

# CUSHIONING LOCAL GOVERNMENTS FROM THE IMPACT OF COVID-19

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*As the Government of Uganda prepares to counter the threat of COVID-19, local governments feature prominently in the overall national preparedness plan. The government has approved a supplementary budget of UGX304.5 billion (approximately US\$80 million) to combat the COVID-19 pandemic, with local governments receiving UGX66 billion (approximately US\$16 million)" (UNCDF, 2020).<sup>1</sup>*

## Background

The World over, countries are experiencing an unprecedented threat due to the emergence and rapid spread of the novel coronavirus disease 2019 (COVID-19). By the end of April 2020, COVID-19 infections had exceeded 2.8 million cases worldwide, with the death toll nearing 195,000, and 210 countries and territories affected (ILO, 2020). Uganda had 139 confirmed cases of COVID-19, no death and 55 recoveries as at May 14th, 2020. There is no doubt that the pandemic has had a catastrophic impact on economies all over world including Uganda due to the international and local lockdown and other Covid-19 preventive interventions with fears of leading it into a recession.

There is also potential for other secondary consequences of increasing levels of unemployment and deprivation which is likely to cause more vulnerable cases as a result of causing many people to fall deep down into poverty. This is premised on the fact that beyond this pandemic being a health crisis, it is also likely to translate into a jobs and livelihoods crisis and a humanitarian crisis; which will counter the progress made towards Vision 2040.

It is estimated that 25 million jobs could be lost worldwide due to the Covid-19 disruption and

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<sup>1</sup>Uganda Local Governments, The Driving Force Behind The COVID-19 Response. Retrieved from <https://www.uncdf.org/article/5507/uganda-local-governments-the-driving-force-behind-the-covid-19-response>

that labour income losses could plummet to a range of US \$860 billion to \$3.4 trillion. Small and medium enterprises, the self-employed, and daily wage earners are expected to be hit hardest. In sub-Saharan Africa, it is estimated that 66% of the labour force is employed in the informal sector, without much access to social protection to cope with the Covid-19-induced lockdown (ILO, 2020).

The Unemployment rate in Uganda already stands at 13.3 per cent for both women and youth, and 6 per cent for men. Unemployment is higher in urban (14 per cent) than in rural areas (6 per cent) and with the COVID-19 problem, this problem is likely to skyrocket. In Uganda, individuals working in the informal sector tend to earn and save less and are therefore at a greater risk of falling into poverty, since they have no social or job security against the economic shocks. It is also projected that this crisis will affect the country's economic growth to drop from 6.0 per cent to 5.2-5.7 per cent. Due to the low activity in industry and services sectors, there will be loss of jobs and an increase in the level of poverty. The number of people that could be pushed into poverty is estimated at approximately 780, 000 (MoFPED, 2020)<sup>2</sup>.

The Government of Uganda estimates that over 6 million urban poor living in Kampala and other urban areas nationwide whose livelihoods depend on hand-to-mouth activities like casual laborers, hawkers, public transport workers and many others will need exceptional food assistance during the COVID-19 outbreak (UNCDF, 2020)

Agribusinesses are already experiencing disruptions in supply chains, high transport costs, declining sales, shortage of liquidity (short term financing in the form of working capital) and potential job cuts due to COVID-19. Support is therefore needed to make these Small and Medium Enterprises (SMEs) more resilient to stay in business during and post COVID-19. As businesses shut their doors and become unable to carry on their operations; they are likely to be unable to maintain critical cash-flows needed to pay staff salaries during this time of need. There is a need to adopt business continuity measures that have a potential to help certain business operations to continue while adhering to the Ministry of Health and WHO guidelines to prevent the spread of COVID-19 (UNICEF, 2020).

## Local Government Challenges

Local governance through the district health office coordinates health care delivered by community health workers, health centers and general hospitals. Local governments have the mandate to oversee decentralized healthcare services. Local government authorities in districts cannot shy away from for instance, taking part in tracing Covid-19 alerts and humanely working alongside designated response teams to gather contacts and have them quarantined for ease of monitoring.

Definitely, COVID -19 will have a lasting impact on several areas and sectors including Local

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<sup>2</sup> [https://www.abi.co.ug/wp-content/uploads/2020/04/Statement-on-the-Economic-Impact-of-COVID-19-on-Uganda\\_pdf.pdf](https://www.abi.co.ug/wp-content/uploads/2020/04/Statement-on-the-Economic-Impact-of-COVID-19-on-Uganda_pdf.pdf)

Governments. This is because such a pandemic has not been experienced before even in developed countries. The developed countries are equally struggling with ways on how to recover their economies. Communities around the world are united by the challenges caused by COVID-19 pandemic. Currently, Local Government leaders are at the forefront of the fight against the pandemic. The urgency of their response to this pandemic not only defines their leadership, it also impacts on the wellbeing of citizens. Therefore, it's against this background that Local Governments have to prepare for the effects of the COVID -19 crisis to ensure continuity and wellbeing of citizens. There key challenges that are already afflicting local governments and their operations in this crisis that include:

- Heavy dependency on Central Government Transfers. Grants from central government to local governments contribute over 85% of financing to local governments' budgets with more than 90% of this funding coming in the form of conditional grants.
- Failure to meet the minimum operational conditions in LGs where 35 Local Governments have failed submit their work plans and budgets to Ministry of Finance, Planning and Economic Development due to COVID-19 emergency response requirements by the Ministry of Health.
- Lack of facilitation for staffs working from home like internet connectivity, computers among others.
- Councils meetings have been suspended due to social distancing guidelines and decisions such as approval of the local government budgets have been left to the business committee.
- Small businesses owners cannot operate in this crisis and hence some will end up consuming their capital.
- Most LGs are financed by central government grants to a tune of 95% on average. The central government transfers are largely non-discretionary earmarked for particular sector activities and leave very little flexibility for local governments to adjust these resources to the needs of local epidemic response. This situation is in obvious contradiction with an effective epidemic response which requires a sector-wide approach, increased non-capital expenditures for community awareness and mobilization, enforcement of public order and restructuring of public service delivery to ensure its continuity.
- Local revenue currently contributes approximately 3 per cent for district local government and 7 per cent town councils and municipality budgets. During the FY 2016/17, local revenue performance for Local Governments was UGX 196.66 billion (MoFPED, 2019). However, local revenue performance in local governments will be severely affected during this period. This means that their capacity to take care of the local unfunded priorities will further diminish.
- So far, there could be a threat to the provision of traditional basic healthcare services. If health service delivery in districts is overran and stressed by Covid-19, there is likely to be a likely increase in number deaths due to malaria, pneumonia, injuries, neonatal

conditions, anaemia, and tuberculosis which have traditionally been leading causes of death in Uganda. There could be a challenge among HIV infected patients in accessing Anti-Retroviral Treatment (ART) while immunization campaigns could drop due to restrictions in the movement of people and distances involved to move to the nearest health facility. Also, there could be a drop in the deliveries in health facilities with an increase in maternal and infant morbidity and probably even mortality increases due to lack of public transport and other Covid-19-induced guidelines.

Notwithstanding the operational challenges, local governments are uniquely positioned to shape, adapt and deliver a holistic response to epidemics. There is demonstrable evidence about the importance and effectiveness of local governments in mobilizing community response (UNCDF, 2020). Local governments have stood up to the COVID-19 challenge, just like they have done for other health challenges like Ebola, Congo Hemorrhage fever, Marburg fever, and disasters like landslides and floods as well as taking care of refugee communities.

Undeniably, responding to Covid-19 challenges at any level is associated with heavy demands on human, financial and logistical resources. Globally, Covid-19 emergence response is multi-sectorial to enable a holistic solution to the concomitant challenges. District councils, a creation of the Local Government Act are mandated to oversee health services. Other than frontline health workers, each district has a community-based services department with officers' in-charge of probation and social welfare, social rehabilitation, children and youth affairs, gender, disability and elderly, culture, labour and many others. Since the mandate of personnel in this department is to operate in communities, these should be enlisted to respond and manage the community-component of Covid-19.

It is therefore appropriate that localized measures and efforts be considered that the impact of COVID-19 is minimized as people observe Covid-19-induced guidelines. It is public knowledge that as a result of the lockdown, there have been multifaceted socioeconomic ramifications that threaten the social, governance and economic fabric. This imposes a requirement for a cohesive response across sector boundaries to ensure alignment and synergies between different sector interventions in a particular locality<sup>3</sup>.

It is important that the central government recognizes the position that local governments occupy in the fight against this pandemic in Uganda. Thus, local governments were re-allocated a supplementary budget of UGX 304.5 billion to fight the pandemic. Local governments are often the closest and most direct form of governance. They are essential and need to be open, accessible and responsive to citizen needs. How local governments respond to the COVID-19 crisis will influence citizen trust and societal well-being. Local governments are at the center of distributing support inclusively and transparently among small businesses and citizens. The above notwithstanding, there is a need for additional measures to ensure that local governments are cushioned from the potentially severe impacts of the pandemic.

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<sup>3</sup>Ibid

## Conclusion

Since Local governments have long been laboratories for democracy, the urgency should be that they are relied on to effectively fight the pandemic in order to ensure the wellbeing of communities. Therefore, there should be a deliberate action by Local government leaders to implement innovations, creative solutions, ideas and strategies in response to COVID 19 crisis, while consolidating the delivery of democratic governance to all citizens (NDI, 2020).

## Policy Recommendations

From the foregoing, the following measures are recommended cushion local governments from the severe impacts of the COVID-19:

- Increasing the capacity of the local healthcare system to be the primary concern for both central and local government. There is always pressure on the district and regional referral hospitals. During this crisis, this pressure has increased even more. It would be critical to fill the staff gaps, procure the necessary equipment for existing healthcare facilities including personal protective equipment and testing kits and other equipment such as infection control supplies, digital thermometers and other items associated with quarantine and isolation. Where necessary, the local governments may have to be facilitated to build new facilities for isolation/quarantine-related activities and testing laboratories, especially in high-risk border districts.
- Putting in place a local economic recovery task force in each local government (UNCDF, 2020). This will be responsible for assessing the situation and coming up with strategies on how respective local governments can recover from the crisis. One of the key issues on the agenda would be to revive Local Revenue Enhancement Committees. In most Local government, these committees have been dormant for a long time. For example, most LGs do not have revenue registers. The task force should comprise of stakeholders from the private sector, SMEs and district leadership.
- In some contexts, food support is necessary to prevent hunger among those most affected. In some countries, governments have organized food support for vulnerable households and to safeguard nutrition in rural areas. This also helps support the agricultural sector and ensure uninterrupted food production (ILO, 2020).
- Small business loans can be put in place by the government. Access to these small loans should be vetted rigorously to ensure that they benefit the public and create more jobs (MRSC, 2020). The tax that would be realised from the small business will contribute to the local revenue base hence increased local revenue for LGs
- Availability of resources is critical in the prevention and containment of COVID-19. The Ministry of Finance should relax conditions on the expenditure of local revenue to allow local governments to rely on their local revenues to partly finance their epidemic response.

- The LGs that are in dire need for extra resources should be granted the flexibility to re-allocate funds to areas where they need to develop local most and ensure an immediate liquidity response with predetermined procedures.
- There is need for a discretionary grant for Local Governments to respond to COVID-19. This grant can be designed to support the COVID-19 emergency response including putting up hand washing infrastructure in public places, purchase of PPE for health workers, creation of public awareness and enforcement of social distancing measures among others interventions. It is important that the Ministries Agencies and Departments that are holding onto resources meant for the Local Government votes across sectors should release them to aid the local governments to respond the livelihood, health care, education, food security and other challenges exacerbated by the pandemic. (Ggoobi, 2019).
- The central government should consider a local revenue compensation package for local governments based on each local government's previous record in local revenue performance.
- Local governments need to be supported to digitise local revenue management. Establishing digital local revenue registers and providing local revenue database management systems will be critical in reducing in-person contact.
- Local governments can increase their effectiveness in mobilizing resources from the private sector, Civil Society Organisations and people of goodwill. They can use the media and digital platforms to mobilize resources towards specific needs such as purchasing medical supplies, food supplies and hospital installations among others.
- Support efforts to limit exposure and the risks of infection by taking preventive measures. The central government should support local governments to effectively communicate through locally available channels about the virus, how it spreads, its health consequences, preventive measures, and lockdown rules; developing communication materials in local languages such as posters, videos clips, text messages and radio spots that can be easily disseminated; and ensuring physical distancing, disinfecting premises.
- Consider investing in initiatives that will support citizens cope with the impact of climate change (initiatives like irrigation) to encourage and increase the productivity of citizens in local governments. Such initiatives and its accruing productivity will help mitigate the pending food insecurity and relieve the pressure off the shoulders of local governments as the focus will shift from livelihood (through food aid) to capital development investments like improved health and education service delivery.

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