



**IN THE MATTER OF THE CONSTITUTION OF THE REPUBLIC OF UGANDA
AND THE LOCAL GOVERNMENTS ACT CAP 243**

AND

**IN THE MATTER OF A CONDITIONAL GRANT UTILIZATION AGREEMENT
FOR FINANCIAL YEAR 2017 – 2018**

BETWEEN

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

AND

LOCAL GOVERNMENTS

THIS Agreement is made this 8th day of **November 2016** between the **Ministry of Trade, Industry and Cooperatives** of P.O. Box 7103, **Kampala** (hereinafter referred to as the **"First Party"**) of the one part and which expression where the context so permits shall include its assignees, representatives and anyone acting under its authority, and **the Local Governments represented by Uganda Local Government Negotiation and Advocacy Team (UNAT)** of c/o P.O. Box 23120 or P. O. Box 23092 Kampala (hereinafter referred to as the **"Second Party"**) of the other part and where the context so permits shall include its assignees, representatives and any one acting under its authority. For purpose of this Agreement, the two shall be jointly referred to as **"the Parties"**.

Preamble:

Article 193(3) of the Constitution of the Republic of Uganda and Section 83(3) of the Local Governments Act Cap 243 provide that *"Conditional grants shall consist of monies given to local governments to finance programmes agreed upon between the Government and local governments and shall be expended only for purposes for which it was made in accordance with the conditions agreed upon"*. The above provision requires the expenditure of the conditional grants on agreed programmes and in accordance with the conditions agreed upon and this necessitates for the Local Governments to sit together with the Sector Ministries to agree upon the programmes and conditions for implementation.

Pursuant to the above, the Uganda Local Governments Association and Urban Authorities Association of Uganda, acting on behalf of the Local Governments, established the Uganda Local Governments Negotiation and Advocacy Team



(UNAT) in 2004 with the aim of representing them and negotiating on their behalf, with the Sectors, the conditions for Conditional Grants utilization.

The UNAT is constituted by members of Uganda Local Governments Association and Urban Authorities Association of Uganda.

The Negotiations are organized and chaired by the Local Government Finance Commission, and witnessed by LGFC, Ministry of Local Government, Ministry of Finance Planning and Economic Development, Ministry of Public Service, Office of the Prime Minister and the National Planning Authority.

WHERE AS

1. The Ministry of Trade, Industry and Cooperatives has the statutory responsibility for sector policy, sector planning, inspection, supervision, monitoring, regulation, coordination, mentoring, and provision of technical guidance to Local Governments in the implementation of Sector programmes
2. The Local Governments are the implementers of Government programmes within their locality and jurisdiction in accordance with the Constitution of the Republic of Uganda and the Local Governments Act Cap 243.
3. Both parties have a common objective of implementing agreed upon conditions for expenditure of the Conditional Grants.

NOW THEREFORE, having deliberated and negotiated, the parties do hereby agree to work together towards achieving the above common goal and in so doing, the Parties agree to be bound by the terms and conditions as stipulated here below.

1. Agreement

- a) The Agreement shall come into effect from the date of execution hereto by the parties appending their signatures, to 30th June 2017, subject to mid-term review.
- b) Modification of the terms and conditions of this Agreement shall only be made by written and signed Agreement between the Parties hereto.
- c) None of the parties to this Agreement shall be held liable on any of their obligations herein if owing to an occurrence or event beyond their control or reasonable foresight and without negligence on their part, execution of this Agreement has been rendered impossible. In such circumstances, the parties shall mutually agree on the appropriate way forward.
- d) Failure to implement any of the provisions of this Agreement by any of the parties shall be communicated to the affected party by the defaulting party within two (2) months from the date of failure to implement. The notification shall clearly state the reasons for failure and shall be delivered at the duly appointed and known address of the Local Government Finance Commission,

with copies to Uganda Local Governments Association (ULGA), Urban Authorities Association of Uganda (UAAU), Ministry of Local Government, Ministry of Finance Planning and Economic Development, National Planning Authority, Office of the Prime Minister and Ministry of Public Service.

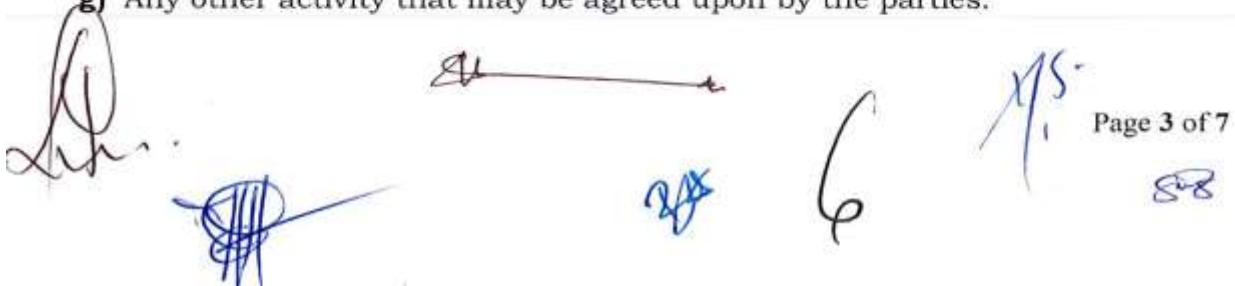
Purpose

The purpose of this Agreement is to define and set out the terms and conditions for the expenditure of the conditional grants for the financial year 2017/2018 in the Trade, Industry and Cooperatives Sector.

Mid-term Review March 2017.

The Parties shall have a mid-term review to discuss the progress in implementation; highlight challenges faced and make recommendations to improve implementation. This review shall be organized with the following framework:

- 1) There shall be a Joint Technical Committee (JTC) comprising of Thirteen (13) members drawn in the following ratio ;
 - a) Local Government Finance Commission: 2
 - b) Uganda Local Governments Association: 2
 - c) Urban Authorities Association of Uganda :2
 - d) Ministry of Trade, Industry and Cooperatives: 2
 - e) Office of the Prime Minister: 1
 - f) Ministry of Finance, Planning and Economic Development : 1
 - g) Ministry of Local Government: 1
 - h) Ministry of Public Service: 1
 - i) National Planning Authority: 1
- 2) The Local Government Finance Commission shall be the Chair and Secretariat of the Joint Technical Committee.
- 3) The JTC shall sit on a quarterly basis at a time and place determined and communicated by the Local Government Finance Commission.
- 4) The Joint Technical Committee shall execute the following tasks.
 - a) Oversee implementation of the Agreements and monitor the progress of both parties.
 - b) Ensure that the Agreements are disseminated to all stakeholders.
 - c) Conduct a mid-term review of the implementation process so as to obtain feedback and disseminate it to the parties.
 - d) Identify the non-complying parties and make recommendations to MoFPED, and Office of the Prime Minister for appropriate action.
 - e) Handle any other emerging issues.
 - f) The Joint Technical Committee shall report to the respective Policy Organs of their Institutions.
 - g) Any other activity that may be agreed upon by the parties.

The bottom of the page features several handwritten signatures and initials. On the left, there is a large, stylized signature in black ink. Below it, there is a blue ink signature. In the center, there is a horizontal line with a small mark above it, and below that, a blue ink signature. To the right of the center, there is a large, stylized '6' or 'G' in black ink. Further right, there is a blue ink signature. On the far right, there is a blue ink signature and the text 'Page 3 of 7'.

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2. General Obligations of the Parties.

The Parties shall perform the services and carry out their obligations with all due diligence, efficiency, and effectiveness.

Obligations of the Ministry of Trade, Industry and Cooperatives.

The Ministry shall;

- a) Prepare and disseminate the final sector and grant utilization guidelines for (FY 2017/2018) not later than end of December 2016.
- a) Include the signed Agreement for the Financial Year 2017/18 as an annex to its Ministerial Policy Statement.
- b) Prepare and issue to Local Governments, grant utilization Guidelines for the subsequent financial year by end of the month of March of the preceding Financial Year.
- c) Communicate through circulars addressed to the Chief Administrative Officers and Town Clerks, the issues agreed upon in the Negotiations for local governments to implement in their respective sectors.
- d) Implement its obligations in accordance with this Agreement.

Obligations of the Local Governments.

Local Governments shall;

- a) Through their constituent organizations (ULGA and UAAU) disseminate to their members the signed Agreements.
- b) Implement their agreed obligations in accordance with this Agreement and the guidelines issued by the MoTIC.
- c) Ensure timely response to issues raised by the Sector Ministry.
- d) Provide timely and accurate data on their plans, outputs and status on programme implementation to the MoTIC.

3. SPECIFIC OBLIGATIONS OF THE PARTIES.

1. Commercial Services and Trade at Local Governments.

MTIC reported that as per the agreed actions in FY 2016/17, cabinet approved the new structure and an implementation guideline was circulated to all LGS.

MoPS proposed that LGs consult their budgets for funds for recruitment so that those with funds go ahead and recruit. Those LGs without funds in their budgets should submit their recruitment plans to MoPS.

7/5/17



It is agreed that;

- i. **All LGs with recruitment funds shall carry out recruitment using the available funds.**
- ii. **All LGs without recruitment funds shall submit their recruitment plans to Public Service by 30th November 2016.**

2. Funding of Commercial Services and Trade functions in the Local Governments

It was noted that;

- i) Many Districts and Municipalities have not accessed the appropriate amounts corresponding to the percentage mentioned in the guidelines much as it was rolled out in FY 2016/17. (Additional funding of UGX 2.3B made for commercial services by MoFPED)
- ii) The communicated percentage guidelines are not adhered to by LGs regarding the formulae to be applied for the use of funds.
- iii) UNAT proposed that funds for production and DCO should be separated in the grant.

It is agreed that;

- (a) **LGs shall adhere to the rules that were set for the use of the additional funds.**
- (b) **MoFPED and LGFC shall arrange a meeting to provide more information on the new grants allocation formulae to UNAT .**
- (c) **MoTIC shall communicate to LGs and UNAT the details of each grant guideline.**
- (d) **MoTIC shall engage MoFPED to provide sufficient funds to LGs to deliver the required services.**

3. Trade Licensing

It was noted that the trade and Licensing Act was amended to provide for 2 more grading areas.

MoTIC further noted that in order to come up with an appropriate instrument, LGs had been required to forward their grading proposals to the Ministry.



However, MoTIC pointed out that less than ¼ of the grading proposals have been received from LGs for grading of Business Areas. This makes it difficult to determine trade fees/rates.

It is agreed that;

- (a) LGs shall complete the grading of business areas as required under the Licensing Amendment Act 2015 after which MTIC will develop the rates and grades.**
- (b) MTIC shall provide a list of districts/ urban authorities which have not yet submitted the proposal for grading of business areas, to UNAT.**
- (c) UNAT shall work with MoLG to resolve the issue with the listed LGs.**

4. Buy Uganda Build Uganda

It was noted that this is a brilliant policy aimed at promoting Ugandan goods; however its benefits are not well known to all stakeholders.

UNAT observed that the strategies for promoting this policy are not clearly spelt out to address issues of marketing and post-harvest handling, pricing, and quality management.

It is agreed that;

- (a) Government shall make deliberate effort to sensitize the public on the importance of "Buy Uganda Build Uganda"**
- (b) The National Bureau of standards shall work closely with LGs to ensure quality of products produced in the country match the required standards.**
- (c) LGs shall encourage the public to make use of the 5 UNBS regional offices to simplify the certification of goods for both local and international markets.**

5. Produce and marketing policy

MTIC is preparing a draft policy on produce and marketing.

UNAT proposed that the draft should be shared with LGs and other stakeholders.

It is agreed that MoTIC shares the draft policy with LGs and other



stakeholders.

IN WITNESS WHEREOF the appointed representatives of Parties hereto have set their hands on this Agreement on the day, month and year first above written.

Signed for and On Behalf of **Local Governments:**

By: Mr. George Mutabazi

.....
Authorised Representative
UNAT

Signed for and on behalf of the **Ministry of Trade, Industry and Cooperatives**

By: Amb. Julius Onen

.....
Permanent Secretary

MoTIC

IN WITNESS HEREOF:

(Authorised Representative)

Mrs. SARAH NAMBASA MUKASA

.....
VICE CHAIRPERSON LGFC

Mr. SSEBYALA MOHAMMED

.....
MOLG

Mr. OMAIDO SAM

.....
MOFPED

Ms. SAMALIE IBANDA

.....
MOPS

Mr. DAVID KATUNGI

.....
NPA

Mr. HORRACE BASHALJA

.....
OPM