

THE REPUBLIC OF UGANDA

LOCAL GOVERNMENT FINANCE COMMISSION



Corporate Strategy

2008/09 - 2011/12

December 2008

TABLE OF CONTENTS

Table Of Contents	i
List Of Acronyms	i
Foreword	ii
1.0 Introduction	1
1.1 Background.....	1
1.2 An Overview of Decentralisation Policy	1
1.3 The Local Government Finance Commission (Lgfc).....	3
1.4 Development of The Corporate Strategy	7
2.0 Swot and Gap Analysis	10
2.1 Swot Analysis.....	10
2.2 Gap Analysis.....	10
3.0 Corporate Strategy 2008/09 – 2011/12.....	13
3.1 Vision Statement	13
3.2 Mission Statement.....	13
3.3 Core Values.....	13
3.4 Key Priorities.....	13
4.0 Goals, Objectives and Strategies.....	14
4.1 Improve Revenue Distribution Between Central Government and Local Governments.....	14
4.2 Enhance Local Revenue Mobilisation and Generation In Lgs.....	15
4.3 Undertake Effective Analysis and Tracking of Local Government Budget Process.....	17
4.4 Effective Management and Resolution of Financial Disputes Among Lgs	17
4.5 Strengthen LGFC’s Institutional Capacity for Effectiveness and Efficiency	18
5.0 Action Plan	22
5.1 Planning Procedures.....	22
5.2 Implementation Modalities and Stakeholders	22
6.0 Monitoring and Evaluation (M&E) Framework.....	23
6.1 Performance Monitoring.....	23
6.2 Evaluation and Review	23

7.0	Strategic Plan Financing	24
	Annex 1: Logical Framework	25
	Annex 2: Implementation Schedule.....	34

LIST OF ACRONYMS

BFPs	Budget Framework Papers
CG	Central Government
CSOs	Civil Society Organisations
DPSF	The Decentralization Policy Strategic Framework
DSWG	Decentralization Sector Working Group
FDS	Fiscal Decentralisation Strategy
GOU	Government of Uganda
ICT	Information Communication and Technology
IEC	Information Education and Communications
JARD	Joint Annual Reviews of Decentralisation
KAP	Knowledge, Attitudes & Practices
LGs	Local Governments
LGA	Local Government Act
LGFC	Local Government Finance Commission
LGSIP	Local Government Sector Investment Plan
LRECC	Local Revenue Enhancement Coordination Committee
M & E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MoFPED	Ministry of Finance Planning & Economic Development
MIS	Management Information Systems
MoLG	Ministry of Local Government
MTEF	Medium Term Expenditure Framework
NPA	National Planning Authority
OPM	Office of the Prime Minister
PEAP	Poverty Eradication Action Plan
PPP	Public Private Partnerships
SDW	Strategy Design Workshop

FOREWORD

The Local Government Finance Commission has prepared this Corporate Strategic Plan as a reflection of its medium term strategic focus in addressing key issues that impact on attainment of sustainable Local Governments financing for effective and efficient service delivery in Uganda. It follows and consolidates on the previous plans so far implemented since 1995 when the Commission was created.

Over the years the role of the Commission has increasingly become an important contributor to the Government's national objective of poverty eradication in the areas of efficient service delivery and good governance. The Local Government Finance Commission (LGFC) has appropriately worked out new strategies and priorities for greater efficiency and effectiveness. An internal Institutional self assessment was undertaken and provided the background for the development of a new Corporate Strategy.

Based on the LGFC Vision and Mission, the key priority areas for the period 2008/9 – 2011/12 are:

- To improve Revenue distribution between CG and LGs and among LGs for effective and efficient service delivery
- To enhance Local Revenue Generation in LGs
- To undertake Local Governments budget analysis and tracking
- To enhance disputes resolution and mitigation related to the financing of LGs
- To Strengthen LGFC's Institutional Capacity for effectiveness and efficiency

Implementation of this Corporate Strategy is estimated to cost UGX 29.13 billion. This is expected to be financed under the Local Government Sector investment Plan (LGSIP). LGSIP funding is contributed by Government of Uganda (GoU) and development partners.

The development of this Corporate Plan has been a joint effort of many actors. I would specifically like to acknowledge the valuable contribution of my colleagues the Commissioners and the LGFC secretariat staff. The Commission is also highly indebted to LGSIP which funded the strategy design process and IMPACT associates who provided the technical assistance.

Finally, I wish to pledge the Commission's commitment to implement this Strategic Plan. I further wish to seek the support of stakeholders to enable the LGFC achieve its Mission: ***"To ensure effective mobilization and equitable distribution of financial resources for services delivery in Local Governments"***

Johnson Bitarabeho
Chairperson, Local Government Finance Commission

1.0 INTRODUCTION

1.1 Background

The overall development goal of the Government of Uganda is to eradicate poverty and increase the standard of living for her people. To ensure that the process of economic growth benefits the poor, Government formulated the Poverty Eradication Action Plan (PEAP) as the overall national planning framework. The PEAP is being implemented through a number of sector policies, investment plans, programmes and projects. The successful implementation of poverty reduction and social programmes requires a facilitating environment at the local government level. The Government of Uganda is therefore pursuing a broad development agenda whose components include Macro-economic reforms, promotion of increased productivity and exports, public service reforms and decentralization.

1.2 An Overview of Decentralisation Policy

GoU adopted decentralization as a key policy reform that aimed at improving service provision, promotion of democratization and ensuring good governance in local development and management. The legal basis of Decentralisation is enshrined in the Constitution, Chapter 11 and the basic elements and structure are laid out in the Local Governments Act (CAP 243).

As part of the implementation of the decentralisation policy, joint annual reviews were adopted as a monitoring tool. The reviews highlighted the need to develop a coherent decentralisation policy. Consequently the Decentralization Policy Strategic Framework and a Local Government Sector Investment Plan (LGSIP) were developed and approved by Government. The LGSIP contains sector programmes that are linked to the GoU Medium Term Expenditure Framework (MTEF).

1.2.1 The Decentralization Policy Strategic Framework (DPSF)

The DPSF is aimed at providing better coordination, improved systems, effective reporting and a more coherent policy in line with PEAP and other relevant laws and regulations governing the implementation of decentralization policy. The DPSF constitutes the primary reference point for GoU and other stakeholders to consolidate and deepen decentralization in Uganda. In addition, the DPSF provides guidance for all the multiple development interventions that relate to the decentralization sector in order to generate a more coordinated approach to service delivery and poverty reduction.

1.2.2 The Public Sector Management Working Group

The PEAP of 2004 underscores the importance of public sector management for overall systemic public sector reforms (mainly Public Service Reform and Decentralisation), monitoring and evaluation and national planning. The Government therefore created a Public Sector Management Working Group (PSM-WG) whose core functions include:

- Preparation of Budget Framework Papers (BFP) every year for the institutions covered,
- Ensuring policy dialogue and coordination within PSM areas
- Coordinating public sector reforms.

The LGFC and local governments associations (ULGA and UAAU) are among the institutional members of the PSM-WG.

1.2.3 Decentralization Sector Working Group (DSWG)

To enhance coordination, coherence, efficiency and effectiveness in implementation of the LGSIP, an advisory **Decentralization Sector Working Group** (DSWG) was established in the local government sector. The DSWG provides stakeholders with a platform for consultation, harmonization and sharing of ideas in order to achieve a deeper commitment to the decentralization process by all stakeholders.

1.2.4 The Fiscal Decentralisation Strategy

The Government of Uganda undertook a fiscal decentralisation study with the aim of streamlining planning/budgeting reporting and accountability by local governments to improve transparency and efficiency in resource utilisation. A Fiscal Decentralisation Strategy (FDS) was consequently developed and approved by Cabinet in 2002. The main objective of the FDS is to strengthen the process of Decentralization in Uganda through increasing Local Governments' autonomy; widening local participation in decision making; and streamlining of fiscal transfer modalities to local governments in order to increase the efficiency and effectiveness of local governments to achieve Poverty Eradication Action Plan (PEAP) goals within a transparent and accountable framework.

The key activities for which LGFC responsibility was assigned relate to the following specific objectives of FDS:

- *Streamlining transfers to local governments to remove administrative burdens and increase transparency and efficiency, both at the centre and within local governments.*
- *Increasing local government autonomy with respect to planning, budgeting and implementation of national sector policies while taking care of local priorities.*
- *Achieving transparent, needs-based and poverty-sensitive allocations of sector funds between local governments.*
- *Increasing effectiveness of local government expenditures in achieving PEAP objectives and goals*

1.2.5 The Local Government Sector Investment Plan (LGSIP)

During the reviews of decentralisation, it was noted that tremendous progress had been made in service delivery at the local level. However, it was also noted that there is still need for improvements especially in the reach and quality of services and the sustainability of investments. These findings also underlined the need to deepen decentralization in order to effectively contribute to the implementation of the PEAP.

Consequently, GoU developed a ten-year Local Government Sector Investment Plan (LGSIP), 2006-2016. The main objective of LGSIP is to provide a focal reference point for mobilizing resources and ensure that resources are channelled to core programmes and activities to support a coordinated and effective delivery of services at the local level.

The LGSIP provides an elaborate frame work for:

- prioritizing among competing programmes and activities
- determining the actual cost of running the decentralized programme, and
- Providing a rational basis for the volume and levels of central government transfers.

The LGSIP takes account of the various factors that affect the implementation of the decentralization policy, including the constrained resource envelope. It forms the investment framework for all programmes and activities in the decentralization sector and provides options for funding from different sources using agreed funding modalities.

1.3 THE LOCAL GOVERNMENT FINANCE COMMISSION (LGFC)

1.3.1 Establishment

The Local Government Finance Commission is established under Article 194 (1) of the Constitution of Uganda (1995) and operationalised by the Local Government Finance Commission Act (2003). The Commission commenced operation in February 1995.

1.3.2 Functions

The functions of the Commission which are provided in Article 194 (4) and section 9 of LGFC Act are:

- a) Advise the President on all matters concerning the distribution of revenue between the government and Local Governments and the allocation to each Local Government of money out of the consolidated fund;
- b) In consultation with the National Planning Authority consider and recommend to the president the amount to be allocated as equalization and conditional grants and their allocation to each Local Government;
- c) Consider and recommend to the president potential sources of revenue for Local Governments;
- d) Advise the Local Governments on appropriate tax levels to be levied by Local Government;
- e) In case a financial dispute arises between Local Governments, mediate and advise the Minister accordingly;
- f) Analyse the annual budgets of Local Governments to establish compliance with the legal requirements and notify the council concerned and the President through the Minister for appropriate action;
- g) Recommend to the President through the Minister ,the percentage of the National Budget to be transferred to Local Governments every financial Year;
- h) Recommend to the President Central Government taxes that can be collected by Local Governments in their respective jurisdiction on an agency basis;

- i) Perform such other functions as may be prescribed by law;

1.3.3 LGFC Institutional Structure

a) The Commission

The Commission is comprised of seven (7) members of whom the Chairperson and the Vice Chairperson are fulltime members. The Commission is responsible for policy formulation, approval of all work plans budgets and outputs of the Commission and making recommendations to Government and other stake holders, amongst others.

b) The Secretariat

The Secretariat of the Commission is provided for in section 13(1) of the Local Government Finance Commission Act and is responsible for the day to day operations of the Commission. The Secretariat is headed by the Commission Secretary and comprised of such other officers and employees based on an establishment determined by the Commission. Currently the Commission is functionally organised in two directorates of Finance and Administration and Grants and Local revenue.

- **The Directorate of Revenue and Policy Analysis**

The Directorate of Revenue and Policy Analysis is comprised of three departments; Local Revenue, Central Grants and, Data/Policy Analysis.

The central grants department is charged with all issues of allocation of grants to Local Governments, liaison with the National Planning Authority and sector ministries managing grants, analysis of Local Government budgets and collection and management of fiscal data on grants.

Local revenues department on the other hand attends to all matters of local revenues, implementation of best practices, data entry and management of fiscal data on revenues.

The Data and Policy Analysis Department is responsible for data collection, management and analysis as well as policy analysis.

- **The Directorate of Finance and Administration**

The Directorate of Finance and Administration is responsible for the overall coordination and administrative function of the Commission's activities including financial management, human resource management, support services, systems development, documentation as well as ICT.

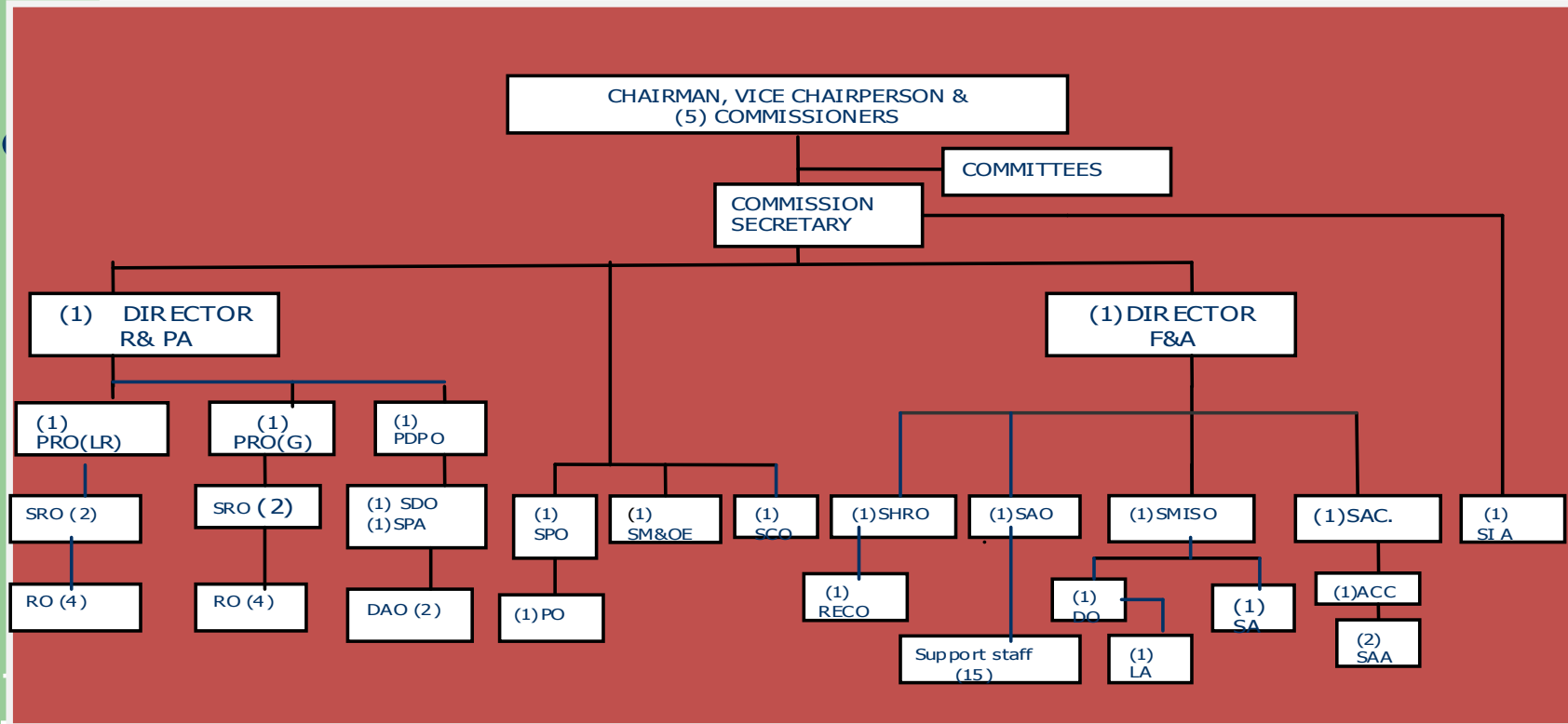
- **Corporate Services**

There are corporate services units to handle cross-cutting functions in the Commission. These are Internal Audit, Procurement and Disposal, Public Relations, and Monitoring and Evaluation.

The organisational set up is shown in the chart below;

1.3.4 ORGANIZATION CHART OF THE LGFC

LGFC STRUCTURE AND MANPOWER ESTABLISHMENT



Key

R &PA	Revenue and Policy Analysis
F&A	Finance and Administration
PDPO	Principal Data and Policy Officer
PRO	Principal Revenue Officer
SRO	Senior Revenue Officer
SDO	Senior Data Officer
SPA	Senior Policy Analyst
SPO	Senior Procurement Officer
SM&EO	Senior Management and Evaluation Officer
SCO	Senior Communications Officer
SIA	Senior Internal Auditor
SAO	Senior Administrative Officer
SHRO	Senior Human Resource Officer
SMISO	Senior Management Information Systems Officer
SME	Senior Monitoring and Evaluation Officer
SAC	Senior Accountant
SPS	Senior Personal Secretary
ACC	Accountant
REC	Records
DO	Documentation Officer
RO	Revenue Officer
RECO	Records Officer
PO	Procurement Officer
SA	Systems Administrator
DAO	Data Officer
SAA	Senior Accounts Assistant
PS	Personal Secretary
LA	Library Assistant
DRV	Driver
REC	Receptionist
ATT	Attendant
PDU	Procurement and Disposal Unit
LR	Local Revenue
G	Grants

1.3.5 Work Plans

In order to guide the implementation of its mandate and to meet the increasing challenges and demands related to local government financing, the Commission developed a Corporate Strategy for the period 2001-2004 with a medium term work plan. This strategy was in 2004 replaced by the 2004 -2008 Corporate Strategy which had four key priority areas, namely:

- Harmonising systems of transfers;
- Supporting local governments to increase local revenue mobilization and generation;
- Strengthening LGFC administration; and
- Developing and operating a communication strategy.

In 2008, the Commission found it necessary to review and develop a new strategic plan to guide the execution of her mandate for the next 4 years, 2008/9 to 2011/12.

1.4 DEVELOPMENT OF THE CORPORATE STRATEGY

Since the establishment of the LGFC in 1995, Uganda's decentralisation landscape has changed significantly. This has called for systematic and focused alignment of the program activities. This Corporate Strategy was developed through a participatory process in stages.

1.4.1 Research and Internal Assessment

The LGFC undertook an internal assessment of her performance in execution of its mandate. A comprehensive review was commissioned to evaluate the performance of the LGFC Corporate Strategy (2004-2008) against the set objectives and targets. The review also examined the structure and content of the strategic plan, the implementation modalities and reports to determine relevancy, effectiveness and consistency. Findings from the review of effectiveness of institutional structures of the Commission were complimented by review of relevant literature and taken into consideration during this assessment. Through a participatory and consultative process, the strengths and weaknesses of the LGFC were discussed and documented into a report as a basis for developing the LGFC Corporate Strategic plan for the period 2008/9-2011/2.

Highlights of the Review of the Corporate Strategy (2004-2008)

The findings indicate that the strategy design was elaborate and the definition of the strategic direction and key priorities were relevant to the challenges and functions of the commission. The implementation of the 2004-2008 corporate strategy was through annual work plans and these were regularly prepared. The review showed that the Commission has made significant achievements towards the implementation of the strategic goals. Some of the key achievements include:

- *Conducted various studies and produced reports for technical and policy advice.*
- *Developed various guidelines and manuals for LGs in budgeting, planning, FDS, and local revenue enhancement.*

- *Development and improvement of grant allocation formulae.*
- *Supported LG's budget process and regularly analysed and tracked LG budgets.*
- *Developed and supported LGs in implementation of best practices in local revenue enhancement.*
- *Carried out advocacy, lobbying and facilitated negotiations between sector ministries and LGs on topical issues affecting financing of service delivery.*
- *Strengthened the capacity of the Commission in terms of human resource and acquisition of appropriate technology/and facilities.*
- *The Commission attracted funding for various programs*

While the Commission has made significant achievements, the implementation of the corporate strategy 2004-2008 and its Constitutional mandate was undermined by a number of challenges. The strategy did not provide a clear approval process and as such this created potential weaknesses ensuring consistency and continuous focus on the set goals and objective. The structure of the work plans often varied in structure and content without evidence of a prior systematic review hence posing difficulties in comparison of annual performance between years and overall evaluation of the strategy. In the same vain annual reports did not reflect a translation from the work plans and the strategy. Some other weaknesses of the strategy design were that the key priority areas were not linked to the goal and specific objectives and the priority areas were not logically translated into strategies. In addition, the strategy document lacked periodic targets to be accomplished and therefore this undermined the basis of monitoring and evaluation of the strategies performance.

Other weaknesses highlighted include;

- *Mismatch between staff competencies and functions*
- *Inadequate Communication between Commission and stakeholders which was aggravated by the absence of an effective communication strategy.*
- *Institutional capacity weaknesses within the Commission in terms of staff skills, ICT use, absence of effective MIS system and lack of effective records management systems*
- *Lack of an effectively monitoring and evaluation framework in the Commission.*

The review recommended that the design of the new corporate strategy should be more comprehensive and highly participatory. Also lessons from the review and annual reports should be put into consideration when developing the strategy. These have been incorporated in the 2008/09 – 2011/2012 Corporate Strategy.

1.4.2 Gap Analysis

A detailed gap analysis was conducted on the Commission's performance in execution of her functions defined in the Constitution and the Local Government Finance Commission Act. The analysis also considered the gaps in the implementation of the 2004-2008

Corporate Strategy and the institutional gaps emerging from the organisational development review.

1.4.3 Strategic Design Workshop

Two sets of strategic design workshops¹ were conducted involving a wide cross section of stakeholders from the President's Office, OPM, Ministry of Local Government, MFPED, Sector ministries, LGs, Development partners, CSOs, LGFC Commissioners and Secretariat staff.

The purpose of this stakeholder participation was to ensure relevance, validity and ownership of the corporate strategic plan's objectives, content and focus. During the strategy design workshop, findings from the research and gap analysis were presented and used as the basis for generating issues to be addressed by the corporate strategic plan. The planning workshop developed a monitoring plan and performance indicators for the Corporate Strategy.

¹ The first Two-day workshop targeted Commissioners and Secretariat staff while the second one-day workshop targeted both the LGFC and her external stakeholders.

2.0 SWOT AND GAP ANALYSIS

Over the past twelve years LGFC has strengthened her capacities and registered significant achievements. At the same time some challenges were experienced as summarised in the SWOT and GAP analysis below;

2.1 Swot Analysis

Over the past twelve years LGFC has strengthened her capacities and registered significant achievements. At the same time some challenges were experienced as summarised in the SWOT and GAP analysis below:

<p style="text-align: center;">Strength:</p> <ol style="list-style-type: none"> 1. Committed staff and Commissioners 2. Availability of highly qualified staff 3. Informed planning taking lessons from research and experiences in implementing previous plans 4. Availability of basic ICT infrastructure 	<p style="text-align: center;">Opportunities</p> <ol style="list-style-type: none"> 1. Stakeholder confidence and good-knowledge (especially LGs) about the role of the LGFC. 2. Donor support to related programs and activities 3. Strong Political will 4. Suitable policy framework 5. On-gong support programs to LG capacities
<p style="text-align: center;">Weaknesses:</p> <ol style="list-style-type: none"> 1. Absence of an effective communication strategy. 2. Narrow human resource base 3. Ineffective Management Information System 4. Ineffective Communication Strategy 	<p style="text-align: center;">Threats:</p> <ol style="list-style-type: none"> 1. Political interferences and pronouncements. 2. Un-updated Laws affecting local revenue collection. 3. Inadequate funding for the Commission's recurrent needs. 4. Heavy dependence on donor funding. 5. Weak enforcement of laws 6. Inconsistency in the national budget process.

2.2 Gap Analysis

Some of the challenges and gaps identified include:

2.2.1 Inadequate Mechanisms for Revenue Distribution Between CG And LGs Undermining Effective and Efficient Service Delivery

Currently there is a mismatch between the expenditure needs of LG and the resources allocated by CG for effective service delivery. In many sectors the formulae applied for distribution of resources to LGs are not clear and do not reflect the national goal of poverty eradication (PEAP).

Furthermore, the inadequacy of national resources allocated to LGs significantly affects the effectiveness of service delivery. The existing mechanisms for distribution of grants from CG to LGs are ineffective while the standards for service delivery in LGs are not well defined. The result is that the share of the national resources transferred to LGs is inadequate to cover their needs thereby affecting the effective contribution of LGs in attainment of the national objective of poverty eradication.

2.2.2 Limited local revenue sources and inefficient local revenue generation in LGs

The Local Governments Act provides for a number of sources of revenues available for LGs. However, since the abolition of Graduated Tax collection of revenue from these sources have not raised any sizeable revenue. This is a result of the fact that currently there is inadequate research-based inventory on available, potential and practical local revenue sources. Existing local revenue generation efforts are further undermined by lack of awareness of local taxes, lack of revenue generation capacity at LGs and unfavourable laws governing local revenue collection.

2.2.3 Budget Analysis and Tracking Has Not Been Effectively Undertaken

Whereas the Commission is mandated to undertake analysis and tracking of LGs budgets, this has not been effective. The situation is undermined by persistent untimely and sometimes no submission of LG budgets and absence of effective compliance measures to promote desired practices among LGs. Some LGs do not have adequate capacity to enable them prepare budgets according to the required standards and conduct the budget process as outlined by law. Internally, LGFC does not have a coherent framework for budget analysis and provision of feedback.

2.2.4 Ineffective mechanisms for financial dispute resolution and mitigation for LGs

One of the functions of the Commission is to facilitate amicable resolution and mitigation of financial disputes between LGs. However, this function has not been taken up by the Commission and LGs are generally not aware of this important role of the LGFC. Furthermore, the Commission has not yet developed any internal structure or technical capacity and procedures to handle financial disputes of LGs.

2.2.5 Limited Internal Institutional Capacity Within the LGFC

Whereas the Commission has registered significant achievement in the past years, the effective execution of the Commission's mandate is hampered by various capacity weaknesses categorised in three main areas.

First, it has been noted that the Commission's organisational and human resource structure does not match the magnitude of her mandate. An independent organisation review has been conducted and it identified various human resource gaps and the need to revisit Commission's manpower and organisational structure. In addition to the above, a number of staff though well qualified, lack skills for effective and efficient execution of the Commission's mandate. In general, the required staff competencies and numbers do not sufficiently match the responsibilities. Secondly, it was noted that ICT is not fully integrated in the Commission's MIS. Thirdly, the current Communication strategy is ineffective hence

undermining the visibility, reporting/accountability and lobbying capacity of the Commission.

2.2.6 Ineffective Planning, Monitoring and Evaluation framework for the Commission's activities

Findings from the review of the Commission's performance in executing the previous strategy point to the fact that the organisations M&E systems are weak. An M&E framework was not institutionalized in the last corporate strategy. The internal monitoring and reporting mechanisms are weak. This is aggravated by the fact that the LGFC Act does not clearly specify the reporting modalities. The Commission prepared Annual Reports for the Parliament but there were no activity Implementation Reports. As such the activity based indicators specified in work plans are not necessarily the basis of the Annual Reports.

2.2.7 Ineffective legal and policy framework

The existing legal framework that established the Commission lacked clarity on the timing of submission of advice and feedback. A number of laws that impact on the functions of LGFC have remained unrevised for a long time. There is need to identify and review a number of laws (*e.g. The Trade Licensing Act, The Markets Act, The Enguli Act etc*) which affect the implementation of the Commission's mandate.

2.2.8 Other Factors Affecting Implementation of the LGFC Mandate

The implementation of the LGFC mandate is constrained by other socio-economic, environmental and political factors:

- The rapid political/administrative decentralisation, unmatched with financial resources, experienced in the recent years.
- Increasing tendency towards recentralisation which undermines the decentralisation policy.
- Insecurity in the northern and north eastern parts of the Country
- Political interferences in the recruitment of personnel in Local Governments
- Inadequate main streaming of cross-cutting issues in LG planning and budget. The HIV/AIDS, Gender and Environment issues are important national concerns that should be given emphasis by the LGs in planning and budgeting processes. This is because it impacts on productivity, revenue generation and subsequently on service delivery.
- Ineffective participation of communities in development planning and budgeting process in some LGs hence undermining community ownership of Government plans and budgets.
- Inflation hence escalation in costs against pre-set budgets to carry out planned activities of LGFC and LGs.
- Delays in the budget process at the LG level resulting from delays and uncertainty at the central Government level.

3.0 CORPORATE STRATEGY 2008/09 – 2011/12

The Local Government Finance Commission (LGFC) aims at becoming an institution of excellence in knowledge on sustainable local government financing for effective and efficient service delivery. The Corporate Strategy covers the period 2008/09 to 2011/12. It was formulated within the Context of Commission's constitutional mandate, national development objectives, DSPF objectives and global trends.

3.1 Vision Statement

The Vision of LGFC is: **“a Uganda with Financially Sustainable Local Governments that provide Efficient and Effective Services”**

3.2 Mission Statement

The Mission of LGFC is: **“to Ensure Effective Mobilisation and Equitable Distribution of Financial Resources for Service Delivery in Local Governments”.**

3.3 Core Values

In implementation of its activities, the Commission works through participation, consultation, networking and advocacy with key stakeholders. During the period of the Corporate Strategy, LGFC will be guided by the following core values:

- **Professionalism**
- **Commitment**
- **Transparency and Integrity**
- **Team work**

3.4 Key Priorities

The Local Government Finance Commission's Corporate Plan 2008/9-2011/12 emphasises the following priorities:

- **Revenue Distribution between CG and LGs and among LGs for effective and efficient Service Delivery.**
- **Enhancement of Local revenue Generation in LGs.**
- **Improving LGs Budget analysis and tracking.**
- **Effective management and Resolution of Financial Disputes among LGs.**
- **Strengthening the Institutional capacity of LGFC.**

4.0 GOALS, OBJECTIVES AND STRATEGIES

Key priorities will be implemented through the goals, objectives and strategies outlined below:

4.1 Improve Revenue Distribution between Central Government and Local Governments for Efficient and Effective Service Delivery

4.1.1 Objective 1: *To establish equitable share of national resources for effective service delivery*

Strategies/Activities:

- Undertake periodic review of the FDS
- Support the implementation of the FDS
- Facilitate the effective performance of the Local Government Budget Committee (LGBC)
- Analyse recommendations of the National Standards of Service Delivery study by the MoLG, sector policies and investment plans.
- Conduct surveys related to LG funding and effective service delivery
- Research report (s) on implications of creation of new districts on service delivery
- Conduct action research on administrative costs and implications on service delivery

Key Performance Indicators

- Periodic advisory notes on revision of FDS
- Periodic advisory notes on the recommended national revenue sharing formula
- Periodic advisory note on the effectiveness of LG service delivery
- Research report (s) on implications of creation of new districts on service delivery
- Advisory note on administrative costs and service delivery

4.1.2 Objective 2: *To improve on the mechanisms for equitable sharing of funds among LGs*

Strategies/Activities:

- Conduct action research to establish impact of grants on service delivery
- Conduct review of the grants allocation formula and models in light of sector policies.
- Regularly update factors for allocation of resource to include peculiar factors affecting the LGs
- Facilitate negotiations on sector conditional grants and disseminate agreements.
- Facilitate follow-ups and monitor agreements.
- Support the process for extension of grants to LLGs
 - ✓ *Hold consultative dialogue with sectors to develop guidelines*
 - ✓ *Develop guidelines for transfer to lower LGs*

Key Performance Indicators

- Report on impact of grants on service delivery
- Guidelines for transfer of funds to LLGs developed
- Periodic updated allocation formulae.
- Research report(s) on revenue distribution and analysis of impact on service delivery

4.2 To Enhance Local Revenue Mobilisation and Generation in LGs

4.2.1 Objective 1: *To Identify and Recommend Sources of Local Revenue for LGs*

Strategies/Activities

- Review the performance of current sources of local revenue
- Conduct research on potential local revenue sources
- Hold stakeholders consultations on local revenue potentials in LGs
- Establish rates which LGs may apply for current and potential local revenue sources

Key Performance Indicators

- Research Reports available and disseminated
- Revenue sources documented and recommended to CG and LGs
- Sources of revenue and rates implemented by LGs

4.2.2 Objective 2: *To support the development and implementation of an effective Local Revenue education campaign.*

Strategies/Activities

- Prepare a local revenue education campaign plan
- Support the development of guidelines for LGs in local revenue collection
- Support the develop guidelines for local economic development (LED) for LGs
- Support dissemination of local revenue education materials
- Undertake media campaigns on local revenue enhancement
- Undertake sensitisation of political/civic leaders and technocrats on revenue enhancement
- Publish annual local revenue figures
- Conduct outreach activities on local revenue administration and management:
 - ✓ *Field visits to hold public hearings and consultations*
 - ✓ *Exchange visits by Commissioners to benchmark the operations of commission*
- Support local governments' organisations/ associations on advocacy on local revenues

Key Performance Indicators

- Approved local revenue education campaign plan
- Proportion (%) of tax payers aware of relevant issues on local revenue
- Proportion (%) of Political and Civic leaders aware about topical issues in local revenue
- Percentage increase in collection of local revenue by LGs

- Number of workshops for LG leaders conducted
- Annual publication of local revenue performance
- Number of exchange visits by Commissioners

4.2.3 Objective 3: To Support Local Governments' collection of local revenues

Strategies/Activities

- Support operations of the Local Revenue Enhancement Coordinating Committee (LRECC)
- Disseminate incentive system on local revenue management to LGs and Stakeholders
- Support the review and development of guidelines on PPP in revenue collection
- Support LGs in applying Public Private Partnership (PPP) in revenue administration
- Support the development of various guidelines for local revenue enhancement.
 - ✓ *Review and update the Best Practices Guidelines in Revenue mobilisation and generation (including incentives & penalty system)*
 - ✓ *Hold consultation meetings on local Revenue improvement*
 - ✓ *Disseminate Local Revenue improvement Best Practices Guidelines*
- Provide technical support to LGs on local revenues improvement strategies
- Develop an M&E framework for Local revenue collection
- Standardize and verify revenue data in LGs
- Train LGs in utilising the M&E Tools for Revenue collection
- Train LGs in Revenue Enhancement
- Support the streamlining of royalties as local revenue source:
 - ✓ *Disseminate findings and recommendations of relevant studies*
 - ✓ *Develop a unified system for distribution of royalties*
 - ✓ *Hold consultations with LGs and key stakeholders on potential sources of royalties*

Key Performance Indicators

- Reports and minutes of LRECC meetings, field visits, and study tours
- Number of LG officials aware of best practices in local revenue enhancement
- Number of LGs implementing incentive system
- Percentage increase in Local revenue collections
- Number of LGs applying PPP guidelines and models in revenue collection
- Availability of Local Revenue improvement Guidelines to LGs
- Number of LGs aware of and applying local revenue improvement guideline
- Number of dissemination workshops in Revenue improvement for LGs
- M & E plan for local revenue collection developed
- Number of LGs effectively implementing the M & E plan for local revenue collection
- Numbers of LGs with standardised and verified revenue data
- A unified system for distribution of royalties documented
- Proportion of LGs aware about unified system for distribution of royalties
- Number of LGs Staff trained in M & E of Revenue collection
- Number of LGs provided with technical support in revenue enhancement
- Number of LG staff trained in revenue enhancement
- Number of LGs utilising the unified royalties distribution system
- Percentage of increase of revenue from royalties

4.3 To undertake effective analysis and tracking of Local Government budget process

4.3.1 Objective 1: To Ensure Annual LG BFPs and Budgets Comply with Legal Requirements

Strategies/Activities

- Develop LG budget analysis framework
- Develop mechanisms for timely submission of /and feedback on LG budgets:
 - ✓ *develop mechanisms for incentives system for LGs for compliance*
- Conduct LG budget analysis
- Provide timely/regular feedback to LGs and relevant stakeholders
- Conduct stakeholder budget consultations

Key Performance Indicators

- Advisory note on recommended incentives and sanctions for LGs
- Number of LGs submitting quality plans and budgets in time.
- Number of LG budgets analysed
- Number of feedback reports prepared and sent to LGs and stakeholders
- Number of stakeholder budget consultations held.

4.3.2 Objective 2: To Support Capacity Development of LGs in Budget Formulation

Strategies/Activities

- Undertake a capacity needs assessment of local governments
- Provide technical assistance to LGs in the budget preparation and processes
 - ✓ *Develop a framework for analysis of the LGs priorities related to national priorities*
 - ✓ *Train LG staff*
- Provide technical back up and monitor consultancies.

Key Performance Indicators

- Capacity needs assessment report
- Framework for analysis for the LGs priorities & budgets developed
- No. of LGs provided technical assistance in budget preparation
- % of LGs aware about the reward system, submission and feedback mechanism
- Monitoring report

4.4 Effective management and Resolution of Financial Disputes among LGs

4.4.1 Objective 1: To Assist LGs to Amicably Manage and Resolve Financial Disputes

Strategies/Activities

- Develop guidelines on management of disputes among LGs

- Create structures within the LGFC to manage dispute resolution and mitigation among LGs
 - ✓ *Define the constitution of the financial dispute resolution structure*
 - ✓ *Support the operation of the tribunal (in facilitation, witnesses handling, monitoring, contingency fund)*
 - ✓ *Provide for external input to support the tribunal*
- Create awareness on alternative dispute resolution mechanisms in LGs through workshops, meetings, print guidelines etc.
- Develop mechanisms to monitor implementation of recommendations and emerging disputes

Key Performance Indicators

- Dispute management guidelines developed and available to LGs & relevant LGFC staff
- Approved dispute resolution structure
- Number of financial disputes handled or resolved
- Number of LGs aware of LGFC's role in financial dispute resolution
- Availability of Monitoring reports of LG Financial disputes

4.5 Strengthen LGFC's Institutional Capacity for effectiveness and efficiency

4.5.1 Objective 1: To Develop and Implement an Institutional Development Plan

Strategies/Activities

- Update the Human Resource Policy Manual
- Develop and implement a Clients' Charter
- Hold staff recognition events
- Conduct team - building events

Key Performance Indicators

- HR Manual updated
- Client Charter developed
- Annual Client Charter published
- Number of Staff recognised
- Number of Team building events

4.5.2 Objective 2: To Implement the New Manpower and Organisation Structure

Strategies/Activities

- Consult Ministry of Public Service and recruit staff as per structure
- Orient and train Commissioners and staff on the Corporate Strategy and updated HR manual and structure

Key Performance Indicators

- No. of staff positions filled

- Number of orientation and training on the Corporate Strategy, updated HR policy and structure held.

4.5.3 Objective 3: To Develop Staff Skills for Efficiency and Effectiveness

Strategies/Activities

- Undertake competency profiling in the areas of finance, accounting, budgeting etc and come out with a training/skills development needs assessment and training plan.
- Conduct a knowledge, attitude and practices (KAP) assessment
- Monitor staff performance
 - ✓ *Conduct bi-annual staff performance appraisal*
- implement a skills – development/training plan for Commissioners and staff:
 - ✓ *Attachments*
 - ✓ *Mentoring*
 - ✓ *Study tours*
 - ✓ *Training*
- Develop and implement a change - management plan

Key Performance Indicators

- Competency profiles report
- KAP Assessment Report
- Performance appraisal reports
- Number of Commissioners and staff trained as per training needs assessment and competency profiling.
- Number attachments, mentoring study tours undertaken
- Approved Change management plan

4.5.4 Objective 4 To develop and implement Effective Management Information Systems (MIS)

Strategies/Activities

- Develop a functional Management Information System (MIS)
- Implement the MIS and the fiscal monitoring system:
 - ✓ *Procure relevant ICT equipment for the Databank*
 - ✓ *Procure appropriate software (Fiscal data bank management, Accounting)*
 - ✓ *Train the relevant LGFC staff*
 - ✓ *Train Fiscal Data focal point persons in LGs*
 - ✓ *Develop IT strategy*
 - ✓ *Develop an Information processing and dissemination policy for the Resource Centre*
 - ✓ *Develop an “Access to Information” procedures*
 - ✓ *Develop & implement records management system*
 - ✓ *Computerise accounting and financial management and payroll management.*
- Develop, implement and maintain an extranet and improve the intranet for the Commission

Key Performance Indicators

- MIS strategy developed and implemented.
- A functional Fiscal Databank
- Number of staff trained in using the MIS
- Functional IT-based records management and payroll systems in place
- Computerised accounting system
- A functional Resource Centre
- Functional intranet/ extranet

4.5.5 Objective 5: Develop Effective Linkages and Communication with key Stakeholders

Strategies/Activities

- Review and update the LGFC Communication Strategy
- Operationalise the Communication strategy
 - ✓ *Produce and disseminate information to targeted audiences*
 - ✓ *Improve and maintain Commission website*
- Develop a Corporate Branding plan
- Implement Corporate image plan/ Activities
 - ✓ *Client/Customer care training*
 - ✓ *Client/Customer care training*
 - ✓ *Procure and distribute brand materials*

Key Performance Indicators

- An updated Communications strategy
- Awareness of LGs and civic leaders on topical issues identified by the communications strategy
- Updated website
- Percentage of stakeholders with a positive perception/attitude about image of the Commission

4.5.6 Objective 6: To develop and Implement an Effective M & E Framework

Strategies/Activities

- Develop a monitoring and evaluation (M&E) framework
- Train Commissioners and staff in application of the M & E framework
- Undertake independent review and monitoring of implementation of the Corporate Strategy.
- Prepare annual work plans
- Undertake regular review of Corporate Strategy implementation
 - ✓ *Regular review of work plans*
 - ✓ *Strategy reviewed after 6 months*
 - ✓ *Annual Strategy review (to include external review)*
 - ✓ *Conduct mid-term and completion reviews*
- Prepare quarterly, progress and annual reports

Key Performance Indicators

- M&E framework for the Commission developed
- Annual work plans prepared
- Annual Corporate Strategy review(s) Reports.
- Timely quarterly, progress and annual implementation reports
- Periodic performance review reports

4.5.7 Objective 7: To Develop and Implement a Framework for Effective Advice to Government and Local Governments

Strategies/Activities

- Develop an effective strategy for providing advice to Government
- Implement the Advice Strategy
 - ✓ *Establish contact/focal persons in key government organisations and institutions.*
 - ✓ *Undertake follow-up consultations on advice provided.*
 - ✓ *Monitor follow up process*
 - ✓ *Train Commissioners and staff in the Advice Strategy*
- Prepare and submit LGFC Annual Reports to Parliament
- Prepare and submit Advisory notes to key Government stakeholders
- Prepare translated and user-friendly versions of technical, research and study reports.

Key Performance Indicators

- Approved strategy for providing advice to Government
- Contact/focal persons identified in key Government organisations and institutions
- Feed back on advice provided
- Commissioners and staff trained
- Annual reports prepared and submitted to parliament in time.
- Advisory Notes prepared and submitted to key Government stakeholders, LGFC staff, LGs.
- Number of user-friendly and/or translated technical, research and study reports prepared and disseminated

5.0 ACTION PLAN

A five year action plan for the implementation of the strategic plan for the LGFC (2009-2012) is elaborated in **Annex 2**. For each of the Goals and objectives of the strategic plan, activities, specific actions and timeframe has been defined. In addition the action plan includes indicators of achievement of the objective. The action plan shall not only guide the implementation process but shall be one of the performance monitoring tools for the LGFC.

5.1 Planning Procedures

The planning will be done in a participatory manner initiated by the directorates and the Committees of the LGFC. The LGFC will annually develop work plans and budgets to implement this strategic plan. This will further be operationalised in the departments and the committees to ensure concrete and realistic plans and to promote effective operation, coordination and monitoring of the plans.

The quarterly and annual plans will be approved by the Commission while the monthly plans are approved by the Secretary.

5.2 Implementation Modalities and Stakeholders

The implementation of the LGFC Corporate strategy will be undertaken by the LGFC Secretariat under the supervision of the Commissioners who are responsible for the overall policy direction.

The LGFC Secretariat shall coordinate the participation of the various stakeholders considered important and influential, in the implementation of the corporate strategy. These will include: MoFPED, LGs and Urban Authorities, MoLG, National Planning Authority (NPA), ULGA, Urban Authorities Association of Uganda (UAAU), Parliamentarians, and Development partners and donors.

Other important stakeholders include: Citizens /Tax payers, Office of the Prime Minister (OPM), Ministry of Public Service, Sector Ministries, Uganda Revenue Authority (URA), Uganda Bureau of Statistics (UBOS), Civil Society Organizations (CSOs), the Auditor General, Attorney General and the Private Sector.

During the preparation of annual and quarterly work plans, the Commission shall define the specific roles and responsibilities of the relevant stakeholders for each planning period.

6.0 MONITORING AND EVALUATION (M&E) FRAMEWORK

6.1 Performance Monitoring

The Corporate Strategy's performance shall be assessed against its effectiveness in achieving its high priority goals and performance targets. Implementation monitoring of this plan is to be a fixed agenda item at all monthly meetings of the Commission. The performance indicators and sources of verification for each of the goals, objectives and activities are summarised in the Logical framework in **Annex 1**.

The Commission shall be responsible for the approval of annual work plans in relation to the set strategic objectives and goals. Continuous monitoring shall be through Quarterly activity implementation reports and annual activity implementation reports.

In addition to the above, Annual reviews shall be conducted focussing on performance of areas that are planned in this strategy and verified by annual reports. Findings from the annual reviews shall inform the preparation of annual work plans

To ensure the corporate strategy plan continues to provide a sharp focus and remain responsive to change it should be formally reviewed and updated every six months, at the achievement of a Strategic Goal and at any other time deemed necessary by the Commission's policy body.

6.2 Evaluation and Review

There will be two evaluation events. A mid-term review exercises handled by LGFC, facilitated by an independent consultant and conducted after two (2) years of the plan. The final and externally facilitated evaluation shall be conducted at the end of the Strategic Plan period to look at performance impact and other key aspects. Major highlights of the M&E are:

Date	M&E activities
December 2008	Launch of the LGFC Corporate Strategy Plan 2008/9 – 2011/12
March 2009	Produce 3rd quarterly plan 2008/9
May 2009	Review Corporate strategy 2008/9
June 2009	Annual plan and Budget 2009 /10
Sept 2009	Produce 1st quarterly plan 2009/10
December 2009 and 2010	Produce 2nd quarterly plan 2009/10
March 2009 and 2010	Produce 2nd quarterly plan 2009/10
May 2010	Review of Corporate Strategy Plan
June 2010	Annual plan and Budget for 2010/11
December 2010	Corporate Strategy Mid term review
June 2011	Annual Plan and Budget 2011/12
May 2012	End of Term evaluation of Corporate Strategy Plan

7.0 STRATEGIC PLAN FINANCING

The estimated total budget to implement the LGFC Strategic Plan 2008-20012 is **UGX 32.992 billion**. The amount is distributed among the key priority areas over the four year period as follows:

Key Priority Areas	Total
Revenue distribution	5,662,000,000
Revenue Enhancement	7,841,500,000
Budget analysis & Tracking	2,693,000,000
Dispute Resolution	947,000,000
Institutional Issues	5,320,600,000
TOTAL	22,464,100,000
Operational Costs	10,528,800,000
GRAND TOTAL:	32,992,900,000

The indicative/available sources of funding for the strategic plan are:

Source	Amount (UGX. bn)	Contribution (% of total)
Government of Uganda	8.260	43.7%
LGSIP basket funding	10.608	56.3%
Total Indicative Available Funding	18.868	100%

The deficit of funds that results is as reflected below.

Funding	Amount (shs bn)	Percentage
Total Indicative/Available Funding	18.868	55.5%
Funding gap	14.124	44.5%
Total Budget Estimate:	32.992	100.00%

Annex 1: Logical Framework of the LGFC Strategic Plan

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
<p>GOAL 1:</p> <p>Improve Revenue distribution between CG and LGs for effective and efficient service delivery</p>	<p>SO 1.1 To Establish Equitable Share of National Resources for Effective Service Delivery in Local Governments</p> <ol style="list-style-type: none"> 1. Undertake periodic review of the FDS 2. Support the implementation of the FDS 3. Facilitate effective performance of the Local Government Budget Committee (including follow-ups) 4. Analyse recommendations of the National Standards of Service Delivery study undertaken by MoLG, sector policies and investment plans. 5. Conduct surveys related to LG funding and effective service delivery 6. Conduct research on implications of creation of new districts on service delivery 7. Conduct action research on administrative costs and implications on service delivery 	<ul style="list-style-type: none"> • Periodic Advisory Notes on revision of FDS • Periodic Advisory Notes on the recommended national revenue sharing formulae. • Periodic Advisory Notes on the effectiveness of LG service delivery • Advisory note on administrative costs and service delivery • Research report (s) on implications of creation of new districts on service delivery 	<ul style="list-style-type: none"> • FDS Review Reports • Advisory notes and Annual Reports • Service Delivery Satisfaction Survey Reports • Research Reports
	<p>SO. 1.2 To improve on the mechanisms for equitable sharing of funds among LGs</p> <ol style="list-style-type: none"> 1. Conduct action research to establish impact of grants on service delivery 2. Conduct review of the grants allocation formula and models in light of sector policies. 3. Regularly update factors for allocation of resource to include peculiar factors affecting the 	<ul style="list-style-type: none"> • Report on impact of grants on service delivery • Guidelines for transfer of funds to LLGs developed. • Periodic updated allocation formulae • Updated factors for resource allocation 	<ul style="list-style-type: none"> • Annual work plans • Annual Implementation Reports • Research Reports • Negotiation Agreements • Formula and Factors update Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	LGs 4. Facilitate negotiations on sector conditional grants and disseminate agreements 5. Facilitate follow-up and monitor agreements. 6. Support the process for extension of grants to lower LGs <ul style="list-style-type: none"> • Hold consultative dialogue with sectors to develop guidelines • Develop guidelines for transfer to lower LGs 	formulae (annual). <ul style="list-style-type: none"> • Research report(s) on revenue distribution and analysis of impact on service delivery. • Reports on consultations prepared • Guidelines prepared 	<ul style="list-style-type: none"> • Monitoring Reports • Consultation reports • Survey report
GOAL 2: To Enhance Local Revenue Mobilisation and Generation in LGs	SO 2.1: To identify and recommend sources of local revenue for LGs 1. Review the performance of current sources of local revenue 2. Conduct action researches on potential sources of local revenue 3. Hold consultations on revenue potentials in LGs. 4. Establish rates which LGs may apply for current and potential local revenue sources.	<ul style="list-style-type: none"> • Research Reports available and disseminated • Revenue sources documented and recommended to CG and LGs • Sources of revenue and rates implemented by LGs 	<ul style="list-style-type: none"> • Annual Implementation Reports • Research Reports • Consultation reports
	SO 2.2: To support the development and implementation of an effective Local Revenue education campaign 1. Prepare a local revenue education campaign plan 2. Support the development of guidelines for LGs in local revenue collection 3. Support the development of guidelines for Local Economic Development (LED) for LGs 4. Support the dissemination of local revenue education materials 5. Undertake media campaigns on local revenue enhancement 6. Undertake sensitisation of political/civic leaders and technocrats on local revenue enhancement. 7. Publish annual local revenue figures	<ul style="list-style-type: none"> • Approved local revenue education campaign plan • Proportion (%) of tax payers aware of relevant issues on local revenue • Proportion (%) of Political and Civic leaders aware about topical issues in local revenue • Percentage Increase in collection of local revenue by LGs • Number of workshops for LG leaders conducted • Annual publication of local revenue performance 	<ul style="list-style-type: none"> • Approved Annual work plans • Revised Communication Strategy • Mid/ End Term Evaluation Reports • Survey among target leaders • Annual Implementation Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	8. Conduct outreach activities on tax administration and management: <ul style="list-style-type: none"> • <i>Field visits and consultations</i> • <i>Exchange visits by Commissioners to benchmark the operations of commission</i> 9. Support local governments' organisations/associations of local governments for advocacy on new taxes	<ul style="list-style-type: none"> • Number of exchange visits by Commissioners • Trends or change in local revenue collection 	<ul style="list-style-type: none"> • Commission publications • Outreach Activity Reports • Implementation Reports from LG Associations
	SO 2.3: To support Local Governments' Revenue Collection <ol style="list-style-type: none"> 1. Support the operations of the Local Revenue Enhancement Coordinating Committee (LRECC) 2. Disseminate the incentive system in local revenue management to LGs and stakeholders 3. Support the review and development of guidelines for PPP in revenue collection 4. Support LGs in applying PPP revenue administration 5. Support the development of various guidelines for local revenue improvement. <ul style="list-style-type: none"> • <i>Review & update the Best Practices Guidelines in Revenue mobilisation & generation</i> • <i>Hold consultations on local Revenue improvement</i> • <i>Disseminate Local revenue improvement Best Practices guidelines</i> 6. Provide technical support to LGs on local revenues improvement strategies 7. Develop an M&E framework for Local revenue collection 8. Standardize and verify revenue data 9. Train LGs in utilising the M&E Tools for Revenue collection 10. Support the streamlining of royalties as a Local 	<ul style="list-style-type: none"> • Reports and minutes of LRECC meetings, field visits and study tours • Number of LG officials aware of best practices in local revenue enhancement • Number of LGs implementing the incentive system • Percentage increase in Local revue collections • Number of LGs applying PPPs and models in revenue collection • Availability of Local Revenue improvement Guidelines to LGs • Number of LGs aware of and applying local revenue improvement guideline • Number of sensitisation workshops in revenue improvement for LGs • M & E plan for local revenue collection developed • Number of LGs implementing the M & E plan for local revenue collection • Number of LGs with standardised and verified revenue data • A unified system for distribution of 	<ul style="list-style-type: none"> • Approved Annual work plans • Minutes and Reports of LRECC meetings and operations • Annual Implementation Reports • Workshop and training reports • LG Annual Budgets • Mid/ End Term Evaluation Reports • Survey Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	Revenue source: <ul style="list-style-type: none"> • Disseminate findings and recommendations from studies conducted • Develop a unified system for distribution of royalties • Facilitate consultations with LGs and key stakeholders on potential sources of royalties. 	royalties documented <ul style="list-style-type: none"> • Proportion of LGs aware of unified system for distribution of royalties • Number of LG staff trained in M & E of revenue collection • Number of LGs provided with technical support in revenue enhancement • No. of LG staff trained in revenue enhancement • Percentage increase of revenue from royalties 	
GOAL 3: To undertake effective analysis & tracking of Local Government budgets	So 3.1: To ensure annual LG BFPs and Budgets comply with legal requirements <ol style="list-style-type: none"> 1. Develop LG budget analysis framework 2. Develop mechanisms for the timely submission of /and feedback on LG budgets: <ul style="list-style-type: none"> • Develop mechanisms for incentives system for LGs for compliance 3. Conduct LG budget analysis 4. Provide timely/regular feedback to LGs and relevant stakeholders 5. Conduct stakeholder budget consultations 	<ul style="list-style-type: none"> • Advisory note on recommended incentives and sanctions for LGs • Number of LGs submitting quality budgets in time. • Number of LG budgets analysed • Number of feedback reports prepared and sent to LGs and stakeholders • Number of stakeholder budget consultations 	<ul style="list-style-type: none"> • List of Advisory Notes • Mid/ End Term Evaluation Reports • Annual Implementation Reports
	SO 3.2: To support capacity development of LGs for Budget Formulation <ol style="list-style-type: none"> 1. Undertake a capacity needs assessment of LGs 2. Provide technical assistance to LGs in budget preparation/formulation and processes. <ul style="list-style-type: none"> • Develop framework for analysis LG priorities related to national priorities • Train LG Staff 	<ul style="list-style-type: none"> • capacity needs assessment report • Framework for analysis of LG priorities and budgets developed • Number of LGs provided with training/technical assistance 	<ul style="list-style-type: none"> • Mid/ End Term Evaluation Reports • Survey reports • Annual Implementation Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	3. Provide technical back-up and monitor consultancies	<ul style="list-style-type: none"> • Number of LGs aware of the reward system, submission and feedback mechanism • Monitoring Report 	
<p>GOAL 4:</p> <p>Effective management and Resolution of Financial Disputes among LGs</p>	<p>SO 4.1: To assist LGs to amicably manage financial disputes</p> <ol style="list-style-type: none"> 1. Develop Guidelines on management of disputes among LGs 2. Create structures within the LGFC to manage dispute resolution and mitigation among LGs <ul style="list-style-type: none"> • <i>Define the constitution of the financial dispute resolution structure</i> • <i>Support the secretariat (in facilitation, witnesses handling, monitoring, contingency fund)</i> • <i>Provide for external input</i> 3. Create awareness of alternative dispute resolution mechanisms in LGs through; workshops, meetings, print guidelines etc 4. Develop mechanisms to monitor implementation of recommendations and emerging disputes 	<ul style="list-style-type: none"> • Dispute management guidelines available to LGs, Commissioners and Staff. • Approved Dispute resolution structure • Number of financial disputes handled or resolved • Number of LGs aware of LGFC's role in financial dispute management. • Availability of monitoring reports of LG financial disputes 	<ul style="list-style-type: none"> • Guidelines • Approved Annual work plans • Annual Implementation Reports • Annual reports • Survey Reports
<p>GOAL 5:</p> <p>Strengthen LGFC's Institutional Capacity for effectiveness and efficiency</p>	<p>SO 5.1: To develop and implement an institutional development plan</p> <ol style="list-style-type: none"> 1. Update the Human Resource Policy Manual 2. Develop and implement a Clients' Charter 3. Hold staff - recognition events 4. Conduct periodic team - building events 	<ul style="list-style-type: none"> • Human Resource Policy Manual updated • Client Charter developed • Annual Clients' Charter published and disseminated. • Number of staff recognised • Number of team-building events 	<ul style="list-style-type: none"> • Approved Annual work plans • Annual Implementation Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	<p>SO 5.2: To Implement the New Manpower and Organisation Structure</p> <ol style="list-style-type: none"> 1. Consult Ministry of Public Service and recruit staff as per structure. 2. Orient and train Commissioners and staff on the Corporate Strategy and the new manpower and organisation structure. 	<ul style="list-style-type: none"> • Number of staff positions on the new structure filled. • Number of orientation and training exercises undertaken on the Corporate Strategy and Manpower Structure 	<ul style="list-style-type: none"> • Annual Implementation Reports
	<p>SO 5.3: To develop staff skills for efficiency and effectiveness</p> <ol style="list-style-type: none"> 1. Undertake competency profiling in the areas of finance, accounting, budgeting etc and come out with needs assessment and skills–development/training plan. 2. Conduct a knowledge, attitude and practices (KAP) assessment 3. Monitor staff performance: <ul style="list-style-type: none"> • <i>Conduct bi-annual staff performance appraisal</i> 4. Implement a change management Plan 5. Implement skills development/training plan for Commissioners and staff: <ul style="list-style-type: none"> • <i>Attachments</i> • <i>Mentoring</i> • <i>Study tours</i> • <i>training</i> 	<ul style="list-style-type: none"> • Competency profiles report • KAP Assessment Report • Performance appraisal reports • Number of Commissioners and staff trained • Number of attachments, mentoring and study tours undertaken • Approved Change management plan 	<ul style="list-style-type: none"> • Approved Annual work plans • Staff Appraisal reports • Annual Implementation Reports

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	<p>SO 5.4: To develop and implement an effective Management Information Systems (MIS)</p> <ol style="list-style-type: none"> 1. Develop a functional Management Information System 2. Implement the MIS and the fiscal monitoring system: <ul style="list-style-type: none"> • Procure ICT equipment for the Databank • Procure appropriate software for fiscal data bank management • Train Commissioners and staff • Develop an IT Strategy • Develop information processing and dissemination policy for the Resource Centre • Develop Access to Information procedures. • Develop and implement a functional records management system • Computerising accounting and financial management and payroll management • Train Fiscal Data District focal point persons • Develop, implement and maintain an extranet and improve the intranet for the Commission 	<ul style="list-style-type: none"> • MIS developed and implemented • A functional Fiscal Data Bank in place • Number of Staff trained in MIS • Functional records and payroll management systems in place • Computerised accounting and financial management system • A functional resource centre • Functional intranet and extranet 	<ul style="list-style-type: none"> • Approved Annual work plans • Annual Implementation Reports • Inventory/Catalogue/Assets Register • Procurement reports
	<p>SO 5.5: To develop effective linkages and communication with key stakeholders</p> <ol style="list-style-type: none"> 1. Review and update the LGFC Communication Strategy 2. Operationalise the Communication strategy <ul style="list-style-type: none"> • Produce and disseminate information to targeted audiences • Improve and maintain Commission website 3. Develop a Corporate Branding plan 4. implement Corporate Branding Plan <ul style="list-style-type: none"> • train staff in client/customer care 	<ul style="list-style-type: none"> • An updated Communications strategy • Awareness of LGs and Civic leaders on topical issues identified by the communications strategy • Updated website • Percentage of stakeholders with a positive perception/attitude about image of the 	<ul style="list-style-type: none"> • Evaluation and survey reports • Technical reports • Annual Reports • Annual Work plans

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	<ul style="list-style-type: none"> • <i>Procure and distribute Corporate Brand materials</i> 	Commission	
	<p>SO 5.6: Develop and implement an effective M & E framework for the Commission 's activities</p> <ol style="list-style-type: none"> 1. Develop M&E framework 2. Train staff and commission in application of M & E framework. 3. Prepare annual Work plans 4. Undertake regular review of Corporate strategy implementation <ul style="list-style-type: none"> • <i>Regular review of work plans</i> • <i>Review Corporate Strategy after 6 months</i> • <i>Undertake annual review of the Corporate Strategy</i> • <i>Conduct mid-term and completion reviews</i> 5. prepare quarterly, progress and annual Implementation reports 	<ul style="list-style-type: none"> • An M & E framework for the Commission developed • Annual work plans prepared. • annual Corporate Strategy Review reports • Timely quarterly, progress and annual implementation reports prepared. • Periodic performance review reports prepared. 	<ul style="list-style-type: none"> • Annual Work Plans • Annual Implementation reports • Review reports • Mid-term evaluation Report • Final evaluation Report

Intervention logic	Activities	Performance indicators	Means of verification (MOV)
	<p>SO 5.7: To develop and implement a Framework for Effective Advice to Government and Local Governments</p> <ol style="list-style-type: none"> 1. Develop an effective strategy for providing advice to Government and LGs 2. Implement the Advice Strategy <ul style="list-style-type: none"> • <i>Establish contact/focal persons in key Government organisations and institutions.</i> • <i>undertake follow-up consultations</i> • <i>monitor follow-up process</i> • <i>train Commissioners on Advice Strategy</i> 3. Prepare and submit LGFC Annual Reports to Parliament 4. prepare and submit Advisory Notes to key Government stakeholders 5. Prepare and disseminate translated and user-friendly versions technical, research and study reports. 	<ul style="list-style-type: none"> • Approved strategy for providing advice to government and LGs. • Contact/focal persons established in key Government institutions and organisations. • Feedback on advice provided • Commissioners and staff trained. • Translated and user-friendly reports prepared 	<ul style="list-style-type: none"> • Annual Implementation reports • Approved Annual work plans

Annex 2: Implementation Schedule

Revenue Distribution

GOAL 1 : To improve Revenue Distribution between CG and LGs for effective and efficient service delivery	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Objective 1.1: To develop mechanisms for improving adequacy of LG resources for effective service delivery																
1. Undertake periodic review of the FDS																
2. Support the implementation of the FDS																
3. Facilitate the effective performance of the LGBC																
4. Analyse recommendations of the National Standards of service delivery study by the MOLG, sector policies and investment plans																
5. Conduct surveys related to LG funding & effective service delivery																
6. Conduct action research on administrative costs & implications on service delivery																
STRATEGIC OBJECTIVE SO 1.2:																
To improve on the mechanisms for equitable sharing of funds among LGs																

GOAL 1 : To improve Revenue Distribution between CG and LGs for effective and efficient service delivery	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. Conduct action research on impact of grants on service delivery																
2. Conduct review of the grants allocation formula and models in light of sector policies																
3. Regularly update factors for allocation of resources to include peculiar factors affecting the LGs																
4. Facilitate negotiations on sector conditional grants and disseminate agreements																
5. Facilitate follow ups and monitor agreements reached																
6. Support framework for transfer of funds to lower LGs																

Local Revenue Enhancement

GOAL 2: To Enhance Local Revenue Generation in LGs	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
STRATEGIC OBJECTIVE 2.1: To identify and recommend local revenue sources for LGs																
1. Review the performance of current sources of local revenue		■	■	■		■	■	■		■	■	■		■	■	■
2. Conduct action researches on potential local revenue sources					■							■				
3. Hold stakeholders consultations on revenue potentials in LGs						■					■			■	■	
4. Establish rates which LGs may apply (for current & potential local revenue sources)						■						■				
Strategic Objective 2.2: To develop and implement an effective Local revenue Education campaign																
1. Prepare a local revenue education campaign plan					■											
2. Support the development of guidelines for LGs in local revenue collection					■											
3. Support the development of guidelines for local economic development for LGs						■										
4. Support the dissemination of Local revenue education materials					■	■			■	■			■	■		
5. Undertake media campaigns on local revenue enhancement					■	■	■	■	■	■	■	■	■	■	■	■
6. Undertake sensitisation of political/civic leaders and technocrats on local revenue enhancement				■			■				■					■
7. Publish annual local revenue figures			■				■				■				■	
8. Conduct outreach activities on local revenue administration and management (field visits, exchange visits etc)				■								■				■

GOAL 2: To Enhance Local Revenue Generation in LGs	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
9. 10. Support LGs' organisations/associations for advocacy on local taxes																
Strategic Objective 2.3: To support Local Governments' Revenue Collections																
1. Support the operations of the LRECC																
2. Disseminate the incentive system to LGs and stakeholders																
3. Support the review and development of guidelines for PPP in revenue administration																
4. Support LGs in applying PPP in revenue administration																
5. Support the development of various guidelines for local revenue improvement:																
• <i>Update the best practices guidelines in Revenue mobilisation and generation</i>																
• <i>Hold consultations on local revenue improvement</i>																
• <i>Disseminate best practices guidelines</i>																
6. Provide technical support to LGs on local revenues improvement strategies																
7. Develop an M&E framework for Local revenue collection																
8. Standardize and verify revenue data in LGs																
9. Train LGs in utilising the M&E tools for revenue collection																
10. Support the streamlining of royalties as a local revenue source.																

GOAL 2: To Enhance Local Revenue Generation in LGs	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
• Disseminate findings & recommendations of relevant studies available or conducted.		■			■		■			■			■		■	
• Develop a unified system for distribution of royalties						■										
• Undertake consultations with LGs and key stakeholders on potential sources of royalties	■				■				■				■			

Budget Analysis

GOAL 3: To Undertake effective analysis and tracking of Local Government Budget process	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Objective 3.1: To ensure that annual LG BFPs and budgets comply with legal requirement																
1. Develop LG budget analysis frameworks																
2. Develop mechanisms for the timely submissions of /and feedback on LG budgets																
• <i>Develop mechanisms for incentives system for LGs for compliance.</i>																
• <i>Develop mechanisms for the timely submission of/and feedback on LG budgets</i>																
3. Conduct LG budget analysis																
4. Provide timely/regular feedback to LGs & relevant stakeholders																
Strategic Objective 3.2: To support capacity development of LGs for budget formulation																
1. Undertake a capacity needs assessment of LGs																
2. Provide technical assistance to LGs in the budget preparation/formulation and processes through design of framework for LGs' analysis of priorities relative to national priorities and training of LG staff																

GOAL 3: To Undertake effective analysis and tracking of Local Government Budget process	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
3. Provide technical back up and monitor consultancies																

Dispute Resolution

GOAL 4: To enhance Dispute Resolution and Mitigation	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Objective 4.1: To assist LGs to amicably manage financial disputes																
1. Develop Guidelines on management of disputes among LGs			■	■												
2. Create structures to manage dispute resolution and mitigation among LGs				■												
• <i>Define the constitution the LG Financial Dispute Resolution Tribunal</i>				■												
• <i>Support the operation of the tribunal (in facilitation, witnesses handling, monitoring, contingency fund)</i>				■	■	■	■	■	■	■	■	■	■	■	■	■
• <i>Provide for external input to support the tribunal</i>				■	■	■	■	■	■	■	■	■	■	■	■	■
3. Create awareness of LGs of alternative dispute resolution mechanisms						■				■					■	
4. Monitor implementation of recommendations and emerging disputes					■				■				■			

Institutional Development

Goal No. 5: To Strengthen LGFC's Capacity for Efficiency and Effectives	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Objective no. 5.1: To develop and implement an Institutional Development Plan																
1. Update the Human Resource Policy Manual				■												
2. Develop and implement a Client s' Charter				■												
3. Hold Staff Recognition events					■				■					■		
4. Conduct periodic team - building events				■		■					■			■		
Strategic Objective 5.2: To implement the New Manpower and Organisation structure review																
1. Consult Ministry of Public Service and recruit staff as per structure				■												
2. Orient and train Commissioners and staff on the Corporate Strategy and New Manpower and Organisation Structure				■												
Strategic Objective 5.3: To develop staff skills for efficiency and effectiveness																
1. Undertake competency profiling and come out with a training needs assessment and skills-development/training plan					■	■										
2. Monitor staff performance																
• <i>Conduct bi-annual staff performance appraisal</i>		■		■		■		■		■		■		■		■

Goal No. 5: To Strengthen LGFC's Capacity for Efficiency and Effectives	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
3. Develop a change management Plan																
• <i>Implement change-management plan</i>																
4. Implement a skills development/training plan for Commissioners and staff																
• <i>Attachments</i>																
• <i>Mentoring</i>																
• <i>Study tours</i>																
• <i>Training</i>																
Strategic Objective 5.4: To develop and implement an effective Management Information System																
1. Develop a functional MIS																
2. Implement MIS																
• <i>Procure ICT equipment</i>																
• <i>Procure appropriate software for fiscal data bank management</i>																
• <i>Train Commissioners and staff</i>																
• <i>Develop IT strategy</i>																
• <i>Develop information processing and dissemination policy for the Resource Centre</i>																

Goal No. 5: To Strengthen LGFC's Capacity for Efficiency and Effectives	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
• <i>Develop Access to Information procedures</i>																
• <i>Develop and implement a functional records management system</i>																
• <i>Train Fiscal data LG focal point persons</i>																
• <i>Computerise accounting and financial management and payroll management</i>																
Strategic Objective 5.5: To develop effective linkages and communication with key stakeholders																
1. Conduct knowledge, attitude and practices (KAP) assessment																
2. Review and update the LGFC Communication Strategy																
3. Operationalise the Communication strategy																
• <i>Produce and disseminate information to targeted audiences</i>																
• <i>Regularly update and maintenance of Commission website</i>																
4. Develop a Corporate Branding plan																
5. Implement Corporate Branding plan																
• <i>Train staff in Client/Customer care</i>																
• <i>Procure and distribute branding materials</i>																
6. Develop , implement & maintain an extranet and improve the intranet for LGFC																

Goal No. 5: To Strengthen LGFC's Capacity for Efficiency and Effectives	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
STRATEGIC OBJECTIVE 5.6:																
Develop and implement an effective M & E framework for the Commission's activities																
1. Develop an M&E framework			■													
2. Train Commissioners and staff in application of M&E framework				■												
3. Provide for external support to the Commission in monitoring and evaluation of implementation of the strategy					■				■				■			
4. Prepare annual Work plans				■				■				■				■
5. Undertake regular reviews of the Corporate strategy implementation																
• <i>Conduct periodic review of work plans</i>				■		■		■		■		■		■		■
• <i>Review Corporate Strategy after 6 months of launch/start of implementation</i>		■														
• <i>Undertake annual review of the Corporate Strategy</i>				■				■				■				■
• <i>Conduct mid- term and completion reviews</i>								■								■
4. Prepare quarterly, progress and annual Implementation reports	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Strategic Objective 5.7: To develop framework for effective advice to Government and Local Governments																
1. Develop an effective strategy for providing advice to Government					■											

Goal No. 5: To Strengthen LGFC's Capacity for Efficiency and Effectives	2008/09				2009/10				2010/11				2011/12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
and LGs																
2. Implement the Advice Strategy:																
• Establish contact/focal persons in key Government organisations/institutions																
• Undertake follow-up consultations																
• Train Commissioners and staff on Advice Strategy (Advocacy/lobbying)																
3. Prepare and submit Annual reports to Parliament																
4. Prepare and submit Advisory Notes to Government																
5. Prepare and disseminate translated and/or user-friendly versions of technical, research or study reports.																
Procure Logistical Facilities and Equipment																
1. Procurement of Motor Vehicles (in year 2, in Year 3 and year 4)																
2. Procurement of Office Equipment & Furniture																