



Leaders from Southern and Eastern Africa Trade Information and Negotiations Institute with the local council officials after the five-day Resident Mentor programme aimed at fixing revenue leaks at Eureka Place Hotel in Kampala recently

By Ali Twaha

Urban councils are set to fall short of the sh1 trillion local revenue target they set for themselves, with own-source revenue for the 2026/27 financial year projected at only sh399b, less than half the goal.

That gap was at the centre of discussions during Southern and Eastern Africa Trade Information and Negotiations Institute's (SEATINI) inaugural Resident Mentors Training on Local Revenue Mobilisation, Allocation, Utilisation and Accountability for Improved Service Delivery, a five-day programme that brought together finance, commercial and administrative officials from selected municipal and town councils.

The training started on August 31 and ended on September 5 at Eureka Place Hotel in Kampala.

URBAN COUNCIL LEADERS TRAINED TO FIX REVENUE LEAKS

"When you look at the 2025/26 financial year, local governments were planning to hit one trillion. But when you look at what is being projected in this budget for financial year 2026/2027, local revenue or own source revenue is projected to contribute sh399b. That means they have not even reached half of the trillion which they are supposed to get," Aloysious Kittengo, the programme co-ordinator of financing for development at

SEATINI, said.

The training was organised under SEATINI's Sustaining Tax and Revenue Improvement for Development programme, which is supported by the Embassy of Ireland. It targets five municipal councils and five town councils.

"Municipal councils are more independent, and in terms of growth, they are better, but also their obligation in terms of service delivery is a bit different from those of town councils,"

Kittengo said.

Erick Kinobe, the deputy town clerk of Mityana municipal council, said the training offered practical tools rather than theory. He said automation of revenue collection is one of the clearest fixes available to councils.

"The training has really been long overdue, because we have seen a number of things that can better our performance, lead us into better mobilisers, and we realise really higher revenues. The service delivery shall have

to improve because of the high local revenues," Kinobe said.

The resident mentors are now expected to return to their municipal and town councils and apply what they learnt across the full revenue cycle, from enumeration, assessment to billing, among others.

Kinobe said putting more revenue sources onto the digital system set up by the finance ministry would close gaps that have allowed some collectors to extort taxpayers in the field.

WHY RESIDENT MENTORS?

Kittengo said the mentors were selected to give the programme staying power once the project itself winds down.

"Most of the time, you find that a project comes and goes, mostly one, two, three years, and you don't even trace where the project was operating," he said.

According to the local government finance commission, own source revenue collected by local governments has grown steadily in recent years, from about sh256.4b in 2020/21 to sh405.7b in 2023/24.

But that growth has not kept pace with the sh1 trillion target that the commission set after the roll-out of the Integrated Revenue Administration System, and it remains dwarfed by central government transfers to local governments.

By Simon Okitefa

The Government says it expects to mobilise about sh1 trillion annually from the new contributory public service retirement scheme when it takes effect on July 1, next year, a move expected to strengthen Uganda's pension system and deepen long-term domestic savings.

The scheme will require public servants to make regular contributions towards their retirement, ending the country's long-standing reliance on a largely non-contributory public service pension arrangement.

Speaking during the 2nd Annual Thought Leaders' Forum on Pension organised by the Uganda Insurers Association held at Sheraton Kampala Hotel last week, Ministry of Public Service commissioner Bua Victor Leku said the projected annual collections would come from contributions by about 365,000

public servants.

The forum, held under the theme, *Expanding Pension Coverage through Insurance Innovation, Partnerships and Financial Inclusion*, brought together stakeholders from the pension and insurance industries.

Leku said under the amendments to the Public Service Pension Fund Act, 2025, public servants will contribute 5% of their gross monthly salaries, while the Government will make an additional contribution equivalent to 10%.

"The contributions are expected to create a substantial pool of long-term capital that can be invested to generate returns while providing public servants with greater financial security after retirement," Leku said.

CALL FOR INCLUSION

Anthony Nsubuga, the chief executive officer of the Uganda Retirement Benefits Regulatory Authority, urged players to offer members cheaper and user-friendly platforms while partnering with fin-techs that already have footprints across the country. This equally boosts financial inclusion.

He said the Government projects that the Public Service Pension Fund could accumulate as much as sh40

trillion in assets under management over the next 15 years, underscoring the potential scale of the new retirement savings system.

REGULATOR WEIGHS IN

Anthony Nsubuga, the chief executive officer of the Uganda Retirement Benefits Regulatory Authority, said the introduction of the contributory scheme comes handy as Uganda seeks to expand pension coverage and mobilise more domestic savings for investment.

Nsubuga said the goal is to ensure that the informal sector is not left behind in this drive, with figures showing that to date, a paltry four million Ugandans are covered under the pension fund.

"Imagine the population covered is just under 4 million. This means that out of the 26 million working population, 22 million remain unattended too. We need to generate a real conversation and I want to ensure that the insurers innovate more," Nsubuga said.

OPPORTUNITIES IN SIGHT

Jonan Kisaky, the chief executive officer of the Uganda Insurers Association, was thrilled by the potential that the pension sector offers, saying the country needs a multi-sectoral approach to increase pension coverage, particularly among workers in the informal sector who remain outside formal retirement schemes.