



**OFFICE OF THE
LEADER OF THE OPPOSITION**

**ALTERNATIVE POLICY STATEMENT FOR MINISTRY OF LOCAL
GOVERNMENT FOR FY 2022/23**

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Executive Summary

Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006 empowers Shadow Ministers to present Alternative Policy statement on the floor of Parliament. The Local Government has its programmes budgeted under Vote 011 Ministry of Local Governments, Vote 147 Local Government Finance Commission and Votes 617:601- 850 Local Governments. However, Local governments (LGs) are grappling with lack of office space, rushed implementation of the Parish Development Model (PDM), declining financing of Local Governments, slow operationalization of newly established administrative structures, delays in disbursements of funds to Local Government, few approved District Development Plans (DDP), inadequate capacities of LG staffs, weak functionality of Local Government accountability structures, recentralization of functions of LGs which undermines the principles of decentralization among others. This underscores services delivery in LGs.

The Alternative Policy Statement therefore, focuses on modes of having better service delivery at Local levels. This requires, Government deepening of fiscal decentralization, harmonizing the Local Government Act, the Public Finance Management Act and Local Government Regulations. Funds that are currently appropriated to central government MDAs but are meant for LGs should be appropriated directly under the respective beneficiary LGs to ensure timely usage of the funds. Developing statutory criteria upon which creation and approve of new administrative entities should be undertaken. LGs should be aided to create appropriate Financial Systems that enable their clients to pay Local Revenues at Remote points. There is an urgent need to halt the creation and operationalization of new administrative units until the creation criteria and city law enactment legislation are finalised, Local Governments which don't submit their DDP in time should be panelised and their budgets shouldn't be approved by parliament. There is need to reduce on the number of Local Leaders in each district. Continuous capacity development is a key ingredient for the effective operations of statutory bodies of Local Government Commissions i.e LGPAC.

For Local Governments to fully achieve their mandate of guiding, monitoring, mentoring and advocating for service delivery in Local Governments, there is

need for coordinated efforts between Parliament, MDAs, the Executive and key stake holders of Civil Society, Private sector and Development Partners. It's key that this Alternative Policy statement is given attention to the issues raised.

List of Acronyms

Bn	Billions
DDP	District Development Plans
DECs	District Executive Committees
DLGs	District Local Governments
DSC	District Service Commissions
GOU	Government of Uganda
HR	Human Resource
LGPAC	Local Government Public Accounts Committee
LGs	Local governments
MoFPED	Ministry of Finance, Planning and Economic Development
MDA	Ministries, Departments and Agencies
MoLG	Ministry of Local Government
MoPS	Ministry of Public service
MTEF	Midterm Expenditure frame work
NPA	National Planning Authority
NBFP	National Budget Framework Paper
PDM	Parish Development Model
PSC	Public Service Commission
SMEs	Small Medium Enterprises
UgIFT	Uganda Intergovernmental Fiscal Transfer
VAT	Value Added Tax

Chapter 1: Background to the Alternative Policy Statement.

1.1. Legal Provisions for Presenting Alternative Policy Statement

Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006 empowers Shadow Ministers to present Alternative Policy Statement on the floor of Parliament. Rule 147 Rules of procedure of Parliament allows Shadow Ministers to submit their Alternative Statement to Parliament by 29th day of March every year.

The Local Government has its programmes budgeted under the following votes:-

- I. Vote 011 Ministry of Local Governments
- II. vote 147 Local Government Finance Commission
- III. Votes 617:601- 850 Local Governments

1.2. Sector Overview

The Local Government is a key sector charged with Local Government administration. This is a result of the decentralization reforms undertaken by government to transfer power and responsibilities from the centre to the local levels. The sector is composed of three entities of Ministry of Public Service, Ministry of Local Governments, Public Service Commission, Local Government Finance Commission and district Local Governments. While as the Local Government Finance Commission was formed majorly to advise the president on all matters concerning revenue distribution between the government and Local Governments, this has not been achieved due factors like recentralization effects and mode of operation in the country, nature of taxes left for collection by LGs, low facilitation system of collection of Local Revenue by LG. Most local revenue collection units are performing ad hoc functions. This undermines the decentralization thrust of service delivery.

The Ministry of Local Governments which is mandated in guiding, monitoring, mentoring and advocating for service delivery in local governments. However, Local Governments (LGs) are still grappling with lack of office space, rushed implementation of the Parish Development Model (PDM), declining financing of Local Governments, slow operationalization of newly established administrative structures, delays in disbursements of funds to Local Government, few approved District Development Plans (DDP), unsustainable Local council establishments, inadequate capacities of LG staffs, weak functionality of Local Government accountability structures, recentralization of functions of LGs, among others.

1.3. Statement Outline

Chapter 1: This chapter provides legal provisions for the preparation of the Alternative Policy Statement by the Shadow Minister for Local Government

Chapter 2: This chapter provides analysis of the Ministerial Policy Statement for FY 2022/23

Chapter 3: This chapter provides the key emergency issues in the Local Governments in Uganda and Key Proposed Alternatives

Chapter 4: Summarises the Alternative Policy Statement

Chapter 2: Situational Analysis of Ministerial Policy Statement

2.1. Budget Analysis

2.1.1. Overview of the Budget Allocation Trend and Projections for FY 2022/2023 including MoLG funds appropriated through other MDAs

The total resource envelope for the FY 2022/23 is projected at UGX. **43,083.2** billion, resources availed to implement planned vote interventions are as follows.

S/N	Vote	Entity	FY2022/23 (Billions)
1.	Vote 011	Ministry of Local Governments	131.38
2.	vote 147	Local Government Finance Commission	4.99
3.	Votes 501- 850	Local Governments	4,527.9
	Total		4,664.27

Source: MPS FY 2022/23 MoFPED

The MPS For Local government indicates that the local government sector was allocated a total of **Shs. 4,659.3Bn** but actual addition of the 3 Votes indicates a total budget of **Shs. 4,664.27Bn** for the sector.

Table Shows Comparisons between FY 2021/23 and 2022/23 Budgets for Ministry of Public Service.

Item	FY 2021/22 Approved	FY 2022/23 Draft Estimates	Change
Wage	23.728	23.7	-0.028
Non -wange	11.766	10.0	-1.766
Development (Domestic)	21.614	12.8	-8.814
External Financing	129.574	84.8	-44.774
Total	188.974	131.35	-57.624

Source: MPS FY 2022/23

There is a total reduction in the allocation of funds for the Ministry of Public Service in wages, non-wages, development expenditure both Domestic and external financing from FY 2021/22 to FY 2022/23. Only Shs. 12.8bn has been allocated towards development expenditure compared to shs. 33.7 bn for recurrent expenditure

Table Shows FY 2022/23 MOLG Recurrent Budget Allocations by Department (Sub Sub Programme)

Sub Sub Program Name	Wage	Non Wage
District Administration Department	20,539,752,158	431,613,301
Local Councils Development Department	283,000,000	190,755,319
Local Economic Development Department	120,000,000	279,128,559
Procurement Inspection and Coordination	30,000,000	90,717,305
Urban Administration Department	1,111,000,000	378,767,457
District Inspection Department	337,000,000	298,174,197
LGs Inspection and Coordination	47,000,000	77,492,785
Urban Inspection Department	225,000,000	208,248,311
Finance and Administration	661,000,000	2,706,806,907
Human Resource Department	173,634,680	4,971,080,268
Internal Audit unit	45,000,000	101,339,284
Policy & Planning Department	156,000,000	291,827,790
TOTAL	23,728,386,838	10,025,951,484
<i>* Non-Wage Budget for Finance and Administration includes Rent of UGX 2.0Bn</i> <i>**Non-Wage Budget for Human Resource Management includes Pension and gratuity Budget of UGX4.7BN</i>		

Source: MPS FY 2022/23

Over Shs. 20,539,752,158 has been allocated to District Administration as wage compared to 47,000,000 wage for Local government inspections and coordination.

2.1.3. Analysis of Key Local Government Sector Programmes.

s/n	Programme	Sub programmes	Entity	Budget FY 2022/23 (billions)
1.	Public Sector Transformation	<ul style="list-style-type: none"> - Strengthening Accountability - Government Structures and Systems - Human Resource Management - Decentralization and Local Economic Development 	Ministry Of Local Government	10.949
			Local Government Finance Commission(LGFC)	4.000
2.	Regional Balanced Development	<ul style="list-style-type: none"> - Production and productivity - Infrastructure Development - Capacity Building of Leaders 	Ministry of Local Government	62.364
3.	Agro-Industrialisation	<ul style="list-style-type: none"> - Institutional Strengthening and Coordination - Agricultural Production and Productivity - Storage, Agro-Processing and Value addition - Agricultural Market Access and Competitiveness 	Ministry of Local Government	13.275
			Local Governments 01	356.692
4.	Integrated Transport Infrastructure And Services	<ul style="list-style-type: none"> - Transport Regulation - Land Use and Transport Planning - Transport Infrastructure and Services Development - Transport Asset Management 	609 Local Governments 09	45.221
5.	Development Plan Implementation	<ul style="list-style-type: none"> - Development Planning, Research, Evaluation and Statistics - Resource Mobilization and Budgeting - Oversight, Implementation, Coordination and Monitoring - Accountability Systems and Service Delivery 	011 Ministry of Local Government	0.613
6.	Climate Change, Natural Resource, Environment And Water Management	<ul style="list-style-type: none"> - Local Government Administration and Development 	011 Ministry of Local Government	0.3
7.	Private Sector Development	<ul style="list-style-type: none"> - Enabling Environment - Strengthening Private Sector Institutional and Organizational Capacity 	607 Local Governments 07	2.232
8.	Sustainable Urbanisation	<ul style="list-style-type: none"> - Physical Planning and Urbanization; - Housing Development - Institutional Coordination 	011 Ministry of Local Government	1.429
9.	Community Mobilization	<ul style="list-style-type: none"> - Community sensitization and empowerment - Strengthening institutional support - Civic Education & Mind set change 	615 Local Governments 15	7.755

Source: MoFPED

2.1.4. Sector Compliance to NDP III

s/n	Programme	Sub programmes	NDPiii	Budget FY 2022/23 (billions)
10.	Public Sector Transformation	<ul style="list-style-type: none"> - Strengthening Accountability - Government Structures and Systems - Human Resource Management - Decentralization and Local Economic Development 	Not indicated	32.553
				10.949
				4.000
11.	Regional Balanced Development	<ul style="list-style-type: none"> - Production and productivity - Infrastructure Development - Capacity Building of Leaders 	615.5+83 7.6	62.364
12.	Agro-Industrialisation	<ul style="list-style-type: none"> - Institutional Strengthening and Coordination - Agricultural Production and Productivity Storage, Agro-Processing and Value addition - Agricultural Market Access and Competitiveness 	50	13.275
				356.692
13.	Integrated Transport Infrastructure And Services	<ul style="list-style-type: none"> - Transport Regulation - Land Use and Transport Planning - Transport Infrastructure and Services Development - Transport Asset Management 	2,384.47	45.221
14.	Development Plan Implementation	<ul style="list-style-type: none"> - Development Planning, Research, Evaluation and Statistics - Resource Mobilization and Budgeting - Oversight, Implementation, Coordination and Monitoring - Accountability Systems and Service Delivery 	200.1	0.613
15.	Climate Change, Natural Resource, Environment And Water Management	<ul style="list-style-type: none"> - Local Government Administration and Development 	Not indicated	0.3
16.	Private Sector Development	<ul style="list-style-type: none"> - Enabling Environment - Strengthening Private Sector Institutional and Organizational Capacity 	0.99	2.232
17.	Sustainable Urbanisation	<ul style="list-style-type: none"> - Physical Planning and Urbanization; - Housing Development - Institutional Coordination 	Not indicated	1.429
18.	Community Mobilization	<ul style="list-style-type: none"> - Community sensitization and empowerment - Strengthening institutional support - Civic Education & Mind set change 	0.60+33.4 7	7.755

2.1.5. Compliance With The Parliamentary Recommendations On The NBFP For FY 2022/23.

- a) The gender constituencies identified need to be broadened to address aspects such as employment imbalances/inequalities among others where EOC should consider expanding its scope of work to include Local Governments.
- b) For full implementation of the Parish Development Model. Government should integrate and main stream the PDM in all MDA strategic plans, budgets and work plans. There is need to review the administrative structure at the Parish to minimise operational Expenses and to avoid duplication as government is moving towards rationalisation of government agencies.
- c) The committee recommended that Government provides Shs. 120 bn for the construction of office blocks for the newly created town councils, sub counties and parishes.
- d) Committee recommended that government should allocate Shs. 120 bn to the ministry of local government to cater for the induction of councillors in 177 districts/municipalities/cities.
- e) The committee recommended that government allocates Shs 34 bn for remunerations of political leaders in respective local governments.
- f) Ministry of local government should provide detailed information on all Local Governments in the NBFP to help identify the critical needs of the Local Governments during the budget process.
- g) For proper implementation of Government programmes, funds should be directly channelled through local government votes for FY 2021/2022.
- h) The committee proposes 15% allocation of the national budget to local governments.

3. Emerging Issues and Proposed Alternatives.

i. Inadequate LG Financing

Over the recent years LG transfers from central government have been on a decline. According to the FY2022/23 NBFP LG financing is projected to reduce by UGX 446.46 Bn (9.75%) from UGX 4,577.56 Bn in FY 2021/22 to UGX 4,131.10 Bn in FY2022/23. The decline in resources budgeted for LG programs can largely be attributed to re-centralization of functions and resources which are supposed to be a mandate of LGs. Re-centralization of financing for instance through the UGIFT program and hybrid procurement has been found to cause unnecessary delays and also cause ambiguity in accountability responsibility. According to Ministry of Local Government, over 80,337,176,025 UGIFT unspent balances was returned by local governments at the close of last financial year. These funds were meant for construction of seed secondary schools and health centres.

Discretionary Devt equalization grant- DDEG) available to LGs has been removed. Equalisation grant is the money to be paid to local governments for giving subsidies or making special provisions for the least developed districts; and shall be based on the degree to which a local government unit is lagging behind the national average standard for a particular service."



Source: NBFP FY 2021/22-FY 2022/23

Alternative Proposition

Government should deepen fiscal decentralisation¹ through increasing the proportion of resources allocated to Local Governments. The funds that are currently appropriated to central government MDAs but are meant for LGs should be appropriated directly under the respective beneficiary LGs to ensure timely usage of the funds. Tax collection units should be established in all local councils to reduce on the high number of ad hoc tax collection units to enable increases on local revenue collections. There is need to transform informal sector businesses like SMEs to formal sector at district levels through enforcing compulsory registration and licensing of businesses. This will increase the tax base of local revenue in local governments and boost revenue collections in the long run for self-sustainability of local districts. Government should re-engage in the decentralisation discourse critically, given its critical role in empowering LGs in decision making and promoting inclusive planning

ii. Undermining the Principle of Decentralization.

Article 176, (2b) of the Constitution of the Republic of Uganda (1995 as amended) adopts decentralization as the principle applying to all levels of Local Government and, in particular, from higher to Lower Local Government units to ensure peoples' participation and democratic control in decision making². However, Local Governments have remained subservient to Central Government thereby undermining the thrust of Decentralization. Having most of the local activities like recruitment, awarding of contracts performed by Central Government and the remittance of local revenue to the consolidated fund undermines service delivery at local level and the pursuit for Decentralization. This retards the LGs from effecting their strategic plans and objectives thus undermining development. Such functions are witnessed as many Residence District Commissioners take over powers of the politically elected leaders like District Chairpersons who are mandated to be political heads of the Districts as per Article 183. (1)(a) of the constitution of Uganda.

The Public Finance Management Act (PFMA), 2015, in some respects curtails the powers of the Local Governments enshrined in the Fourth Schedule of the Local Governments Act. The act took away powers of LGs to approve viaments (section

¹ World Bank, 2021 . Decentralisation and Subnational Economics.
<http://www1.worldbank.org/publicsector/decentralization/fiscal.htm> last accessed 25th Feb 2022

² Local Government, 2020. Local Government development planning guidelines.

22), supplementary budgets and re-allocations and vested this power to the Minister of finance. This, therefore, undermines the budgeting and planning powers bestowed on LGs by article 176 of the Constitution of Uganda; this also means that approvals by Councils and District Executive Committees (DECs) are inconsequential given that the minister can reject what these structures have approved.

Alternative Proposition

Harmonize the Local Governments Act, the Public Finance Management Act and the Local Governments (Financial and Accounting) Regulations, 2007.

iii. Unpreparedness for Operationalization of Newly Established Administrative Structures.

Unlike Kampala Capital City Authority which is regulated under the Kampala Capital City Act, the newly created cities of Arua, Mbarara, Gulu, Jinja, Fort portal, Mbale, Masaka, Soroti, Hoima and Lira (with Moroto, Nakasongola, Entebbe, Kabale, Wakiso to be operationalised in FY2022/23) lack an enabling framework to guide their operations. Although Section 4 of the Local Government act equates a City to a District, a presumption that cities operate as districts. The slow commencement of the full operationalization of Cities retards Development.

For FY 2022/23 Government has prioritised funding worth Ugx 60.60 billion for operationalization of the newly created cities and Ugx 88.08 Bn³ for operationalisation of the newly created Town councils and Sub counties. The operation of these newly administrative structures in Cities and Town councils remains a costly undertaking in terms of infrastructures and administrative operations like staff salaries and equipment. Some of the newly established administrative structures lack offices and continue to operate in the mother structures which breeds conflict.

Alternative Proposition

Parliament through Local Governments should develop statutory criteria upon which creation and approve of new administrative entities should be undertaken basing on benchmarks in terms of revenue collection, population among others. I.e. for a Municipal Council to be uplifted to the level of city, it should be able to collect a given amount of local funds for a given period of time. There is an urgent

³ MoFPED, 2022. National Budget Frame Work Paper FY 2022-23

need to halt the creation and operationalization of new administrative units until the creation criteria and city law enactment legislation are finalised.

iv. Delayed Disbursement of Funds To Local Governments

Transfers from Central Government make up the largest proportion of Local Government Revenues. For all government entities including local governments the funds received as transfers from central government are supposed to be spent by close of the financial year on 30th June or else the unspent funds are remitted back to the consolidated funds. However, over the years local governments are denied the opportunity to spend some of the budgeted for funds as they are sent towards the close of the financial year.

For instance, according to OAG report FY2020/21⁴, Budget support for USMID, MoFPED disbursed UGX.22.143Bn to MoLG for subsequent transfer to the various Local Governments. The MoLG transferred the funds to the LGs very late, Only UGX9.4Bn (43%) was transferred to the various Local Governments in the last two weeks of June 2021. Additionally, the MoLG disbursed UGX.6.79Bn to 125 Local Governments as start-up funds however in some cases it was disbursed to LGs as late as 29th June 2021. Delayed disbursements could be the reason why despite the low funding, LGs have continuously failed to absorb the little funds extended to them, Delayed disbursement of funds implies that the beneficiary Local Governments are deprived of time to implement planned activities. Some funds for Local governments are appropriated in other MDA Votes.

Alternative Proposition

MoFPED should always ensure follow up with relevant MDAs to ensure that funds disbursed through them to LG are subsequently released in a timely manner or failure to do so penalties should be imposed. MoLG and Local government Finance commission (LGFC) should strengthen its role of Coordination of financing between the Ministries, Departments, Agencies; and the LGs. Accounting officers of MDAs who delay to disburse Local Government funds received without a reasonable explanation should be penalised.

⁴ OAG, 2022. Annual report of the Auditor General to Parliament for the FY ended 30 June 2021

v. Unapproved District Development Plans.

Article 190 of the Constitution of the Republic of Uganda (1995) mandates and obliges District Councils to prepare Development Plans for submission to the National Planning Authority.

Following the adoption of the NDP III, all LGs were expected to develop DDPs which are in line with the NDPIII, by February 2022. Out of 176 sampled entities that were supposed to prepare strategic plans aligned to NDPIII, only 28 (16%) had their strategic plans certified by NPA⁵. District Development Plans are a key function in the planning process. Failure to adhere to these requirements faults the intended targets for the budgeting processes.

It has also been noted that there is slow adoption of program-based budgeting at LG, there is still hangover of the sector wide approach. This, coupled with the un approved DDPs hampers the efforts of the NDP III to increase coordination and create better linkage of resources to results and reduce the 'silo' approach to implementation.

Alternative Proposition

Parliament should summon the LGs that have not submitted their strategic plans to National Planning Authority to explain the basis of their planning. Local Governments which do not submit their DDP in time should be panelised and their budgets should not be approved by Parliament until the have than so.

vi. Unsustainable Local Council Establishments

The Ministry of Local Government increased the number of councillors in most districts as a result of establishment of new administrative units. Currently according to Ministry of Local Government data, there are 135 districts in Uganda, 10 Cities, 31 Municipalities, 2,184 Sub –Counties, 10,595 Parishes, 70,626 Villages, 580 Town Councils, 89 Municipal Divisions, and 20 City Divisions.⁶ This increases administrative cost in facilitating City and District councils. For FY 2021/22, Ugx 8,590,810,685 was appropriated as supplementary for ex-gratia, honoraria and councillors allowances.

Over years, councillors have not been inducted. Inducting new councillors enables them to effectively take on their responsibilities of monitoring and overseeing of Government programmes.

⁵ NPA, 2022. LGDP Assessment Status as of 23rd Feb 2022

⁶ Ministry of Local Government, 2020. Administrative Units. <https://molg.go.ug/> last assessed 25th Feb 2022