



Impact Story from the Study Analysing Uganda's FY2019/20 National Budget

In several Local Government Council Scorecard Assessments conducted by ACODE since 2009, inadequate local government financing has been one of the sticky policy issues emerging from the findings. There have been similar complaints of inadequate funding for local governments mainly from the Ministry of Local Government, Local Governance Finance Commission (LGFC) and the Local Government's leaders across the country. In 2016, the Office of Auditor General (OAG) conducted an audit on local government financing where the findings of the audit demonstrated that local governments were inadequately funded and unable to implement all devolved functions and mandates. However, there was no information to show where additional funding for local governments would come from given that the budget did not have wiggle room for appropriate re-allocation of funds to the local governments for them to meet their funding needs. It is on that basis that ACODE undertook a study to analyze the proposed FY 2019/20 budget with a view of identifying resources within the budget that should be re-allocated to Local governments or rationalized¹. The study found out that UGX 1.006 trillion was being held by MDAs which is inconsistent with the Local Governments Act. It was also noted that the MDAs were planning to use this money to implement activities or projects which were under the mandate of the Local Governments.

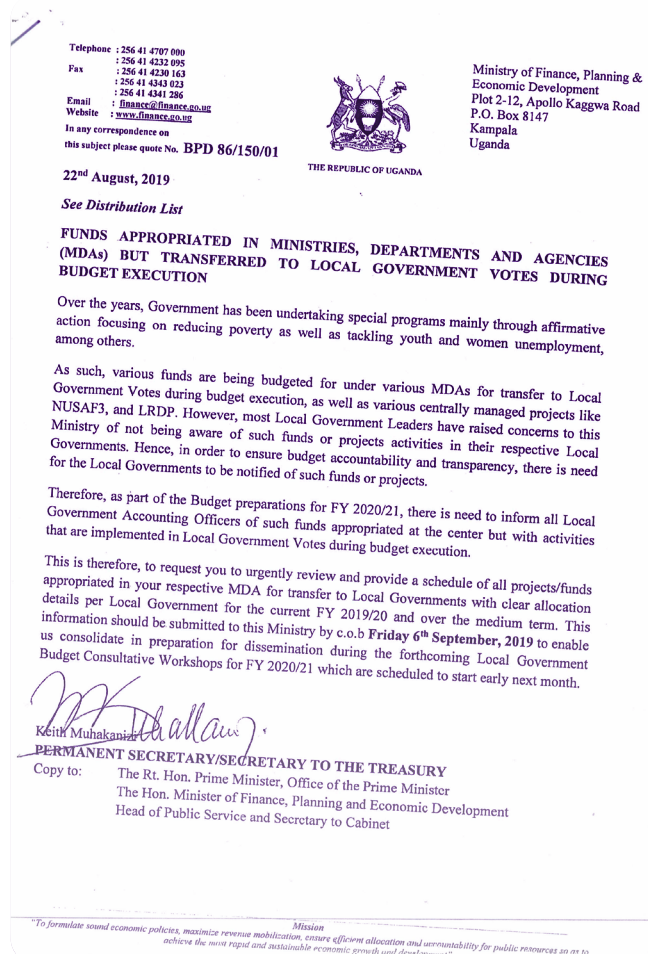
On August 13, ACODE in partnership with Ministry of Local Government and Governance and Accountability, Participation and Performance (GAPP) Program held the first National Conference on Decentralisation,

in Kampala where the findings of the above study were presented. The findings of these studies were further shared with the Ministry of Finance, Planning and Economic Development (MoFPED), Ministry of Local Government (MoLG), LGFC, Uganda Local Governments Association (ULGA) through strategic meetings held with leaders of these entities. The findings were also presented to Members of Parliament who sit on the Local Government and Public Service and Budget Committees of Parliament, CSOs and the private sector. ACODE also shared the results of these studies widely in both electronic and print media. This resulted in increased media coverage of the findings through newspaper stories, press dialogues, and talk-shows which generated public debate about the subject.

Consequently, on 22nd August 2019, the Secretary to the Treasury and Permanent Secretary of MoFPED, Keith Muhakanizi wrote a letter (ref: PBD/86/150/01) requesting respective MDAs to review and provide a schedule of all projects and funds appropriated to them for transfer to Local Governments with clear details per local government for the current FY 2019/20 and over the medium term. In the same letter, MDAs were asked to provide information to Local Governments on all the appropriated funds to MDAs whose budget execution for FY 2020/21 will take place in Local Governments. This information as the letter indicates was shared in Budget Consultative Workshops for FY 2020/2021 to enable the MOFPED to consolidate information on the appropriations to MDAs and be able to inform accounting officers in local governments of the existence of such funds so that they can be included in their district budgets for FY 2020/2021. A copy of the letter from the Permanent Secretary to MDAs is shown in figure 1.

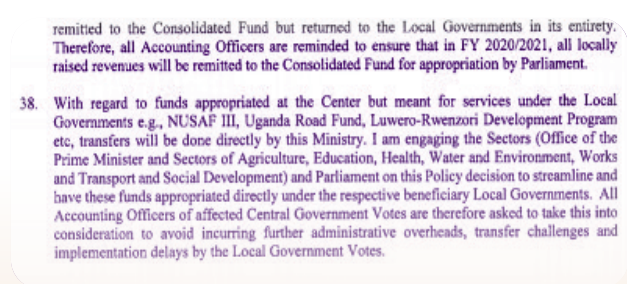
¹ Ggoobi, R., and Lukwago. D., Financing Local Governments in Uganda: An analysis of Proposed National Budget FY 2019/20 and Proposals for Re-allocation. Kampala: ACODE Policy Research Paper Series No. 92, 2019. <https://www.acode-u.org/uploadedFiles/PRS92.pdf>

Figure 1: Communication from PSST to MDAs over funds for Local Governments appropriated to MDAs



Further, in the first Budget Call Circular (BCC1)² paragraph 38 as indicated in figure 2 below, the permanent secretary MoFPED and the Secretary to Treasury informed Ministries, Agencies and Departments (MDAs) that all funds meant for services under Local Governments should have these funds directly appropriated to the beneficiary local governments.

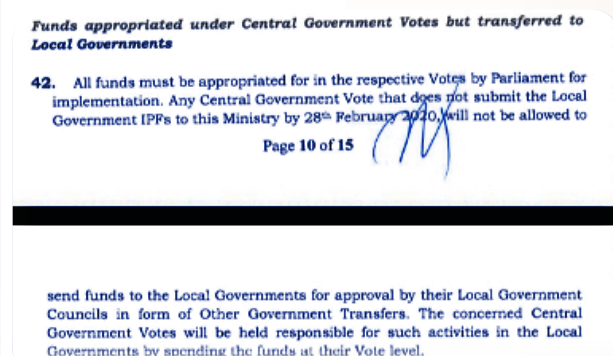
Figure 2: Section of 1st BCC that shows policy Direction for MDAs to Appropriate Funds meant for LLGs to the Beneficiary LGs



2 Available at <https://budget.go.ug/sites/default/files/SUBMISSION%20OF%20THE%20FIRST%20BUDGET%20CALL%20CIRCULAR%20FOR%20FY%202020-2021%281%29.pdf>

Also in the 2nd Budget Call Circular (BCC2)³, the Permanent Secretary, MoFPED instructed all funds held by MDAs but for Local Governments must be appropriated to their respective votes as shown in paragraph 42.

Figure 3: BCC2 Showing an instruction to appropriate funds to Respective Local Votes



According to the Ministerial Policy Statement, Financial Year 2020/21 for the MoLG, the Committee for Local Government and Public Service recommended that; (a) Government ensures that the identified funds are directly channelled to the local government Votes for FY 2020/2021 onward for efficiency and effectiveness of implementing government programmes attainment of value for money and equity in LGs. The Ministerial Policy Statement for MoLG also notes that the Ministry has also started consultations with the Ministry of Finance Planning and Economic Development and other MDAs on this matter⁴.

Subsequently, ACODE will be conducting follow-up studies on an annual basis to establish how the respective MDAs have responded to this policy direction from the Ministry of Finance, Planning and Economic Development.

About ACODE

The Advocates Coalition for Development and Environment (ACODE) is an independent public policy research and advocacy think tank registered in Uganda but working in Eastern and Southern African sub-regions⁵.

3 Available at: <https://budget.go.ug/sites/default/files/THE%20SECOND%20BCC%20ON%20FINALISATION%20OF%20DETAILED%20BUDGET%20ESTIMATES%202020-2021.pdf>

4 MoLG (2020). Ministerial Policy Statement, Financial Year 2020/21. Ministry of Local Government, March 2020. Kampala

5 For more information, visit <https://www.acode-u.org>