: Past Expenditure Outturns and Medium Term Projections by Programme and SubProgramme

Billion Uganda shillings	FY 2017/18 Outturn	FY 2018/19		2019-20 Proposed Budget	Medium Term Projections			
		Approved Budget	Spent By End Dec		2020-21	2021-22	2022-23	2023-24
53 Coordination of Local Government Financing	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104
01 Administration and support services	3.187	2.910	1.410	3.230	3.248	3.575	4.208	4.917
02 Revenues for Local Governments- Central Grants and Local Revenues	1.213	1.278	0.599	0.949	1.351	1.660	1.910	2.188
03 Research and data management	0.628	0.503	0.235	0.492	0.660	0.900	1.058	1.312
0389 Support LGFC	0.572	0.572	0.154	0.572	0.686	0.686	0.686	0.686
Total for the Vote	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104
Total Excluding Arrears	5.600	5.262	2.398	5.242	5.945	6.821	7.863	9.104

VIII. Programme Performance and Medium Term Plans

Table V8.1: Programme Outcome and Outcome Indicators (Only applicable for FY 2019/20)

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					
Outcome Indicators	Performance Targets				
			2019/20	2020/21	2021/22
	Baseline	Base year	Target	Projection	Projection

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• ratio between the highly funded and the least funded local government	1:23	2017	1:20	1:18	1:16
• % increase in annual revenue generated across all Local Governments	10%	2017	10%	16%	16%
SubProgramme: 01 Administration and support services					
Output: 01 Human Resource Management Improved					
Number of staff trained in performance improvement			21	21	21
Output: 05 Institutional Capacity Maintenance and Enhancement					
Proportion of recommendations from Policy Dialogue meetings implemented			90%	100%	100%
Output: 06 Policy, planning support services and M&E enhanced					
Number of local governments monitored on establishment of data bases and management property rates			5	5	55
SubProgramme: 02 Revenues for Local Governments- Central Grants and Local Revenues					
Output: 03 Enhancement of LG Revenue Mobilisation and Generation					
No. of LGs that can produce Registers, Issue demand notes and receipt payments using the LR databases			20	20	20
Output: 04 Equitable Distribution of Grants to LGs					
Number of Local Governments provided with skills in Budget Formulation			25	25	25
Number of undertakings and recommendations implemented from the agreed positions from sector conditional grant negotiations			120	198	198
SubProgramme: 03 Research and data management					
Output: 02 LGs Budget Analysis					
No. of Local Governments complying with budgeting legal requirements			175	175	175
No. of LGs provided with feedback on Budget analysis findings			5	10	10
Output: 05 Institutional Capacity Maintenance and Enhancement					
Proportion of recommendations from Policy Dialogue meetings implemented			90%	100%	100%
SubProgramme: 0389 Support LGFC					
Output: 75 Purchase of Motor Vehicles and Other Transport Equipment					
No. of vehicles and other transport equipment procured			1	2	2
Output: 76 Purchase of Office and ICT Equipment, including Software					
No. of computers and other ICT equipment procured.			7	8	8

IX. Major Capital Investments And Changes In Resource Allocation

Table 9.1: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

N/A

X. Vote Challenges and Plans To Improve Performance

Vote Challenges

1. 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

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to LGs,

2. Although Government of Uganda embraced the policy of decentralization by devolution, which recognize LGs as frontline actors in the provision of services to the citizens, LGs lack discretion on sector grants as nearly 95.8% of the total grant transfers are conditional grants. Secondly, wage grants continue to dominate direct transfers to LGs. Unconditional grant has remained stagnant for a long time
3. With the ever growing number of districts, municipalities, Sub counties, and Town Councils, the current capacity of the Commission to reach out to satisfy its mandate to support these LGs is extremely limited.
4. The Commission executes its mandate through studies, research, policy analysis, consultations/collaborations and benchmarking. However, the current ceiling of the Commission's Vote cannot accommodate the required resources to effectively carry out its functions.
5. The Commission has limited number of specialized technocrats to undertake required high level planning, research and policy analysis but the current wage bill and salary levels constrain attraction of specialized technocrats and this has resulted in high attrition rate of staff.
6. Limited support to reforms in the legal and policy framework for local revenues administration and management.
7. Lack to equipment (especially computers), power supply and skills by local government staff especially at the sub county level.
8. Absence of a unit responsible for local revenue administration and management in local government structures.
9. Top bottom planning does not take the priorities of all local governments into consideration as per the constitution

Plans to improve Vote Performance

1. Carry out Capacity Needs Assessment to cater for gaps in the staffing levels and further lobby for resources from Ministry of Public service so that the cabinet decision on restructuring can be implemented.
2. Change in the negotiation process so that needs of the Youth Elderly children and women are considered in all the social service sectors
3. Increased monitoring and evaluation function to find out the various needs of financing for all local governments so that these can be considered for advise to the President.
4. Retooling in terms of Logistical support to staff.
5. Completion of the Fiscal Decentralization Architecture to determine the Percentage share of funds to local governments and determination of institutional roles.

XI Off Budget Support

Table 11.1 Off-Budget Support by Sub-Programme

<i>Billion Uganda Shillings</i>	2018/19 Approved Budget	2019/20 Draft Estimates
Programme 1353 Coordination of Local Government Financing	0.00	0.86
<i>Recurrent Budget Estimates</i>		
02 Revenues for Local Governments- Central Grants and Local Revenues	0.00	0.86
<i>DINU</i>	<i>0.00</i>	<i>0.86</i>
Total for Vote	0.00	0.86

XII. Vote Cross Cutting Policy And Other Budgetary Issues

Table 12.1: Cross- Cutting Policy Issues

Issue Type: HIV/AIDS

Objective :	Ensuring adequate allocation of resources to HIV and AIDS interventions; Guiding human resource managers and employees on their rights and obligations regarding HIV and AIDS.
Issue of Concern :	Unawareness of the HIV/ AIDS policy and No provision for HIV/AIDS at the workplace.
Planned Interventions :	Refresher on the HIV/ AIDS policy at the work place and provision of Medical insurance for staff
Budget Allocation (Billion) :	0.115

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Performance Indicators:	Percentage of staff that know and can relate to the HIV Policy. Number of Staff benefiting from the insurance
Issue Type:	Gender
Objective :	Improvement is the local revenue collection for all local governments
Issue of Concern :	Inadequate Local revenue collection and over dependence on the ever decreasing grants from central governments
Planned Interventions :	Carrying out dialogues on the revenue base widening and deepening leveraging on local economic development intervention.
Budget Allocation (Billion) :	0.100
Performance Indicators:	Number of regional dialogues held on widening and deepening the revenue source for local governments
Objective :	Equitable distribution of resources among Local Governments
Issue of Concern :	Inadequate financing for local government for from the National budget
Planned Interventions :	negotiations between the center and local governments on how best the two can work together to improve service delivery
Budget Allocation (Billion) :	0.110
Performance Indicators:	Number of recommendations being implemented from the negotiations to improve service delivery

XIII. Personnel Information

Table 13.1 Staff Establishment Analysis

Title	Salary Scale	Number Of Approved Positions	Number Of Filled Positions
Commission Secretary	LGF-1	1	1
Director of Finance and Administration	LGF-2	1	1
Director Revenue and Research	LGF-2	1	1
Chief Financial Analyst	LGF-3	1	0
Manager- Human Resource and Administration	LGF-3	1	1
Principal Accountant	LGF-4	1	1
Principal Data Analyst	LGF-4	1	1
Principal Financial Analyst	LGF-4	2	2
Principal Human Resource Manager	LGF-4	1	1
Public Relations Officer	LGF-5	1	0
Senior Information Scientist	LGF-5	1	1
Senior Data Analyst	LGF-5	1	1
Senior Financial Analyst	LGF-5	6	3
Senior Internal Auditor	LGF-5	1	1
Senior Planner	LGF-5	1	1
Senior Procurement Officer	LGF-5	1	1

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Senior Research Officer	LGF-5	1	0
Accountant	LGF-6	1	1
Administrative Officer	LGF-6	1	1
Data Officer	LGF-6	2	0
Financial Analyst	LGF-6	6	2
Front Desk Officer	LGF-6	1	1
Librarian	LGF-6	1	1
Planner/ Economist	LGF-6	1	1
Procurement Officer	LGF-6	1	1
Senior Personal Secretary	LGF-6	3	1
System Administrator	LGF-6	1	0
Assistant Records Officer	LGF-7	1	0
Inventory Management Officer	LGF-7	1	1
Personal Secretary	LGF-7	2	0
Senior Accounts Assistant	LGF-7	1	1
Driver	LGF-8	9	9
Stenographer	LGF-8	4	0
Office Attendant	LGF-9	3	3
Chairperson	LGF-S 1	1	1
Vice Chairperson	LGF-S 2	1	1

Table 13.2 Staff Recruitment Plan

Post Title	Salary Scale	No. Of Approved Posts	No Of Filled Posts	Vacant Posts	No. of Posts Cleared for Filling FY2019/20	Gross Salary Per Month (UGX)	Total Annual Salary (UGX)
Data Officer	LGF-6	2	0	2	2	5,400,000	64,800,000
Financial Analyst	LGF-6	6	2	4	4	10,800,000	129,600,000
Senior Financial Analyst	LGF-5	6	3	3	3	9,300,000	111,600,000
Senior Research Officer	LGF-5	1	0	1	1	3,100,000	37,200,000
Total		15	5	10	10	28,600,000	343,200,000