Local Government Financing and Service Delivery in Uganda

Working Paper

08210901

Cadreen Barungi Kabahizi

Suggested Citation: Kabahizi, C.B. (2021). *Local government financing and service delivery in Uganda*. Center of Faith Family and Justice

Key Words: Local Governments, Financing, Service Delivery, Uganda

Local Government Financing and Service Delivery in Uganda
Author: Cadreen Barungi Kabahizi
CFFJ Working paper 08210901

Published by Center of Faith Family and Justice in September 2021

This research used secondary data and thus was exempted from Research Ethics Committee clearance.

The Center of Faith, Family and Justice (CFFJ) is a Ugandan Christian Think Tank founded in 2021 to contribute to evidence-based policy, advocacy, and decision making. Our main focus is to investigate how the social, political and economic conditions of life affect faith, family and justice. We aspire to connect policymakers and citizens; and to build transformed, resilient, and integrated communities.

Any inquiries can be addressed in writing to the Executive Director at the following address:

Center of Faith Family and Justice
P.O Box 150045
Mukono, Uganda
Tel: +256760130120
Email: info@cffj.or.ug
Web: cffj.or.ug

Table of Content

Executive Summary

Uganda now is organized into 135 local governments with each local government an average size of 1785km2. Uganda's aggressive decentralisation policy has created many small local governments with meagre local revenue potential. Yet, the extensive administrative structure of decentralisation goes hand in hand with very high administrative costs. This funding burden rests most heavily on the Central Government. This paper finds that although the law mandates these local governments with local service delivery, the state of affairs at the community level still is inadequate. Low standards of living still characterize Uganda's suburban and rural regions. Results show that increased funding of local governments does more harm than good because of an imbalanced administration to development funding ratio. If funds meant for administration would instead go to community development, the recipients of public service delivery would benefit more. This study recommends that the Government of Uganda grant these local governments more autonomy over fundraising and development within the national development framework. Autonomy also increases with the district's vigilance in raising more local revenues and donor funds. A more independent local government financing system would reduce the central government's funding burden while boosting local development.

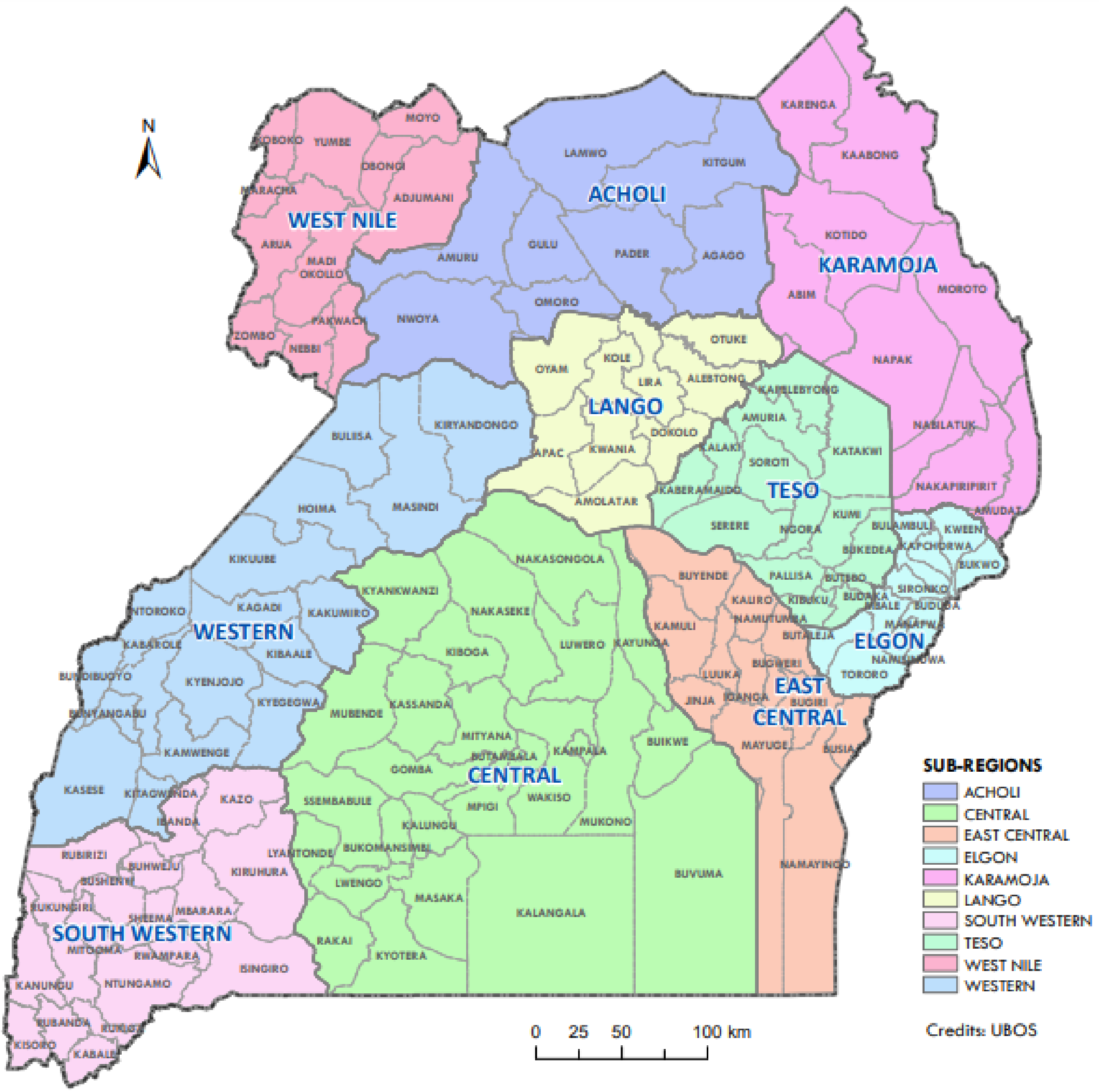
Introduction

Local governments in Uganda have been autonomous from the central government since the implementation of decentralized participatory, administrative, fiscal and management reforms in Uganda. The Ministry of Local Government (MoLG) closely supervises them, and the Ministry of Finance, Planning and Economic Development (MoFPED) also plays a reasonably close supervisory role in their planning and budgetary process. The implementation of local governments (LG) came during democratization and high demand for efficient service delivery by the local citizens. There was also a great need for the involvement of electorates in the making of decisions in the local political, social and economic spheres.

As a result, LGs in Uganda are responsible for planning, identifying, and mobilizing the required resources necessary to run their operations. In addition to central government funding, they mobilize extra funding from several local sources such as local service taxes and off-budget support. However, the LG management of service delivery has in the recent past come under heavy scrutiny and doubts as service delivery has recently more frequently stagnated and come to a standstill. Thus the need to assess whether the central government sufficiently supports the LGs.

Uganda, a landlocked country in East Africa, is 241,037 sq. km in size and, according to the UBOS mid-year projections, has a population of nearly 41.5 million as of mid-2020 (UBOS 2020). These people are evenly spread through the country, with slightly higher concentrations in the urban areas. Uganda is divided into 4 main regions: the North, East, Central, and West. Each with an average of over 7 million people, with the northern region being least dense (GoU 2020). These regions are further divided into 10 sub-regions: West Nile, Acholi, Lango, Karamoja, Western, Teso, Elgon, Central, East Central, and South Western.

Figure 1: Map of Uganda showing Sub-Regions



Source: Relief Web. Credits: UBOS

In 1986 when Yoweri Kaguta Museveni became the President of Uganda, several decentralization policies were put in place to make service provision easier and more efficient (Okidi and Guloba, 2006). These policies eventually culminated into the 1992 Participatory reforms that sought to improve participatory governance, thus introducing Local Governments through the establishment of the Local Government Act in 1993. Uganda has since taken an increasingly decentralized stance multiplying the districts from 16 in 1959 to 134 in 2019 (MoLG 2019), and 135 in 2020.

This paper seeks to understand the dynamics and effectiveness of LG financing by Uganda's Central Government through exploring three research questions: Do the local governments receive sufficient funding from the government? Is the funding related to service delivery management and performance? And, why do local governments in Uganda consistently fail to deliver quality services?

History

The constitution of Uganda provides for at least one LG per district (Uganda Law Reform Commission 2006). The Central Government created LGs to promote decentralization, increase public participation, improve local service delivery efficiency, promote local economic development and implement infrastructural development. Part 2 of the Second Schedule of Chapter 243, the Local Government Act, stipulates the roles of the Local Governments as providers of education services; medical services; water services; road construction and maintenance services and; many other decentralized services (MoLG 1997).

LGs are structured as branches of the Central Government (CG) which the Ministry of Local Government supervises. Each LG represents a branch of water and environment ministries; agriculture, animal industry, and fisheries; trade, industry and cooperatives; Health; Gender, Labour and social development; Education and sports and; Works and transport. Each LG also has a court, to represent the Judiciary system. The leadership of the LGs is divided into two- the political wing divided into five hierarchies and the administrative wing that implements the service delivery. The political wing aims to check the progress and implementation of the administrative wing. The political wing also represents the views and needs of the people to the administrative wing. As a result, the political wing is actively involved in planning, budgeting, and evaluating what has LG officials have implemented.

The political wing of leadership, which is under the parliament, is divided into five tiers: District level led by Local Council (LC) 5 Chairperson; County led by the LC 4 Chairperson who is also the Member of Parliament representing that constituency in the parliament; Sub-county led by the LC 3 Chairperson; Parish led by the LC 2 Chairperson, and lastly; Village led by the LC 1 Chairperson.
In Uganda, the LG sector is composed of three major components: The LGs themselves who handle the implementation of services; the Ministry of Local Government, which encourages LGs to achieve their given mandates, and; the LG Finance Commission, which acts as an advisory body for the GoU on matters concerning financing the LGs to ensure they can deliver services sufficiently. In addition, two other organizations—the Uganda LG Association and the Urban Authorities Association of Uganda exist to unite local authorities, report LG concerns, and oversee the operations of municipal councils.

In every district, LGs are structured into two different categories. Firstly the Main LGs constitute District councils in rural areas and; City councils in cities. In addition to Kampala, the capital city of Uganda, the Parliament suggested and approved fifteen more cities in 2020. These new cities are to be rolled out in yearly phases over 4 years, starting with seven cities in July 2020 (Uganda Parliament 2020). Secondly, the Lower LGs constitute Municipality councils for municipalities and Town councils for towns. These diversified tiers combined with the ever-increasing number of districts and now cities render Uganda a densely governed country.

Reforms

Since Uganda's Independence Day on October 9th 1964, Uganda has gone through several reforms. The local reforms Uganda has seen include:

The Public Financial Management reforms generally aimed to streamline the financial processes better to increase transparency, improve accountability, encourage compliance to rules and regulations, and curb corruption (MoFPED 2017). These reforms include the Integrated Financial Management System (IFMS), the Treasury Single Account (TSA), decentralization of the government payroll, strengthening the legal framework, and using the Output Budget Tool (OBT) to improve the budget formulation, implementation and monitoring. Such tools are all geared at improving monetary efficiency and the tracking of transactions.

Article 38 of Uganda's constitution provides for the right of the people to participate in governmental affairs and influence policies (ULRC 2006). It is on this premise that participatory reforms have been formed through the years. The multi-tiered structures of the LGs in Uganda make participatory governance easier as several leaders can check each other's performance. However, a previous study has shown that citizens must have sufficient information on all the matters at hand for effective participatory governance, yet in Uganda, citizens were highly uninformed of the detailed matters concerning their counties, districts, and country (Namusobya 2018).

The territorial reforms are clearly expressed through the continual addition of districts and now cities in Uganda.

Uganda's Public sector has faced several reforms within the past three decades. However, these reforms have been predominantly donor-influenced with little or no motivation to follow these through implementation. These reforms fail to work mainly because of anti-reform coalitions within the government system, which are highly resistant to any disruption (Bukenya and Muhumuza 2017). Uganda still ranks highly in corruption, at 137th out of 180 countries as of 2019 (Transparency International, 2020), and this has proved to be a systematic problem. Uganda's corrupt tendencies expose her fragile and extractive institutions that still concentrate power and resources among a few people-the very thing decentralization seems to aim to redress. The combination of decentralization and systemic corruption presents yet another challenge-patronage. Such a system that thrives on selfish gain leaves little room for actual transformation and growth. As a result, many administrative reforms authorities recommend are hardly implemented.

More recently, the GOU has gradually re-centralized some functions and services originally mandated to the LGs. As a result, significant portions of funds previously allocated to local governments now go to Ministries, Departments and Agencies (Ggoobi and Lukwago 2019). For the FY 2019/2020, 1.066 Trillion shillings previously mandated to LGs was channelled to MDAs (Ggoobi and Lukwago 2019). Such budget cuts explain the yearly reductions in budgetary allocations of funds the LGs receive.

Financing

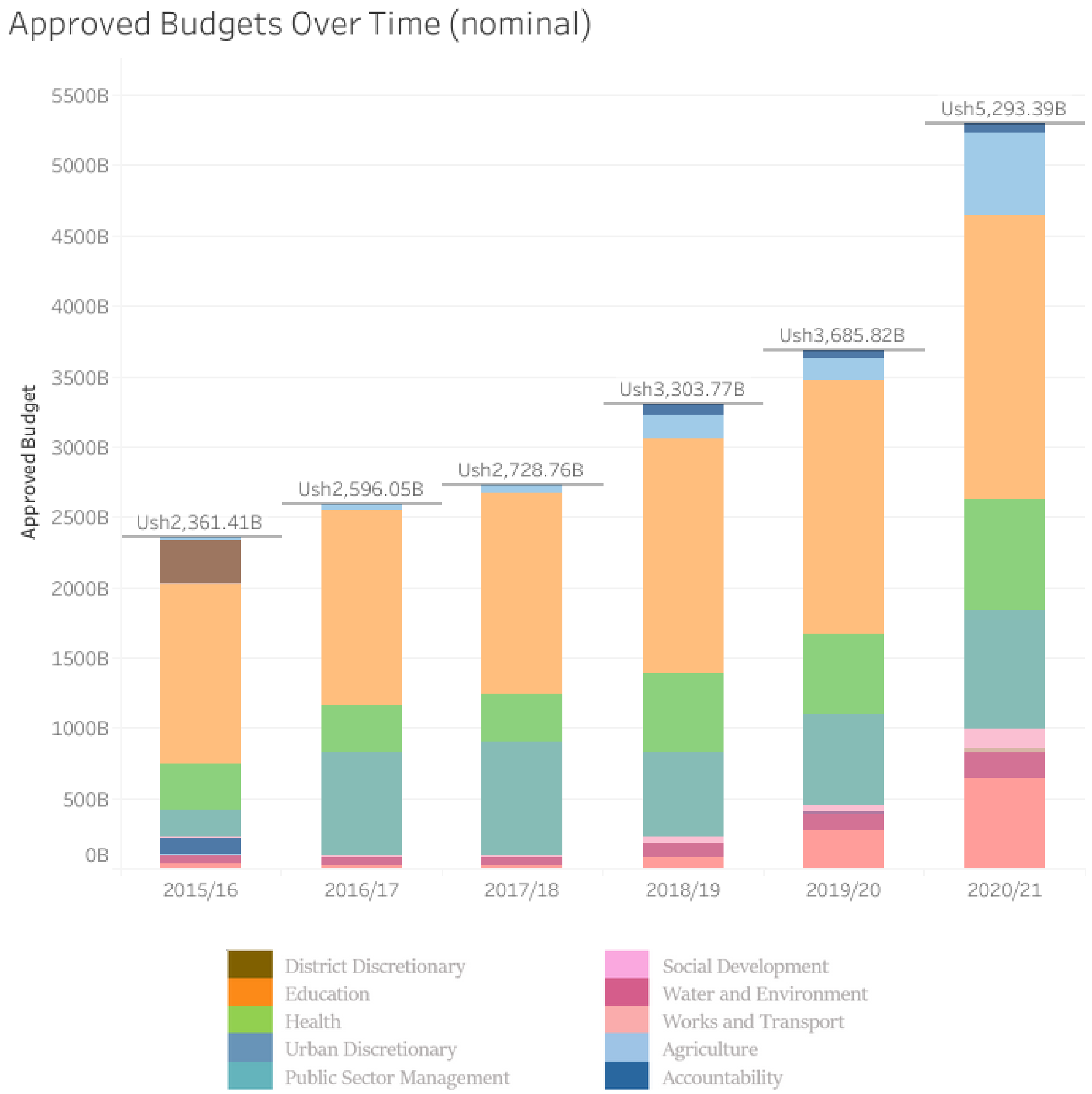
The Central Government (CG) is still the chief financer of LGs in Uganda. Contrary to LGs in developed countries that typically finance their activities with local revenues, LGs in Uganda depend heavily on CG transfers and donor funds for development projects. Other funds for LGs usually come from tax revenues and non-tax revenues. In Uganda, the Local Governments rely on Government Grants, tax revenues and some non-tax revenues. Revenues come from sources like levying taxes, fees and fines (BMAU 2019). The Graduated Tax that was scraped off in FY 2004/2005 had previously been a very lucrative source of income, greatly supplementing government transfers(BMAU 2019).

The financing process of LGs takes a six-phase cycle that takes one financial year to complete.

1. Planning: Every LG has to make a yearly plan guided by the National Development Plan, now in the third phase. NDPIII's primary goal is to deliver Uganda into a middle-income status country.
2. Budgeting: The budget process timeline covers ten months, starting in September every year and running until June the next year when it is approved for financing in the next financial year. In Uganda, the FY runs from July 1st to June 30th. In budgeting, 3 essential tools are used: 1. The district/urban LG plan, 2. The LG Budget Framework Paper which is the LG's 3-year plan, and 3. The LG's previous year's plans. These three tools are used to ensure uniformity, organization and the continuity of development projects. Budgets consist of two main aspects: The recurrent budget covering running expenses like LG staff salaries and administrative expenses, and; the capital development budget covering one-time projects. The budget process timeline covers ten months, starting in September every year until June the next year, when it is approved for financing in the next financial year.
3. Approval: To approve and allocate funds, the Ministry of Finance, Planning and Economic Development (MoFPED) uses a grant allocation formula to equitably allocate the resources to each of the seven main sectors in the LG.
4. Financing: LGs expect their financing to come from three primary sources: Government grants that come directly from the Consolidated Fund and cover the wage and non-wage recurrent expenses; Local revenues that the LGs collect through taxes and fees levied in their communities and; Grants or loans from development organizations which are usually used for capital development projects; Occasionally, some LG sections benefit from transfers from other LG sections that had surplus financing. The Government grant allocation is subdivided into 3 categories: Unconditional grant, the minimum amount required to provide decentralized services. This covers the recurrent budget; the conditional grant enables LGs to carry out plans in conjunction with line ministries; the equalization grant supports poor LGs and boosts their budgets.
5. Monitoring and Evaluation of LG activities to evaluate their progress.
6. Reporting of the LG activities and performance.

The current state of LG financing in Uganda has increasingly been an issue of contention among researchers (Ggoobi and Lukwago 2019). This is because, year after year, the national budget share allocated to LGs grows smaller and smaller. At 9.5%, LGs were allocated the lowest yet share from the 2021/2022 national budget (Daily Monitor 2020).

However, in nominal amounts, LGs receive more and more funds from the central government every year. Figure 2 below shows data from MoFPED expressing the approved budgets going to local governments over 6 of the most recent financial years.



Methodology

This paper employed mixed methods to answer the research questions. A combination of predominantly quantitative research methods and qualitative research was used to analyze and verify the findings.

Data Collection and Analysis

I reviewed several key documents to ascertain the validity of this study, some of which include: The Constitution of the Republic of Uganda; the Local Government Act; Backgrounds to the Budget; Local Government Performance Assessment Reports; Local Government Budget Performance Reports; Local Government Audit Reports; Reports from the Ministry of Local Government; and Reports from the Local Government Finance Commission.

The data I used for analysis came from the Ministry of Finance, Planning, and Economic Development, the Global Data Lab, Transparency International, United Nations Development Programme, and Uganda Bureau of Statistics.

I used the Fixed Effects method to analyze longitudinal data stretching over three financial years 2017/2018, 2018/2019, and 2019/2020. Our dataset had the following variables:

Dependent Variables

- Local Government Performance: Data for this variable, expressed in percentages, came from the Office of Prime Minister's Local Government Performance Reports. These performance assessments cover three main dimensions: Compliance to accountability and budget requirements, crosscutting sector performance measures, and; service delivery results (MoFPED 2020).
- Human Development Index: Sub-national HDI data from Global Data Lab was used to create this variable. The HDI is a composite of a long and healthy life, measured by life expectancy at birth; Knowledge, measured by the education index (literacy rates) and; A decent standard of living, measured by the GNI index (UNDP, n.d.).

Independent Variables

- Budget Released: I got this variable, expressed in percentages, from the MoFPED LG Budget Performance Reports.

$$Budget\ Released = \frac{Total\ cumulative\ releases \times 100}{Total\ approved\ budget}$$

Where,

$$Total\ Approved\ Budget = Recurrent\ Wage\ budget + Recurrent\ NonWage\ budget + Domestic\ Development\ budget + Donor\ Development\ budget.$$

And,

$$Total\ cumulative\ releases = Quarter\ 1\ releases + Quarter\ 2\ releases + Quarter\ 3\ releases + Quarter\ 4\ relesaes.$$

1. Fund Absorption: This is the percentage of the Released LG Budget that is spent. Data for this variable came from MoFPED.
2. Corruption: This variable is expressed on a national level as opposed to the district level. The Corruption Perception is generated from Transparency International, on a scale of 0 to 100, with 100 being most transparent and 0 being most corrupt (least transparent).
3. Community Development Grant: A composite of the total budget released to the LGs, this fund, expressed in logarithms to the base of 10, shows the amount of money the Central Government gives every LG for the specific purpose of developing its communities.

Sampling Design

For this study, from over the 135 districts in Uganda, I applied simple random sampling to select 2 districts from each sub-region to make 20 districts. The ten sub-regions sampled from include West Nile, Acholi, Karamoja, Western, Lango, Teso, South Western, Central, Elgon, East Central. Two districts from each sub-region were randomly chosen from a pool created of each sub-region. The districts randomly chosen for analysis included:
Moyo and Arua from West Nile. Bundibugyo and Buliisa from Western, Butaleja and Iganga from East Central. Kole and Lira from Lango. Amuru and Pader from Acholi. Moroto and Amudat from Karamoja. Budaka and Katakwi from Teso. Mbale and Bulambuli from Elgon. Mitooma and Rukungiri from South Western, and; Nakaseke and Rakai from Central.

Analysis and Results

To answer the first research question of this paper, 'Do the local governments receive sufficient funding from the government?', I compared the amounts budgeted for by these districts to the actual amounts they receive.

$$\begin{aligned} &\mathit{Budget\ Released} \\ &\qquad = \mathit{Discretionary\ Government\ Transfers} \\ &\qquad + \mathit{Conditional\ Government\ Transfers} + \mathit{Other\ Government\ Transfers} \\ &\qquad + \mathit{Locally\ Raised\ Revenues} + \mathit{External\ Financing} \end{aligned}$$

Table 1 below shows the percentage Budget Released to each of the sampled districts over 6 financial years. All gaps indicate that data to that effect was not available in the MoFPED database.

Table 1: Percentages of Approved Budget Released.

District	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Budget Released (%)					
Moyo	91	96		97	100	
Arua	95			103	76	73
Bundibugyo	87			106	101	101
Amuru	69	98		87	87	
Pader	88			89	95	92
Kole	90	100		99	103	
Lira	83	92		100	92	92
Iganga	100	99		98	98	94
Amudat	97	87		90	89	70
Budaka	95	87		105	97	102
Mbale	88	91		96	96	
Bulambuli	98			99		
Rukungiri	97	104	99	103	101	100
Nakaseke	100		98	100	96	98
Rakai	84	92	93	91	93	102
Moroto	108			90	74	69
Butaleja	97			97	93	95
Mitooma	90	100	101	114	100	105
Katakwi	81	83		91	93	89
Buliisa	83	93		80	94	
Mean	**91.05**	**94**	**97.75**	**96.75**	**93.58**	**93**
Max	**108**	**104**	**101**	**114**	**103**	**105**
Min	**81**	**83**	**93**	**80**	**74**	**69**

Findings from the data above indicate that LGs do not always get their budgets fully funded. However, data explored revealed that the Central Government mostly meets its obligations to the LGs, exceeding its own amounts it is External Financing and Other Government Transfers usually fall short of their obligations. Expectations from Locally Raised Revenues are occasionally not realized.

However, overall, Table 1 above shows that the Central Government provides fairly well for the LGs at a general average of 94.557%. Therefore, the onus is on the LGs to fully exploit their sources of local revenues to boost their finances.

To answer the second question, 'Is the funding related to service delivery and LG performance?', I employed the Fixed Effects method to analyze the panel data set. To find causality between the funding and service delivery, I compared two main dependent variables that act as proxies to service delivery; LG Performance—representing givers of services, the LG officials, and the Human Development Index—representing the receivers of services, the communities.

The equations used for district-specific intercepts are:

$$
\begin{aligned}
LocalGovernmentPerformance \\
&= \rho + \alpha BudgetReleased + \beta FundAbsorption + \gamma Corruption \\
&+ \delta logDomesticDevelopment + \varepsilon
\end{aligned}
$$

$$
\begin{aligned}
RegionalHDI = \rho + \ & \alpha BudgetReleased + \beta FundAbsorption + \gamma Corruption \\
&+ \delta logDomesticDevelopment + \varepsilon
\end{aligned}
$$

Using STATA, this paper uses the entity and time fixed effects model to estimate how much funding from the Central Government affects and contributes to Local Government Performance and Human Development.
The Fixed Effects model allows for the control of unobserved time-invariant factors across the districts which contribute to service delivery.
This study also compared main estimates to random effects estimates to come up with conclusions.
Assessing the effects of LG funding on LG performance—the givers of service, LG officials:

Table 2: Local Government Performance

	Fixed Effects	Random Effects
Budget Released	0.117	0.244*
	-0.58	-2.21
Fund Absorption	-0.504*	-0.0406
	(-2.23)	(-0.28)
Corruption	7.385	6.202**
	-1.71	-2.58
logDomesticDevelopment	-9.672	1.462
	(-0.76)	-0.67
_cons	44.2	-149.2**
	-0.47	(-2.74)
N	53	53
t statistics in parentheses		
="* p<0.05		

These results show that one percentage point increase in Budget Released increases the average LG Performance by 0.117 standard deviations. However, this result is not statistically significant.
Interestingly, the study finds that fund absorption negatively affects local government performance.

This could be because of the exorbitant administrative costs that go into decentralization, especially in Uganda's case. Uganda is a small country with very many districts and counties, making it densely governed. As a result, money that could have been used for infrastructural development goes into administration instead.

More disturbingly, I see that, although the result is insignificant, Domestic Development also negatively affects LG Performance. Although this does not seem logical, the reality is that trillions of shillings are set apart every year for development. But year after year, this development is not realized because of the very high incidences of mismanagement and corruption.

That Corruption positively affects local government performance is also quite illogical. However, corruption does have a positive role to play. Government officials are more motivated to provide services when they are bribed by the public (Transparency International n.d.).
Further assessing the effects of LG funding on service delivery, the study examines the people's perspective as recipients of LG services through the Human Development Index.

Table 3: Regional Human Development Index

	Fixed Effects	Random Effects
Budget Released	-0.000136*	-0.000121*
	(-2.69)	(-2.54)
Fund absorption	0.000105	0.000113
	(1.64)	(1.80)
Corruption	0.00340***	0.00351***
	(13.11)	(15.04)
logDomesticDevelopment	0.00852***	0.00764***
	(9.00)	(7.80)
_cons	0.296***	0.305***
	(18.33)	(18.97)
N	53	53

t statistics in parentheses
="* p<0.05

The results shown here are even more interesting. One percentage point increase in the Budget Released reduces the HDI by 0.000136 standard deviations.

This statistically significant result further shows that the Ugandan people miss out on development and better lives because of the high administrative cost burden a densely governed country places on its economy.

The study finds that corruption very highly significantly improves the HDI. As discussed earlier, corruption increases people's access to LG services, improving their quality of life. Additionally, where the LG officials swindle LG funds, the majority of these funds are injected back into the community's economy through personal expenditures.

In this case, Domestic Development funds very significantly improve the HDI of the community because these are used specifically for community development, something that is good for the people.

To answer the third question, 'Why do local governments in Uganda consistently fail to deliver quality services?', the paper reviews the challenges facing LGs.

Factors affecting Service Delivery

Overall, Uganda is still subject to the pre and post-colonial extractive institutions. Extractive institutions facilitate the mismanagement of public resources (Tadei, n.d.). As a result, government officials in Uganda are generally prone to corruption tendencies.

Culture of Inefficiency: A very high rate of absenteeism among government officials stalls service delivery and reduces the effectiveness of LG services. This generally poor work ethic continuously hampers service delivery.

Funds that go unaccounted for: The Government loses at least 2 Trillion Shillings every year to corruption (PML Daily n.d.). These happen because of corrupt tendencies among officials and poor record keeping.

The ever-increasing number of districts in Uganda, although well-meaning, creates duplication of roles and escalates administration costs which reduce the portion of funds available for the development of infrastructure in local communities.

Under-collection of revenues: For reasons like poor record-keeping, under-valuation of properties, corruption and under-utilization of resources, LGs often collect less revenues than projected.

Understaffing. Many LGs work below their full human resource capacity. These substantial technical gaps affect performance and make it harder for LGs to perform at their full potential.

Unspent balances: These are a result of the underutilization of available funds. This indicates that some projects are incomplete or some costs like salaries and pensions have not been cleared.

Poor internet connectivity in some local governments prevents them from employing several administrative and financial tools like the Integrated Financial Management System. These require good internet connectivity, electricity connection, and relevant technological infrastructure.

One constraint that still hinders LG's performance through tax collection is poor data collection and management. Some LGs still do not have proper records of the revenues collected. Some LGs do have comprehensive registries but as of 2019, only about 20 LGs had proper functioning property registries (BMAU 2019), a step that significantly increased the revenue performance of these LGs.

The gradual re-centralization of functions and services originally mandated to the local governments is proving to affect the quality of services LGs provide (Ggoobi and Lukwago 2019). The main aim of re-centralizing some functions and services is to increase the efficiency of service delivery in some local governments. Some critics, however, argue that the increased bureaucracy further hampers service delivery effectiveness (Lwanga, n.d.). Where this is the case, the system and not the policy is probably at fault.

It is possible that LGs do not receive sufficient funds for development not because these funds are not given but because these funds are not asked for in the first place. The Budgetary process provides a framework by which all LGs must align their budgetary request. This framework places limits on activities that may be budgeted for. This is necessary for structural growth. However, it leaves little room for innovation and creative ideas. Everything done by the LG must thus fall within the bounds provided by the Central Government.

Minimal autonomy: Uganda's Local Governments are set up in such a way that they depend heavily on the Central Government for direction and provision. I argue that more autonomy for the LGs could spur remarkable growth and development in the communities. Akin to Federalism, such a system would allow each LG to drive its growth and development (Mwesigwa, 2013).

Conclusion

Having examined Local Government structures, performance and the HDI at the regional level, the study finds that LGs continue to underperform on service delivery for several reasons, not limited to financing. Although the paper finds that the Central Government adequately finances the LGs—within the confines of the Central Government's Budget—it is Other Government Funding and Donor Funds that do not always come through as required. The study finds a heavy reliance of LGs on external financing as opposed to local revenues.

Data analysis points to the effects of the well-meaning radical decentralization policies Uganda has put into effect as follows. The heavy administrative cost burden eats away at what funds could have gone into the development of communities. The more the central government spends on the local governments, the lower the public's Human Development Index. Less LG spending is thus counterintuitive in this case. Continued decentralization continues to prove a threat to this position unless LGs find ways to be self-sufficient and reduce their reliance on the central government.

With 135 districts spread over 241,000km2, Uganda is densely governed with an average of 1,785km2 per local government. Unfortunately, this also means that many LGs are too small and probably unable to generate significant local revenues, which further aggravates the burden on the Central Government.

The study finds that other factors like inadequate accountability systems, understaffing, and poor work ethic significantly reduce LG performance's effectiveness. It is good to note that the Central Government is now actively spending on accountability systems, as shown in Figure 2.
Since the main role of local governments is to provide services like road construction/repairs, water, sewerage management, education, health and fire protection, failure to adequately provide these services hinders a productive economic environment. It lowers the living standards in these communities and the country as a whole.

Uganda needs strong and inclusive institutions and systems that protect and serve the people. Cutting back on district formation to boost implementation and proper management of development projects, effective service delivery and community development would go a long way in transforming Uganda's districts and communities.

This study recommends that the Government of Uganda grant these local governments more autonomy over fundraising and development within the national development framework. Autonomy also increases once the districts are more vigilant in raising more local revenues and donor funds. A self-financing model for local government financing would reduce the central government's funding burden while boosting local development.

References

BMAU. 2019. "BMAU BRIEFING PAPER (10 / 19) May 2019," no. May: 18–21.

Bukenya, Badru, and William Muhumuza. 2017. The Politics of Core Public Sector Reform in Uganda : Behind the Façade.

Ggoobi, Ramathan, and Daniel Lukwago. 2019. "Financing Local Governments in Uganda: An Analysis of Proposed National Budget FY 2019/20 and Proposals for Re-Allocation Financing Local Governments in Uganda An Analysis of Proposed National Budget FY 2019/20 and Proposals for Re-Allocation." ACODE Policy Research Series. Vol. 92. http://www.acode-u.org.

"Human Development Index (HDI) | Human Development Reports." n.d. Accessed August 26, 2020. http://hdr.undp.org/en/content/human-development-index-hdi.

"Local Govts Demand 28% Increase in Budget Share - Daily Monitor." n.d. Accessed June 19, 2021. https://www.monitor.co.ug/uganda/news/national/local-govts-demand-28-increase-budget-share-2302372.

Lwanga, Martin M. n.d. "Drivers of Recentralization in Uganda and Effect on Service Delivery."

"Maps & Regions | Uganda National Web Portal." n.d. Accessed November 20, 2020. https://www.gou.go.ug/about-uganda/sector/maps-regions.

MoFPED. 2017. "Are Public Financial Management Reforms Working for Local Governments ?," 1–4.
MoLG. 2019. "MoLG Fact Sheet." https://www.molg.go.ug/sites/default/files/Fact Sheet 2019.pdf.

MoLG Uganda. 1997. "The Local Governments Act. Chapter 243."

Mwesigwa, Jonathan S., "Federalism: The Most Suitable Form of Governance for Uganda", LAP Lambert, Saarbrücken, 2013

Namusobya, Salima. 2018. "Citizen Participation in Local Government Service Delivery Processes in Uganda," no. June.

Okidi, John, and Madina Guloba. 2006. "Decentralization and Development: Emerging Issues from Uganda's Experience."

"Parliament Approves Creation of 15 Cities | Parliament of Uganda." n.d. Accessed November 23, 2020. https://www.parliament.go.ug/news/4614/parliament-approves-creation-15-cities.

Synthesis, National. 2020. "Local Government Performance Assessment - 2019 NATIONAL SYNTHESIS."

Tadei, Federico. n.d. "Colonial Trade and Extractive Institutions in British and French Africa."

"Uganda - Transparency.Org." n.d. Accessed November 23, 2020. https://www.transparency.org/en/countries/uganda.

"Uganda Bureau of Statistics – UBOS." n.d. Accessed November 20, 2020. https://www.ubos.org/.

Uganda Law Reform Commission. 2006. "THE ABRIDGED AND SIMPLIFIED VERSION OF THE CONSTITUTION OF THE REPUBLIC OF UGANDA Prepared by the Uganda Law Reform Commission 8th Floor South Wing Plot 1 Pilkington Rd," 1005.

"Uganda Losing UGX2T to Corruption Every Year – Nakalema – PML Daily." n.d. Accessed August 25, 2020. https://www.pmldaily.com/news/2020/01/uganda-losing-ugx2-trillion-to-corruption-every-year-nakalema.html.

Center of Faith Family and Justice
P.O Box 150045
Mukono, Uganda
Tel: +256760130120
Email: info@cffj.or.ug
Web: cffj.or.ug

08210901