



THE REPUBLIC OF UGANDA

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 WORKS AND TRANSPORT

AND

LOCAL GOVERNMENTS

THIS Agreement is made this 11th day of November 2016 between the **Ministry of Works and Transport (MoWT)** of P.O. 7174, 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 require 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 (Government) 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

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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, Ministry of Public Service, National Planning Authority and Office of the Prime Minister.

WHEREAS

- a. The Ministry of Works and Transport 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;
- b. 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;
- c. Both parties have a common objective of implementing agreed upon conditions for expenditure of the Conditional Grants .

NOW THEREFORE, having deliberated and agreed, 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.

Agreement

- a) The Agreement shall come into effect on the date of last endorsement of signature and shall run till 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

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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 the conditions for the expenditure of the conditional grants for the financial year 2017/2018 in the Works & Transport 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 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;
 - i) Local Governments Finance Commission: 2
 - ii) Uganda Local Governments Association: 2
 - iii) Urban Authorities Association of Uganda :2
 - iv) Ministry of Health *2* *Works & Transport : 2*

- 2) It is agreed that the following shall be ex-officio members to the Committee for purposes of providing technical guidance.
 - i) Ministry of Finance : 1
 - ii) Ministry of Local Government: 1
 - iii) Ministry of Public Service: 1
 - iv) National Planning Authority: 1
 - v) Office of the Prime Minister: 1

- 3) The Local Government Finance Commission shall be the Chair and Secretariat of the Joint Technical Committee.

- 4) The JTC shall sit on a quarterly basis at a time and place determined and communicated by the Local Government Finance Commission.

- 5) The Joint Technical Committee shall execute the following tasks.
 - 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 effectiveness.

Obligations of the Ministry of Works and Transport

The Ministry shall;

- a) Prepare and disseminate the sector and grant utilization guidelines for (FY 2017/2018) not later than 15th January 2017.
- b) Include the signed agreement for the financial year 2017/18 as an annex to its Ministerial Policy Statement.
- 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) Ensure timely response to issues raised by the Local Governments, Local Government Associations and LGFC.
- e) Implement its obligations in accordance with this agreement.
- f) Liaise with MOFPED and Uganda Road Fund to ensure that all funds for capital development are released to Local Governments by the third Quarter.
- g) Ensure adequate involvement and participation of the Accounting Officers of Local Governments during its sector reviews; and
- h) Invite and provide a slot to the Local Government Associations (ULGA and UAAU) to make a presentation on the key issues affecting service delivery in the Works and Transport Sector.

Obligations of the Local Governments

Local Governments shall;

- a) Through their Constituent organizations (ULGA and UAAU) shall disseminate the agreements to their members;
- b) Implement the agreed obligations in accordance with this agreement and the guidelines issued by the MoWT;
- c) Ensure timely response to issues raised by the Sector Ministry;
- d) Provide timely and accurate data on their plans, achievements and status on programme implementation to the MoWT;

- e) Adhere to the Sector/Grant Utilization Guidelines issued by the Ministry;
- f) Ensure timely submission of Monitoring and Inspection reports to the MOWT.

Specific Obligations of the Parties

1. Share of LGs of the road sector allocation

It was noted that;

- a) Whereas, the Uganda Road Fund (URF) has given the mandate to distribute the Roads Maintenance grants to LGs, LGs are receiving about 30% of this money.
- b) The grants allocation formula to Districts, Urban and Community Access roads is unknown to the LGs.
- c) The fund was Ushs 440bn in FY 2014/15 but has since fallen to Ushs 417 bn for the last two years. For FY 2017/18, it is projected to remain at Ushs 417 bn
- d) Part of the road fund is planned for emergencies but it is kept at the center. However, emergencies occur in LGs.

It is agreed that;

- a) **The Emergency fund shall be allocated to LGs as part of the roads maintenance grant for FY 2017/18**
- b) **LGs shall budget for emergencies in their respective areas**
- c) **URF shall present the grants formula to the stakeholders beginning with ULGA by close of November 2016.**
- d) **The URF shall fix the remuneration for road gangs at Ushs 175,000 per person.**

2. Force Account.

It was noted that;

Since the introduction of Force Account in 2012 for road maintenance works, there have been challenges in its implementation especially in line with the revised PPDA Act.

The force account framework does not apply to all road works. There is a need for stakeholders to meet and agree on the way forward for force account.

It is agreed that;

MoWT shall set up a committee comprising of URF, LGs and MoWT to address the issues surrounding force account by end of March 2017.

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3. Mechanical Imprest

It is noted that;

- a) Whereas some districts, (especially old districts) find the amount given for Mechanical Imprest insufficient, some districts (especially the new ones) with few and relatively new equipment may not require as much funds as the old ones.
- b) MoWT is in the process of assessing the district needs for mechanical impost.
- c) Most of the equipment in the districts has not been maintained, while some is broken down.
- d) The total budget for mechanical impost is only Ushs 10 bn and it is not for major repairs. Major repairs are supposed to be carried out at regional mechanical workshops.
- e) Only UGX 5Billion is distributed to the regional Mechanical workshops for maintenance of equipment.

It is agreed that;

- a) **MoWT shall share 10% of the mechanical impost allocation with LGs to cater for maintenance of equipment for the FY 2017/18 based on level of need.**

4. Road Equipment staff and Capacity Development of Machine Operators:

It is noted that;

- a) Whereas LGs received road equipment in 2012, there is no adequate skilled technical manpower to operate the equipment.
- b) The MoWT in collaboration with Cross-Roads had established a training school for machine operators. It is the responsibility of LGs to recruit the machine operators and send them to for training.
- c) LGs should consider issuing contracts to machine operators.
- d) MoWT has no guidelines and standards in place for recruitment of equipment operators.
- e) The newly approved structure has provision for machine operators at U8. However, the scale was considered low based on the skills and market demand for the operators.

It is agreed that;

- a) **MoWT shall work with MoPS to address the issue of recruitment of machine operators.**
- b) **MoWT shall liaise with other sectors to form a training institute for Machine operators of road equipment.**
- c) **MoWT shall develop and issue recruitment guidelines and standards for machine operators, and communicate these to LGs by Q3 of FY 2016/17.**



d) MoWT shall consult MoPS on the nature of incentives that can be given to the machine operators, given the nature of their work as well as bonding arrangements.

5. Community Access Road Fund:

It is noted that;

- a) While there is a grant for road maintenance under URF, there is no grant for road rehabilitation, opening & construction of community roads.
- b) Many of the roads that were opened using the other funds like CAAIP have not been adequately maintained by LGs due to inadequate funding.
- c) Sometimes funds released by URF are not used according to the work plan.

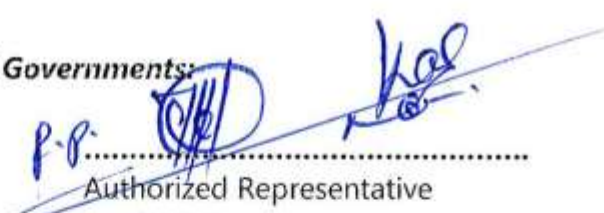
It is agreed that;

- a) **MoWT shall emphasize on the use of URF allocations for the rehabilitation of roads in the FY 2017/18.**
- b) **LGs shall continue to manage the maintenance of community roads from the road maintenance grant.**
- c) **MoWT shall prepare a plan to upgrade Community Roads by Q3 FY 2016/17, and thereafter organise its funding.**

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. Mutabazi George**


.....
Authorized Representative
UNAT

Signed for and on behalf of the Ministry of Works & Transport

By:


.....
Authorized Representative
MoWT

IN WITNESS HEREOF:

(Authorised Representative)

Mrs. SARAH NAMBASA MUKASA

Sarah Mukasa

.....
VICE CHAIRPERSON LGFC

Mr. SSEBYALA MOHAMMED

S. S. Mohammed

.....
MOLG

Mr. OMAIDO SAM

O. Sam

.....
MOFPED

Ms. SAMALIE IBANDA

S. Samalie Ibanda

.....
MOPS

Mr. DAVID KATUNGI

D. Katungi

.....
NPA

Mr. HORRACE BASHAIJA

H. Bashaija

.....
OPM