

## PROGRAMME-BASED APPROACH TO NATIONAL PLANNING

What it means for local governments and service delivery in Uganda

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The third National Development Plan (NDP III), whose goal is to increase household income and improve Ugandans' quality of life, has adopted a programme approach to planning, budgeting, implementation, and reporting. This approach considers the programme-based budgeting approach and performance-based budgeting to address the persistent implementation challenges resulting from uncoordinated planning, weak harmonization, limited sequencing of programmes, and poor linkages resources to results.<sup>2</sup>

The Programme Planning Approach (PPA) aims to: Focus implementation of the NDP III programmes on delivery of common results; Strengthen the alignment of planning and budgeting frameworks to provide a logical framework for anchoring the Program-Based Budgeting System (PBS); Enhance synergies across Ministries, Departments and Agencies (MDAs), and Local Governments (LGs) and other actors to reduce a 'silo' approach to implementation; and Provide a coordinated framework for implementation, monitoring and reporting for improving the delivery of results.<sup>3</sup>

The PPA transition requires that the MDAs and LGs Strategic Plans translate the NDP III goal, objectives, and interventions to MDA/ LG level goals, objectives, and outputs. They should also be linked to the Programme Implementation Action Plan (PIAP), which details the activities and resources required to deliver the programme targets. Performance information in the Strategic Plans should be linked directly to performance information in the Program Based Budgeting (PBB) to provide a mechanism for reporting

measurable progress at the end of the year.

The NDP III has Eighteen (18) national programmes, which were identified based on key development issues that need to be addressed to achieve the overall goal, objectives of NDP III, and complementary strategies and aspirations towards the achievement of Uganda Vision 2040. MDAs and LGs are required to align the MDA and LG Institutional Strategic plans, annual work plans, and their respective budgets through the Programme Working Groups (PWGs) instead of the previous Sector Wide Approaches (SWAPs).

The implementation of the programme approach to planning, budgeting, implementation and reporting has had challenges mainly around difficulties in consensus building since PWGs comprise of various votes with distinct legal mandates and competing needs; and changing the budget architecture, which would require total reconfiguration of the budget and financial management systems (Chart of Accounts -COA, Integrated Financial Management System- IFMS and Program Budgeting System – PBS). Consequently, the full implementation of the programme based budgeting has not taken place despite being in the second year of the NPD III). Until now, the budget is still structured around sectors. This is likely to hinder the achievements of the NDP III objectives.

Another challenge with programme based planning and budgeting is the complexity of resource allocation and prioritization since votes cut across programmes. Thus, some MDAs and LGs budgets are not aligned with their programme objectives but still follow the sector structure. Also, since LGs are cross-cutting,

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<sup>2</sup> Republic of Uganda (\_\_\_\_), Guidelines For Transitioning To Programme Planning And Budgeting Approach

<sup>3</sup> ibid

they are included in all 18 programmes. What is not clear is how LGs will be effectively represented in all the 18 PWGs, especially given the capacity limitations of personal and funding.

The programme-based planning and budgeting introduction came when most LGs were still grappling with planning and budgeting reforms, as such the Output Budgeting Tool (OBT). The OBT was introduced during FY 2008/09, with the intention to strengthening the link between the budget, results and policy objectives of the Government; improving allocation and operational efficiency of public expenditure through focusing allocation on sectors that have the most significant impact in achieving government policy objectives, and linking financial allocations with Outputs. Before LGs mastered the OBT, Government adopted the Programme Based Budgeting (PBB) in 2018, which led to the establishment of the Program Budgeting System (PBS) that transformed the budget from output-based (OBT) to a more result and performance-based approach. The PBB was supposed to match the budget outputs, outcomes, measurable objectives, and performance measure for each programme. However, LGs have not fully embraced PBS.

Programme-based planning and budgeting are among the many reforms that the Government has introduced over the last two decades to strengthen the link between high-level outcomes and budgeting for service delivery. However, service delivery at LG levels has not improved significantly. This mainly because of the systematic weakness around the operational and funding of local governments in Uganda. Some of which include:

The expansion of districts with a diminished real value of resources does not provide adequate capacity for effective and efficient services delivery. The number of districts has increased from 34 in 1990 to 112 in 2010. Uganda has ten cities, 135 districts; 231 municipalities; 162 counties; 2,184 sub-counties, and 580 town councils.<sup>4</sup> Increasing the number of LGs increases the operating costs of the entire LG administrative system. Whenever a new administrative unit is created, there is an automatic increase in the operational or overhead costs to cater to new buildings and other essential infrastructure required for the district's smooth running. These costs are supposed to be borne by the LGs themselves from their local revenues; however, this is not the case because none of them can raise substantial local revenues.

4 <https://molg.go.ug/>

5 Ggoobi R & Lukwago D (2020), Local Government Financing: An Analysis of the Draft National Budget Estimates for FY 2020/21 and Proposals for Re-allocation. ACODE Policy Research Series No. 92, 2020

6 Mushemeza Elijah Dickens (2019), Decentralisation in Uganda: Trends, Achievements, Challenges and Proposals for Consolidation. ACODE Policy Research Paper Series No.93, 2019

7 <https://nilepost.co.ug/2021/02/23/govt-to-save-shs988bn-in-merging-disbandment-of-ministries-agencies/>

Insufficient and non-discretionary inter-governmental fiscal transfers do not enable effective service delivery. The increase in the number of the LGs has not been matched with the increase in the share of the national budget allocated to LGs. The share of central government transfers to LGs declined from 23 per cent in 2010/11 to 11.4 per cent for FY 2020/21. The decline is attributed mainly to the recentralization of functions and resources, which by law are mandated to be implemented by LG. A study by ACODE (2020)<sup>5</sup> found that US\$ 1.32 trillion was retained by the central Government in FY 2020/21, yet the mandate of implementing the planned activities is for LGs. The re-centralization, especially of the fiscal aspects and ever-reducing authority of the over their resources, including local revenue,<sup>6</sup> is a significant challenge for service delivery, accountability and citizen empowerment.

Experience from other countries suggests that successful implementation such as PPAs requires the sensitization and buy-in of all stakeholders. Naturally, any reform would encounter resistance since some Government officials feel that the National Planning Authority (NPA) and the Ministry of Finance, Planning and Economic Development (MoFPED) is imposing a new approach on them and may not take ownership of their budgets and performance information. This might impact their willingness and capacity to shift from sector budget mentality and implement the necessary changes. Experience suggests that where MDAs and LGs show resistance or lack of capacity, it may be helpful for NPA and MoFPED to provide intensive capacity building, mentoring and sensitization.

The LG Sector Strategic Plan that was developed following the First Review of Decentralisation in 2004 should be revised to align with the NDP III thrust. Also, the LG sector should urgently redefine an appropriate Review Mechanism for Decentralisation.

Government must expedite the process of restructuring its institutions. This should be done through emerging and collapsing some of them with similar mandates and reduce the number of LGs. This will free resources (estimated at US\$ 900 billion annually)<sup>7</sup> that can be used to facilitate the effective delivery of services to citizens.

In conclusion, for effective service delivery and the budget's credibility at the LG levels, the Government must allocate sufficient funds towards LGs. Further

work is required on developing a methodology for developing unit costs of providing services, which would inform annual budget allocations towards LGs. Also, LG's requires more extensive budget hearings to ensure that appropriate trade-offs and correct prioritization are made and align the budget with government policies and priorities. Furthermore, there is a need to build LG capacities in resource mobilization and Local Economic Development (LED) to address constraints of under-funding and unfunded mandates.

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