

UGANDA

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **LOW INCOME** Local currency - **Ugandan shilling (UGX)**

POPULATION AND GEOGRAPHY

AREA: **236 860** km²

POPULATION: **37.8** million inhabitants (2014),
an increase of 3.3% per year (2010-14)

DENSITY: **160** inhabitants/km²

URBAN POPULATION: **16.1%** of national population

CAPITAL CITY: **Kampala** (5% of national population)

Sources: World Bank database ; UNDP-HDI, ILO

ECONOMIC DATA

GDP: **66.9** billion (current PPP international dollars)
i.e. 1 771 dollars per inhabitant (2014)

REAL GDP GROWTH: **4.8%** (2014 vs 2013)

UNEMPLOYMENT RATE: **3.8%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **1 147** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **27.5%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.483** (low), rank **163**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT COMPETENCES

| MUNICIPAL LEVEL | INTERMEDIATE LEVEL | REGIONAL OR STATE LEVEL | TOTAL NUMBER OF SNGs |
|---|--------------------|-----------------------------------|----------------------|
| 196 | - | 112 | 308 |
| LOCAL GOVERNMENT COUNCILS AND MUNICIPALITIES AVERAGE MUNICIPAL SIZE: 192 700 INHABITANTS | | 111 DISTRICTS + 1 CITY COUNCIL | |

MAIN FEATURES OF TERRITORIAL ORGANISATION. Uganda is a unitary country with a two-tier level of government. The higher-tier of government is made of 111 districts and 1 City Council, under which there are 174 lower Local Governments Councils and 22 municipalities. Local governments councils have directly elected representatives that are accountable to the citizens, and have legislative and executive powers. Besides, Administrative Units Councils are political advisory bodies on planning and implementation of services, to assist local governments councils. Decentralization in Uganda began in 1986 with the aim to promote people's participation in the democratic process of the State of Uganda, and to improve service delivery and proximity with the citizens. This first took the form of Administrative Units – Resistance Councils (RC) characterizing from the village to district levels. Uganda's 1995 constitution and 1997 Local Government Act gave finally effect to the devolution of functions, specifying five levels of local government – district, county, sub-county, parish and village, among which the districts and local government unites (sub-counties) have political authority and financial autonomy.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. Local governments, in particular districts, play a key role in public service provision. They are responsible for major functions and services previously carried out by the central government. However, all decisions and assignment responsibilities remain at the center, in particular regarding healthcare and education. District councils are responsible for functions and services including: primary, secondary, trade, special and technical education; hospitals other than hospitals providing referral and medical training; health centers, dispensaries and aid posts; the construction and maintenance of roads; provision of water supplies; agricultural extension services, land administration and surveying; and community development. Semi-autonomous agencies play an important role in Ugandan service delivery, and include 9 universities, 13 district referral hospitals, missions abroad and the Uganda revenue Authority, among others. Finally, urban councils are responsible for service delivery in urban areas and they enjoy both financial and planning autonomy.

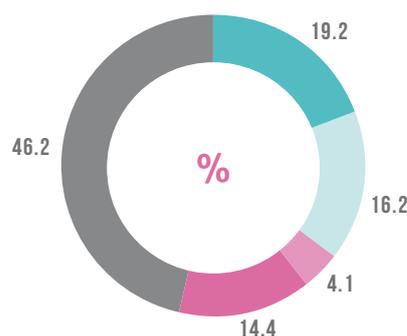
SUBNATIONAL GOVERNMENT FINANCE

| EXPENDITURE | % GDP | % GENERAL GOVERNMENT (same expenditure category) | % SUBNATIONAL GOVERNMENT |
|---------------------------------|-------------|---|--------------------------|
| TOTAL EXPENDITURE (2013) | 3.1% | 16.5% | 100% |
| CURRENT EXPENDITURE | 2.9% | - | 93.0% |
| STAFF EXPENDITURE | 1.6% | 75.5% | 52.6% |
| INVESTMENT | 0.2% | 5.1% | 7.0% |

At the national level there was a decline in public expenditures in 2013 compared to 2012, characterized by a general reduction of capital ("development") expenditures. Yet at the subnational level, the amount of subnational expenditures has increased. Most subnational expenditures were dedicated to recurrent expenditures, in particular the payment of wages and salaries and for use of goods and service.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE



In 2013, the Education sector represented the largest component of Local Government expenditure accounting for 46 percent -1.4% of GDP), followed by public administration which accounted for 19% percent of the total Local Government expenditures, economic affairs (16%, mainly on agriculture and roads) and health (14%). Subnational governments, particularly district levels, play an important role in education, health, and housing and community services in terms of public investments (whereas the decisions are still made mainly at the central level).

| REVENUE BY TYPE | % GDP | % GENERAL GOVERNMENT (same revenue category) | % SUBNATIONAL GOVERNMENT |
|----------------------|-------|---|--------------------------|
| TOTAL REVENUE (2013) | 3.1% | 19.2% | 100% |
| TAX REVENUE | 0.0% | 0.4% | 1.5% |
| GRANTS AND SUBSIDIES | 3.0% | | 96.3% |
| OTHER REVENUES | 0.1% | | 2.2% |

Subnational governments total revenues in 2013 accounted for 3.1% of GDP and 19.2% of general government revenue. At the subnational level, around 91% of these revenues were from the level of districts, and only 8% from urban authorities (town councils and municipalities). These revenues are for the major part made of grants and subsidies (96%). It must be noted that this year, at the national level, there was a reduction of external donor grants to the general government budget.

TAX REVENUE. Subnational revenues are locally set and raised, and then redistributed to districts and municipalities. In 2013, subnational own-source revenues were declining, compared to the high devolution of responsibilities. Due to the temporary suspension of the former graduated tax in 2005, tax revenues are limited mainly to the property tax, and to a series of additional taxes that need to be approved by the central cabinet, including local government service tax, hotel tax, local motor vehicle tax.

GRANTS AND SUBSIDIES. Intergovernmental transfers, the main source of local government revenues, are gaining further importance. A revenue sharing arrangement ensures that all local governments councils share locally-raised revenue that is redistributed by formula as grants. Most transfers are sector-specific, conditional grants (mostly for recurrent expenditures). Other types of transfers include equalisation grants and unconditional grants that are mainly used to cover compulsory administration costs. However this complex system of transfers from the bottom often leads to issues of allocation and political manipulation.

OTHER REVENUES. Other revenues include user charges and fees, fees such as parking fees, licences and permits, fines, interest on investments, rent from lease of property, donations, contributions and endowments, market dues, etc. Yet their magnitude is limited by local weak administrative capacities and weak tax collection performance.

| OUTSTANDING DEBT | % GDP | % GENERAL GOVERNMENT |
|-------------------------|-------|----------------------|
| OUTSTANDING DEBT (2013) | - | - |

Local governments in Uganda are allowed to borrow and to issue bonds in Ugandan shillings, and are subjected to the rules under the Local Government Act Cap 243, and with the approval of the Ministry of Local Government and Capital Market Authority. Borrowing is allowed by law, but confined to a maximum of 25 per cent of own-source revenues. Pooled financing is encouraged in the National Guidelines for small and medium local governments. The financial sector is evolving but market financing has yet not been pursued at the municipal level.

A joint-study of:



Sources: IMF-GFS • Ministry of Local Governments of Uganda • R. Kabeba Muriisa (2008), Decentralisation in Uganda: Prospects for Improved Service Delivery, Africa Development, Vol. XXXIII • Secretariat Local Government Reform (2010) Municipal Infrastructure Financing, Innovative Practices from Developing Countries, Commonwealth, Series Number 2 • 2014 and 2015 Statistical Abstracts, Uganda Bureau of Statistics