



UGANDA LOCAL GOVERNMENTS ASSOCIATION

ULGA POSITION PAPER

ON LOCAL GOVERNMENTS ADMINISTRATION

FOR CONSIDERATION IN THE NATIONAL BUDGET FY 2025/2026

PRESENTED DURING THE FY 2025/2026 NATIONAL BUDGET
CONFERENCE

BY:

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ON BEHALF OF THE LOCAL GOVERNMENTS

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**Chief Guest,
Hon. Prime Minister and Deputy Prime Ministers
Hon. Ministers and Ministers of State,
Hon. Members of Parliament,
Your Excellency's Ambassadors and Heads of Diplomatic Missions,
The Permanent Secretaries and Senior Officers of Ministries and Agencies,
Members of the ULGA Executive Committee
The District Chairpersons,
The Resident District Commissioners,
Your Worship the Mayors and other Local Government Political Leaders,
The Chief Administrative Officers, Town Clerks and other Local Government Technical Officers,
Secretary General, ULGA
Leaders of Civil Society Organizations,
The media,
Distinguished Participants,
Ladies and Gentlemen,**

I salute you and bring you greetings from Uganda Local Governments Association, and the entire Local Government Fraternity.

Allow me congratulate the Ministry of Finance Planning and Economic Development upon fulfilling its mandate of convening the National Budget Conference as key step in budget formulation as per Article 155 of the Constitution and Section 13 (1&2) of the Public Finance and Management Act 2015 as amended. Thank you for always providing us the opportunity to present the plight of the largest constituency (the Local Governments).

In a special way, we extend our appreciation to the Ministry of Finance for amidst the existing financial pressures, adhering to the financing commitments. We recognize the Ministries that were able to allocate new conditional grants to the Local Governments in the FY 2024/25 like Ministry of Lands Housing and Urban Development -Physical Planning grant of 800m to 40 Districts to operationalize physical development committees, public awareness creation and monitoring and supervision and the Ministry of Tourism Wildlife and Antiquities for allocating 1.93bn to all Districts and Municipalities as Tourism Development Grant.

Chief Guest, it suffices to note that there has been an improvement in overall performance of Local Governments for the last 4 years of the Local Government Management of Service Delivery (LGMSD) assessment. That is, 57% in 2023 from 51% in 2022, 44% in 2021 and 36% in 2020 respectively. This is mainly attributed to improved performance in minimum conditions which largely focus on staffing, environmental and social safeguards; as well as capacity building efforts to Local Governments. With improved financing for Local Governments, we assure you of better service delivery to our people.

I now take the honor on behalf of Local Governments to provide an highlight on some of the critical Local Government administrative issues that affect service delivery at our level, which I strongly believe if jointly addressed we would witness better service delivery.

Our paper will be structured into two parts:

PART 1: Programme Priorities documented under the Conditional Grant Agreements

PART 2: Key cross cutting administrative concerns for Local Governments.

PART 1: Programme Priorities documented under the Conditional Grant Agreements

It is with great hope that we use this forum for the official submission of the FY 2025/2026 Conditional Grant Negotiation Agreements as governed by Article 193 (3) of the Constitution and the LGA Cap 243 held from 26th August to 5th September, 2024.

These agreements culminate into new programme guidelines that are issued by the respective Ministries and they also form part of the Ministerial Policy statements. The negotiations were held with Ministries of Agriculture, Education, Tourism, Trade, Works and Transport, Gender and Social Development, Water and Environment, Health and Lands Housing and Urban Development.

Hon Minister, the annual conditional grant negotiations are organized and chaired by the Local Government Finance Commission and witnessed by the Ministry of Finance Planning and Economic Development, Ministry of Local Government, Ministry of Public Service, Office of the Prime, the National Planning Authority and the Equal Opportunities Commission. As witnesses, we lobby your office to promote the implementation of the agreed positions.

We acknowledge the good performance of the Ministry of Education and Sports with a score of 71.4% in the implementation of agreed positions for the FY 2024/25. We urge all the other Ministries to implement agreed upon positions.

We hope by sharing our issues in this national budgeting conference that guides resource allocation each financial year, we can communicate a clear and consistent message on the steps that can be taken to ensure more effective use of public funds to provide public services.

Below are recommendations to enhance the process.

- a. The outcome of the discussions should be given emphasis and incorporated into all the respective programme and sub programme guidelines for the FY 2025/26 as a participatory budgetary requirement.
- b. Government should develop and implement sanctions and rewards as an incentive to both ministries and local governments to comply on the agreed positions from the negotiations as part of a broader Annual Central Government Performance Assessment.

By doing this, we will collectively ensure greater outcomes on service delivery from the conditional grant negotiations.

In that line, please find below a quick summary of some programme conditional grant agreed positions in the interest of time. It is our hope that these and more will continue forming part of the foundation for the respective ministerial policy statements and programme budgets.

Key agreed upon positions:

- i. Ministry of Lands, Housing and Urban Development committed to revise the budget and allocation criteria for physical planning grant to cover all Districts and Cities for the FY 2025/26
- ii. Ministry of Lands, Housing and Urban Development shall expedite development of the Solid Waste Management Policy
- iii. Ministry of Trade Industries and Cooperatives shall improve the functionality of existing markets.
- iv. The Office of Prime Minister shall issue a circular to all MDAs, informing them of the requirement to coordinate with LGs before implementing any activities and subject the MDAs that implement activities in LGs without prior notification to corrective measures.
- v. Ministry of Health shall increase the fixed costs to UGX 300m for regional hospitals, 150m for Private Not for Profit hospitals in LGs without regional hospital and 100m for LGs without a District hospital and the balance be allocated based on catchment and outputs
- vi. Ministry of Health shall expedite the development of an Urban Health Strategy showing which health facilities need mortuaries by the end of FY 2025-26.
- vii. Ministry of Trade Industries and Cooperatives shall integrate post-harvest facilities into the NDP IV.
- viii. Ministry of Water and Environment to increase the budget allocation for Environment and Natural Resources management to ensure adequate support for the intended Environment and Natural Resources functions, upon which all developments rely.
- ix. The District Water and Sanitation Conditional Grant guidelines for FY 2025/26 shall provide for urban areas as beneficiaries of the conditional grant where Utilities authorities do not operate.
- x. Ministry of Water and Environment shall present the case for a dedicated ENR grant for cities and municipalities to the Natural Resources Environment Climate and land Management Programme Working Group.
- xi. Ministry of Agriculture Animal Industries and Fisheries shall officially write to the Ministry of Finance Planning and Economic Development on the need to release

- funds for Production and Marketing, and Agricultural Extension during the planting season by October 2024
- xii. Ministry of Agriculture Animal Industries and Fisheries shall prioritize the allocation of resources for Coffee development within the Agro-Industrialization Programme
 - xiii. For future projects Ministry of Agriculture Animal Industries and Fisheries shall engage the development partners to consider the proposal of reducing the co-funding requirement from 15% to 10%.
 - xiv. Ministry of Agriculture Animal Industries and Fisheries shall issue a circular to the LGs and farmers informing them that vaccines will be availed at a cost.
 - xv. Uganda Road Fund shall provide road maintenance funding for all the new administrative units (Sub-counties and Town councils) in the FY2025/26.
 - xvi. Uganda Road Fund shall support LGs on a case-by-case basis upon request to respond to emergencies whose scope may exceed the capacity of the UShs 1bn.
 - xvii. Ministry of Works and Transport shall distribute to the LGs the recently approved guidelines for road maintenance and rehabilitation before the end of the current Financial Year.
 - xviii. Ministry of Works and Transport shall support LGs operationalize the road safety Committees.
 - xix. Ministry of Gender Labor and Social Development to support LGs in the implementation of Gender Based Violence Strategies

PART 2: Key cross cutting administrative concerns for Local Governments.

1. Staffing at Local Government

We continue to present this challenge even after the payroll audit conducted by the Auditor General. We are aware of the ongoing wage reconciliation engagements between the Ministry of Public Service and the Local Governments. We take note of the case-by-case clearance provided by the Ministry of Public Service for Local Governments with wage to recruit as a key step in bridging the staffing gap.

However, there are several Local Governments and staffing structural challenges that need to be addressed through combined efforts of the stakeholders gathered here today. These structural gaps cut across Health, Works, Production, TILED, Physical Planning, Education, Social Development, Water and Environment and Tourism departments at Local Government level.

Recommendations:

- i. The Ministry of Public Service working with Ministry of Finance to secure wage in the budget to fill the vacant heads of department positions in Local Governments without wage
- ii. The Ministry of Public Service working with the Ministry of Local Government and key stakeholders to prioritize the review of the Local Government staffing structure

in the coming budget. This process should place the Local Governments at the centre of the discussion.

2. Medicines for health facilities

Irregularity and non-fulfillment of orders for medical supplies in terms of percentages of items supplied continues to be a challenge faced by health centres at Local Government level leading to shortages for essential supplies.

We take note that all undistributed medicines for Health Centers II and III were delivered during the final cycle of FY 2023/24. Health Centre IVs were allowed to make supplementary orders during the same fiscal year to cover their arrears, while General Hospitals were instructed to place supplementary orders in the first cycle of FY 2024/25 to address their outstanding needs.

Some LGs have reported to us that at times they have medicines that remain unused, while other local governments experience shortages of the same medicines and yet currently there is no clear communication platform to inform the National Medical Stores about these surpluses to have them flagged and redirected to areas where they are needed most

Recommendations:

- i. Ministry of Health should increase the medicines and supplies budget to boost the supplies in the already constrained health facilities.
- ii. The National Medical Stores should develop a system for Local Governments where they can report unutilized medicines to NMS

3. Road maintenance grant and road equipments

The allocated 1bn road maintenance grant is making a difference in the nature of roads in all Local Governments across the Country. We continue to applaud Government for this commitment. However, given the decline in the Uganda Road Fund Maintenance grant, several Local Governments have been disadvantaged by the uniform allocation of the 1bn.

ULGA appreciates Government for providing the first of road units to the newly created Districts as per our advocacy. However, Cities have greatly expanded in size and this has automatically increased the road network enormously and yet as per the Local Government Act, Cities are equivalent to Districts yet have no road units.

Recommendations:

- i. It is our prayer that after the three years of implementation, the grant should be allocated based on scientific indicators such as LG coverage, terrain, number of Kilometers etc.
- ii. The Ministry of Finance to ensure improved allocations to URF to provide for allocation of road maintenance grant to new administrative units (325 Sub-counties and 356 Town councils)

- iii. At least each of the 10 cities gets a full set of road equipment, and each of the 31 municipalities gets a motor grader, roller and five tippers and each Town Councils a tractor to assist in garbage collection.
- iv. The Ministry to secure funds to procure the remaining road units to the 14 newly created Districts to ensure they have full set road equipment.

4. Local Revenue sent through IRAS to the Consolidated Fund

ULGA acknowledges Central Government reforms in the management of financing and revenue generation. We take note of the improved local revenue collections as a result of the online local revenue collection systems such as Integrated Revenue Administration System and eLogRev. We however, note the delayed release of local revenues sent to the consolidated fund which disempowers Local Governments to serve the communities in a timely manner.

Recommendations:

- i. The Ministry of Finance Planning and Economic Development should provide to Local Governments Local Revenue cash limits twice a month.
- ii. After warranting the cash limits, Ministry of Finance Planning and Economic Development should pay the Local Governments their Local Revenue immediately using the Local Revenue pay group to improve timely service delivery.

5. Allocation of funds for extension services – Production and marketing (PMG Development & Agriculture extension) – it was a budget cut

Local Governments are expected to provide extension services in the drive to bring communities into the money economy. We equally note the need to reinstate the agricultural extension grant as a matter of priority to support procurement of motor cycles for extension workers, procurement of field kits for extension workers, establishment of result and method demonstrations, procurement of office furniture, fittings and equipment (computers, office chairs, office tables, book shelves) and the production and marketing grant development budget to support procurement of disease and pest surveillance and control equipment, soil testing kits, multiplication of high quality planting and stocking materials, quality assurance of goods and services, establishment of pest and disease control infrastructure (slaughter slabs, plant clinics, microscopes), procurement of post-harvest handling, processing and value addition equipment (coffee hullers for wet processing, chuff cutters,)

Recommendations:

- i. The MoFPED should plan to release funds for Production and Marketing, and Agricultural Extension during the planting season of 2024.
- ii. Ministry of Agriculture Animal Industries and Fisheries should prioritize the reinstatement of the Agri- extension grant under the Agro-industrialization Programme

to provide motorcycles and other equipment for the extension workers as well as support other PDM activities.

- iii.** Ministry of Agriculture Animal Industries and Fisheries should prioritize the enhancement of the component for Development under PDM grant within the Agro-industrialization Programme resource envelope.

6. Condition Grant for Physical Planning for Districts, Cities, Municipal, and Town Councils.

Physical planning is key if we are to have harmonious and integrated settlement in our Towns. You are aware that “Housing and Sustainable Urban Development” is one of the key targets in our National Development Plan 111 which has been rolled over to the National Development Plan 1V. During the assessment of Government performance, it was revealed that only 5% of Local Government Physical Plans were aligned to the National Physical Development Plan. We therefore, cannot achieve sustainable urban development without enhancing physical planning at all levels. We appreciate the Ministry of Lands, Housing and Urban Development for the conditional grant to support physical planning at Local Government. However, the grant of (800m) is insufficient and only caters for 40 Districts.

Recommendation:

The Ministry of Finance Planning and Economic Development and Ministry of Lands should consider physical planning a priority in budgeting where each District and City gets at least UGX 500 million, each of the 31 Municipalities gets UGX 300 million and each of the 586 Town Councils gets 200 million per year and each of the 1496 Sub Counties 100 million per year.

7. Vehicles for Local Government leaders’ District Chairpersons, Chief Administrative Officers, Municipal Mayors, Town Clerks and District Speakers and motor cycles for Senior Assistant Secretaries

We note that monitoring of government programmes is our mandate, and yet recognize the directive by the President not to procure vehicles for Government entities. However, there is a critical need for transport facilitation (vehicles) for Chief Administrative Officers, District Chairpersons, Mayors, Town Clerks and District Speakers and motor cycles for Senior Assistant Secretaries to undertake the mandate of monitoring.

Hon. Minister, for the five categories of leaders at District, City and Municipal level would require UGX 176,000,000,000 to acquire brand new vehicles and the Senior Assistant Secretaries and Town Clerks of Town Councils would require 25,612,500,000/= to procure motor cycles.

Recommendations:

It is our recommendation that the above category of Leaders both Political and Technical are provided with transport means as proposed above.

8. Creation of new cities

We appreciate government intervention of providing UGX 1bn to each mother District to kick start construction of the new administrative units. This is a commendable. However, after the first year of release of this grant, the completion of the administration block is likely to stall if no more financing is secured.

Recommendation:

In the next Financial Year, we request government to provide additional (40 billion) with four (4) billion to each mother district to be able to complete their new administration structures and move.

9. Remuneration for Local Government Leaders at all levels starting from LCI to District Chairperson.

Dear participants, for a while we have recommended for the enhancement of Leaders remuneration at Local Government level, but yet yielded nothing. Considering the current economic hardships and increasing cost of living across the Country, it has become increasingly difficult for leaders to live a life of dignity.

Recommendation:

We therefore, recommend for the enhancement of Leaders remuneration by 100% from the current figures.

10. Remuneration for Non-Science Local Government Staff

Chief Guest, we appreciate Government effort in enhancing the salaries for Scientists across the board, this is commendable! However, as we go forward, moral and motivation from the non-science staff has declined. Chief Guest, for avoidance of doubt, we note that there is no Economy in the world with only scientists. The delivery of services to the population requires the combined efforts of scientists and non-science staff.

Recommendation:

It is therefore, our recommendation that Government fast tracks the enhancement of salaries for non-science staff across the board in all Local Governments at all levels (District, City, Municipal, Town Council, Sub County and Parish levels).

11. Parish Development Model financing

There is no doubt, the Parish Development Model has made significant inroads in improving wealth creation at parish level. Many stakeholders have been quick to demand for the impact of the programme, we however, note that PDM is still in progress and faced with some challenges like internet connectivity at Sub County and Parish level, limited operational funds

for the Local Government departments responsible to keep track of the programme and others not to be discussed here today.

Recommendations:

- i. The Ministry of Finance Planning and Economic Development should allocate resources towards internet connectivity in all Sub Counties to ensure effective performance of the Parish Development Information Management System and reporting.
- ii. Ministry of Finance Planning and Economic Development to allocate more resources to PDM monitoring and implementation in in the coming budget.

CONCLUSION:

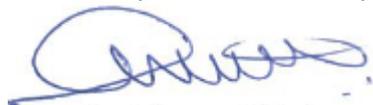
Ladies and Gentlemen, let me remind you that Decentralization is the only way quality service delivery will be provided to citizens and tax payers at the grass root – citizens who are financing the budget we have all come here to discuss and apportion. This calls for us gathered here to commit to utilize resources for the intended purpose for the good of our people.

I do hope that ULGA is provided a slot at the Regional Budget workshops to provide an highlight of the outcomes of the 2025/26 Annual Conditional Grants negotiations to inform programme planning and budgeting process.

I say all this for the Unity and Efficiency of Local Governments!

A la Luta Continua!

For Unity and Efficiency of Local Governments!



Richard Rwabuhinga

President ULGA/Chairperson Kabarole District Local Government