



THE REPUBLIC OF UGANDA

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

CONDITIONAL GRANT UTILIZATION AGREEMENT

FOR FINANCIAL YEAR 2017 – 2018

BETWEEN

MINISTRY OF GENDER, LABOUR AND SOCIAL DEVELOPMENT

AND

LOCAL GOVERNMENTS

THIS Agreement is made this 10th of November 2016 between the Ministry of Gender, Labour and Social Development (MGLSD) of P.O. Box 7136 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 "*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 require the expenditure of the conditional grants in accordance with the conditions agreed upon and this necessitates for the Local Governments to sit together with the sector ministries (Government) to agree upon the conditions

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 an 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 and Ministry of Public Service.

WHERE AS

1. The Ministry of Gender, Labor and Social Development has the statutory responsibility of inspection, supervision, monitoring, regulation, coordination, mentoring, and provision of technical guidance to Local Governments in the implementation of Government 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 1995 and the Local Governments Act Cap 243;

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3. Both parties have a common objective of implementing agreed upon conditions for expenditure of the conditional grants.

NOW THEREFORE, having deliberated and negotiated, 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 on the date of last endorsement of signature and shall run until 30th June 2018.
- 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.

2. 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 Social Development Sector.



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3. Mid-Term Review (April 2017)

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

- 1) There shall be a Joint Technical Committee (JTC) comprising of six (6) members drawn in the following ratios;
 - a) Local Governments Finance Commission: 2
 - b) Uganda Local Governments Association: 2
 - c) Urban Authorities Association of Uganda : 1
 - d) Ministry of Gender, Labor and Social Development: 2
- 2) It is agreed that the following shall be ex-officio members to the Committee for purposes of providing technical guidance.
 - a) Ministry of Finance : 1
 - b) Ministry of Local Government: 1
 - c) Ministry of Public Service: 1
 - d) National Planning Authority: 1
 - e) Office of the Prime Minister: 1
- 3) The Local Government Finance Commission shall be the Chair of the JTC.
- 4) The following shall be the Terms of Reference (TORs) for the Joint Technical Committee.
 - a) Oversee implementation of the Agreements and monitor the progress of either party.
 - 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 sanction.
 - e) Handle any other upcoming 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.



General Obligations of the Parties.

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

Obligations of the Ministry of Gender, Labor and Social Development.

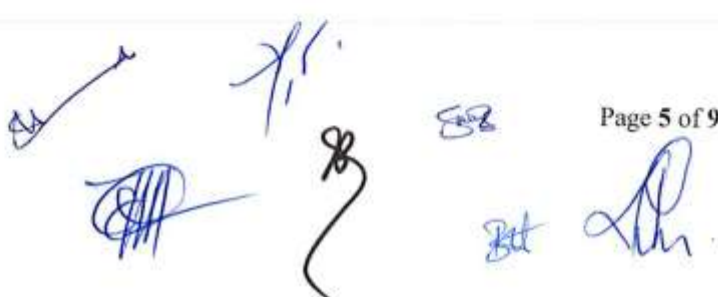
The Ministry shall;

- a) Prepare and disseminate the Sector Guidelines which will become effective at the commencement of the year for which the Negotiation is targeting (FY 2017/2018);
- b) Include the signed Agreement for the Financial Year 2017/18 as an Annex to its Ministerial Policy Statement;
- c) Prepare and issue to Local Governments, grant utilization Guidelines for the subsequent Financial Year by end of March of the preceding Financial Year.
- d) 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.
- e) 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 the Agreements to their members.
- b) Implement their agreed obligations in accordance with the Agreement and the guidelines issued by the MoGLSD.
- c) Ensure timely response to issues raised by the MoGLSD.
- d) Provide timely and accurate data on their plans, achievements and status on programme implementation to the MoGLSD.

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Obligations of the Parties

1. Consolidated Grant Allocation Formulae

It was noted that the consolidated grant is too insufficient and a non-practical strategy by MGLSD to address issue of previously non-funded sub sectors like probation, labor and others. In addition, the consolidated grant did not cover Youth Livelihood Programme (YLP) and Uganda Women's Entrepreneurship Programme (UWEP) grants.

UNAT proposed that an increase of the consolidated grant be considered from the current baseline of 7.64Billion.

The MoGLSD has made a proposal to Government to increase funding from Ushs 7.64 bn to Ushs 40 bn.

It is agreed that MoGLSD review its sector budget allocation and increase LGs' IPFs when the sector receives a budget increase.

2. Operational funds for Youth Livelihood Programme (YLP) and Uganda Women Entrepreneurship Programme (UWEP).

It was noted that;

- a) The operational funds allocated for YLP operational component are insufficient and hence hindering the smooth operations of the programme.
- b) The allocation for the Enterprise/skills component under UWEP in FY 2015/16 is insufficient and therefore few women groups were approved for support.
- c) Although a number of youth projects have been supported, the groups still lack the requisite skills to sustain their projects, loan recovery rates are still low compared to the disbursed funds.
- d) The process and criteria for group enterprise selection needs review is problematic. The current required number of 10-15 people per group is high to foster coherence and effectiveness.



It is agreed that;

- a) MoGLSD shall procure one motorcycle for each district, and one for each municipal council in FY 2016/17 for the UWEP Focal Point Person and 1 motor cycle for the YLP Focal Point Person in FY 2017/18.
- b) MoGLSD shall pursue the increase of funds allocated for YLP operation component from 10% to 15%.
- c) MoGLSD shall review the process and criteria for Group Enterprise selection and present to the Cabinet and Parliament of Uganda for consideration.
- d) MoGLSD shall conduct a review of the guidelines for the enterprise selections of the YLP, and thereafter guide the local governments to promote efficient delivery. This shall be carried out within the next six months.

3. Social Assistance Grant for Empowerment (SAGE) Programme.

It was highlighted that;

- a) By the previous negotiations, the Ministry under the SAGE programme had rolled out to twenty (20) more Local Governments in FY 2015/16.
- b) There was assurance that MGLSD had a plan to roll out to 5 districts in each Financial Year for the next 4 financial years up to FY 2019/2020 bringing the a total of 40 LGs benefiting from the Grant.
- c) The criterion for selection of the districts to benefit from SAGE Programme is unclear for the Local Governments.

It is agreed that MoGLSD shall roll out the SAGE project in the districts of Dokolo, Sembabule, Kasese, Shema and Mubende in the FY 2017/18.

4. Defunct Women Councils and Absence of Youth Councils in the newly created Municipalities.

It was noted that;

- a) Women Councils and Youth Councils are key stakeholders in the YLP and UWEP programmes. However, the term of office of Women Councils expired and

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Municipal level Youth Council elections in newly created Municipalities have not been conducted.

It is agreed that;

- a) MoGLSD shall follow up on the proposal of elections of Women Councils and Youth Council with the Electoral Commission to ensure they are conducted within the first half of 2017.
- b) MoGLSD shall issue guidelines on how LGs shall be operating in the absence of Women Councils and Youth Councils.

5. Community Centres and the National Youth Centres.

It was noted that all community centres were decentralized and are therefore a responsibility of LGs. It was further noted that the physical infrastructural status of the Community Centres and the National Youth Centres is poor and need rehabilitation. Additionally, the regional and national juvenile remand homes are in a poor state and need rehabilitation.

It is agreed that;

- a) LGs shall rehabilitate the community Centres in their localities.
- b) MoGLSD shall rehabilitate, equip and operate the 51 NUYU starting with the Kampiringisa site in Mpigi district in FY2017/18.
- c) MoGLSD shall assess the condition of the dilapidated remand homes in Uganda in the areas of Arua, Mbale, Fort portal, Naguru, and Kabale and consider the way forward in the FY 2017/18
- d) MoGLSD shall assess the possibility of taking over Gulu remand home in the FY 2017/18, as requested by Gulu DLG.

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.

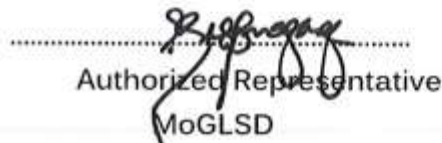
Signed for and On Behalf of Local Governments:

By: Mr. George Mutabazi


.....
Authorized Representative
UNAT

Signed for and on behalf of the Ministry of Gender, Labor & Social Development

By: Mr. Kigenyi Benson


.....
Authorized Representative
MoGLSD

IN WITNESS HEREOF

Authorized Representatives

Mrs. SARAH NAMBASA MUKASA


.....
CHAIRPERSON LGFC

Mr. SSEBYALA MOHAMMED


.....
MOLG

Mr. OMAIDO SAM


.....
MOPPED

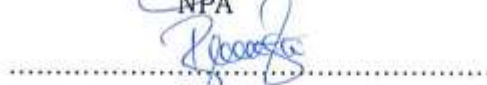
Ms. SAMALIE IBANDA


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MOPS

Mr. DAVID KATUNGI


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NPA

Mr. HORRACE BASHAIJA


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OPM

