THE REPUBLIC OF UGANDA

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

CONDITIONAL GRANTS UTILIZATION AGREEMENT

BETWEEN

MINISTRY OF LANDS, HOUSING, AND URBAN DEVELOPMENT

AND

LOCAL GOVERNMENTS

UNDER THE PROGRAMMES OF SUSTAINABLE URBANIZATION AND HOUSING; AND CLIMATE CHANGE, NATURAL RESOURCES, ENVIRONMENT, AND WATER MANAGEMENT

FOR FINANCIAL YEAR 2025/2026

THIS Agreement is made this **29th day of August 2024** between the **Ministry of Lands, Housing, and Urban Development (MoLHUD)** of P.O Box 7096 Kampala (hereinafter referred to as the **"First Party"**) on 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 (LGs)** represented by Uganda Local Governments Negotiation and Advocacy Team (UNAT) of 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 and in accordance with the conditions agreed upon". The above provision requires the expenditure of the conditional grants in accordance with the conditions agreed upon and this necessitates for the Local Governments to interface with the Line ministries (Government) to agree upon programmes and the conditions attached.

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 Line Ministries, on programmes and conditions for Conditional Grants utilization.

The negotiations are organized and chaired by the Local Government Finance Commission (LGFC). They are witnessed by the Office of the Prime Minister (OPM); Ministry of Local Government (MoLG); Ministry of Finance, Planning and Economic Development (MoFPED); Ministry of Public Service (MoPS), Equal Opportunities Commission (EOC), and the National Planning Authority (NPA).

WHEREAS;

a. The Ministry of Lands Housing and Urban Development and its constituent departments and agencies have the statutory responsibility of policy, setting standards, inspection, supervision, monitoring, regulation, coordination, mentoring, and provision of technical guidance to LGs 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 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 in the Program.

NOW THEREFORE, having deliberated, 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 to this agreement and shall apply during budget formulation and implementation for Financial Year 2025/26.

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 LGFC, with copies to Uganda Local Governments Association (ULGA), Urban

Authorities Association of Uganda (UAAU), MoLG, MOFPED, MOLHUD, NPA and MoPS.

PURPOSE

1. The purpose of this agreement is to define the programmes and the conditions for the expenditure of the conditional grants for the Financial Year 2025/2026 under the Sustainable Urbanization and Housing programme.

Mid-term Review (MTR)

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

1) There shall be a Joint Technical Committee (JTC) comprising of Fourteen (14) members drawn in the following ratios;

a) Local Governments Finance Commission: 2
b) Uganda Local Governments Association: 2
c) Urban Authorities Association of Uganda: 2
d) Ministry of Lands Housing and Urban Development: 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
j) Equal Opportunities Commission: 1

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

3) The JTC shall sit at least once a year in a place determined and communicated by the Local Government Finance Commission.

4) The JTC 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 and MoLG for appropriate sanction.
e) Handle any other upcoming issues.
f) The JTC shall report to the respective Policy Organs of their Institutions.

Implementation of the NDP IV

This engagement has taken place when the planning and Budgeting has transitioned from the sector to programme approach under the NPD IV. Note that Lands, Housing

and Urban Development is under the programmes of Sustainable Urbanization and Housing; and Climate Change, Natural Resources, Environment and Water Management.

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 Lands Housing and Urban Development

The Ministry shall;

a) Prepare and disseminate the final sub-programme grant utilization guidelines for (FY 2025/2026) to LGs through circulars addressed to the Chief Administrative Officers/ Town Clerks and copied to the District Chairpersons, District Speakers and Mayors;

b) Include the signed agreement for the Financial Year 2025/2026 as an annex to its Ministerial Policy Statement and provide a report to the Committee of Parliament responsible for MOLHUD, regarding the agreed positions reached with UNAT during the negotiations;

c) Communicate through circulars addressed to the Chief Administrative Officers (CAOs) /Town Clerks (TCs) copied to District Chairpersons/Mayors and Speakers, the issues agreed upon in the negotiations for Local Governments to implement in their respective programs;

d) Ensure timely response to issues raised by the Local Governments, Local Government Associations and Local Government Finance Commission;

e) Implement its obligations in accordance with this agreement;

f) Ensure adequate involvement and participation of the Accounting Officers of Local Governments during the Joint Sustainable Urbanization and Housing Annual Programme Reviews; and

g) 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 Joint Sustainable Urbanization and Housing annual Programme Reviews.

OBLIGATIONS OF THE LOCAL GOVERNMENTS

Local Governments shall;

a) Through their Constituent organizations (ULGA and UAAU) disseminate the agreements to their members.

b) Implement the agreed obligations in accordance with this agreement and the guidelines issued by the MoLHUD;

c) Ensure timely response to issues raised by the line Ministry;

d) Provide timely and accurate data on their plans, achievements and status on programme implementation to the MoLHUD;

e) Adhere to the program Grant Utilization Guidelines issued by the MoLHUD;

f) Ensure timely submission of Monitoring and Inspection reports to the MoLHUD; and

g) Ensure timely submission of the quarterly and annual performance reports.

SPECIFIC OBLIGATIONS OF THE PARTIES

1. Costing Physical Plans

LGs expressed concern that the MoLHUD had delayed to develop realistic cost estimates for developing Physical Plans in LGs. This had negatively affected the work of the LG Physical Planning Departments which intended to embark on development of Physical Development Plans but needed guidance on the standard costs to use.

The Ministry reported that it had developed draft costings and consulted with LG Physical Planners but faced challenges due to the high cost of consultants, which affected the speed of finalizing the costings.

However, the Ministry had secured a grant of UGX 3 billion for surveying equipment for all LGs, which would significantly reduce survey costs. Concerns were raised about how this equipment would benefit private landowners and MoLHUD noted under their Systematic Land Adjudication and Certification (SLAC) program funded by the World Bank which has been rolled out in the Northern Uganda to manage titling of Government land, with increased funds, SLAC will be scaled up nationwide.

MoLHUD requested LGs to develop Physical Development Plans and enforce compliance with these plans.

It was agreed that:

a) **MoLHUD shall provide realistic cost estimates by the Midterm Review in May 2025.**
b) **LGs, particularly Municipalities and Cities benefiting from the USMID program, shall prioritize the maintenance of infrastructure developments using Own Source Revenue.**
c) **LGs shall develop waste management master plans, starting with Cities and Municipalities.**

2. DDEG Guidelines for Physical Planning

LGs noted that there were no clear communication/ guidelines regarding physical planning as an eligible expenditure under DDEG. The guidelines only mentioned titling. They, therefore, requested adjustments to the DDEG guidelines to include physical planning as an eligible expenditure.

MoLHUD explained that physical planning is an input in titling and, therefore, the grant could be used for physical planning. However, LGs noted that they have been getting audit queries on the same.

It was agreed that:

a) **MoLHUD shall liaise with MoLG to revise the DDEG guidelines to include physical planning and land titling as eligible expenditures.**
b) **MoLHUD shall issue a circular to LGs communicating these adjustments.**
c) **LGs shall prioritize Physical Planning in their respective jurisdictions.**

3. Titling Government Land in Local Governments

LGs reported persistent challenges in verifying and ascertaining land ownership in their jurisdictions. Efforts to establish a Central Government Land Inventory have not yet commenced because LGs that were requested by MoLHUD to provide a status report on the titling of Government land did not provide the information.

LGs reported that they invited their Lower Local Governments (LLGs) to declare the land they manage, but not all complied.

The MoFPED's Local Government Statistical Information (LSI) tool, was developed to capture all assets including land (both titled and untitled), to provide a comprehensive database on Government Land. This necessitated LGs to declare the Government land in their jurisdictions.

It was agreed that:

a) **MoLHUD shall write a circular to LGs requiring them to declare Government Land in their jurisdictions, and include a template on how to capture the required data.**
b) **LGs shall provide information to the MoLHUD on the Government titled land in their jurisdictions by the Midterm Review in May 2025.**

4. Training Manuals on Inspection of Land use

MoLHUD was tasked with developing and disseminating training manuals on land use compliance inspections for law enforcement officers, Physical Planning Committees, and political leaders by December 2023. This target was not fully achieved. A draft manual was developed but was not finalized and disseminated due to budget constraints. The Ministry reported that they had carried out consultations with LGs

and planned to carry out training and sensitization sessions before distributing the manuals.

It was agreed that MoLHUD shall finalize and disseminate to Local Governments the Training Manuals on Inspection of Land Use by Midterm Review in May 2025.

5. Translation of Physical Development Plans into Local Languages

The translation of the Physical Development Plans (PDP) was not completed due to insufficient resources. LGs emphasized that physical planning should be a cross-cutting priority across all government programs and integrated into local physical development plans for every infrastructure project.

LGs reported that Ministries, Departments, and Agencies (MDAs) were not aligned with the PDPs because MoLHUD has not shared the document with them. LGs requested MoLHUD to simplify and break down the PDP to make it more understandable for various ministries and ensure alignment with the NDP IV.

MoLHUD reported that all MDAs had been aligned with the PDP in the program approach under the NDP IV. LGs also noted the need for the NPA to digitize the NDP IV for online access by all stakeholders.

It was agreed that:

a) **MoLHUD shall disseminate National Physical Development Plan through workshops, Radios and Tvs.**
b) **MoLHUD shall fast-track the digitization of the National Physical Development Plans.**
c) **LGs shall utilize detailed area Physical Development Plans during their planning processes.**
d) **LGs shall implement the Physical Development Plans within their jurisdictions.**

6. Titling of Government Land

LGs emphasized the need for MoLHUD to provide a detailed list of land purchased by the Government from landlords along with the beneficiaries as was agreed during the previous negotiations. The Ministry reported that it was awaiting the compilation of the General Report on Government Land by the Uganda Land Commission.

It was agreed that MoLHUD shall provide respective LGs with a detailed list of land purchased by the Government from landlords along with the beneficiaries by May 2025.

7. Redevelopment and Regeneration Plans (Slum Upgrading)

LGs observed rapid growth of slums in urban areas despite enabling planning laws. They stressed the need to identify urban areas for redevelopment and officially gazette these areas for planning purposes to establish liveable and sustainable urban centers.

MoLHUD agreed to use the existing Condominium Law to support and promote the establishment of Slum Upgrading Committees in slum areas. MoLHUD, in collaboration with MoLG had been tasked with providing rules and regulations for identifying and gazetting urban areas for redevelopment by December 2023, but this target was not met. MoLHUD reported that this initiative was envisioned through Physical Planning but had not been realized.

It was agreed that MoLHUD shall consult further on slum upgrading and report the progress by the Midterm Review in May 2025.

8. Outdoor Advertising

The LGs expressed the persistent challenge of roadsides being cluttered by billboards and signposts, thereby, affecting urban aesthetics. MoLHUD reported that regulations for digital advertising were at the consultation stage and would be disseminated to LGs once finalized. The Ministry reported the challenge of inadequate resources for carrying out consultative meetings and acknowledged that digital advertising could be a local revenue source if properly regulated.

It was agreed that:

a) **MoLHUD shall develop regulations for digital advertising by June 2025, in conjunction with USMID2.**
b) **LGs shall utilize their mandate to set advertising rates in the charging policies.**

9. Creation of a Physical Planning Department

LGs requested that MoPS consider making Physical Planning a separate department at both District and Municipal Council levels, similar to the arrangement in the cities. They also proposed merging the Economic Planning and Physical Planning functions to leverage planning synergies and crosscutting efficiencies. This proposal had not been implemented.

It was agreed that MoPS shall in consultation with MoLG and MoLHUD consider the proposal to create a separate department or merge Economic and Physical Planning functions in LGs.

10. Reinstatement of Land Tribunals

It was noted that while MoLHUD had promised to engage MoFPED, LGFC, and MoLG on reinstating Land Tribunals to address and resolve land disputes in LGs, this was not implemented. Nonetheless, consultations on the review of the National land policy were ongoing and reinstatement of Land Tribunals were among the topics of discussion.

It was agreed that:

a) **MoLHUD shall involve LGs in the consultations on the review of the National Land Policy.**
b) **MoLHUD shall share the calendar for discussions of the review of the National Land Policy with LGs.**

11. Training and Capacity Building for Physical Planners

LGs expressed the need for capacity building for LG Physical Planning personnel, which was neither prioritized nor funded by the Ministry. LG Physical Planners faced constraints due to inadequate training attachments and lack of exposure programs.

MoLHUD reported that training attachments/twinning programs had been carried out for LG Physical Planners under the USMID program. However, other entities not supported under USMID lacked equipment and capacity building.

It was agreed that MoLHUD shall organize exposure and training attachments / twinning programs for LG Physical Planners, considering locations not covered by USMID.

12. Sensitization of the Community on Compliance with Physical Development Plans

LGs reported that they were facing challenges with communities' compliance with development planning requirements which necessitated continuous stakeholder sensitization. Additionally, LGs were requested to undertake mobilization and sensitization efforts and provide guidance on acquiring compliance certificates but they lacked guidance on how to acquire the certificates of compliance.

It was agreed that:

a) **MoLHUD shall guide LGs on how to acquire certificates of compliance by October 2024.**

b) **LGs shall sensitize their communities on compliance with Physical Development Plans.**

13. Solid Waste Management

LGs noted the need for continued emphasis on training and capacity building for urban managers in solid waste management to avoid incidents like the recent Kitezi landfill incident. There was need for guidance on the entire waste management chain, including roles for LGs and other stakeholders.

MoLHUD reported that the next phase of USMID would include solid waste management facilities for all cities. LGs noted the need for incinerators to manage waste effectively. MoLHUD is leading the development of the solid waste management policy.

It was agreed that:

a) **MoLHUD shall issue a circular to LGs guiding them on the solid waste management value chain by December 2024.**

b) **MoLHUD shall expedite development of the Waste Management Policy and report on the progress by Midterm Review.**

14. Compliance with Physical Development Plans

LGs expressed concerns about inadequate compliance with physical development plans, which hampered effective urban planning and development, and they required the support of the Ministry.

It was agreed that MoLHUD shall support LGs to conduct periodic reviews and assessments of compliance with physical development plans to ensure adherence.

15. Enhancement of Land Use Data Management Systems

LGs requested improvements in Land use Data Management Systems to enhance planning and decision-making. Effective data management is crucial for accurate land use planning.

It was agreed that:

a) **MoLHUD shall enhance Land use data Management Systems.**

b) **MoLHUD shall provide LGs with the necessary tools and support for effective land use data management.**

16. Development of a National Physical Development Policy

A concern was raised on the need to develop a comprehensive National Physical Development Policy to guide physical planning efforts across LGs and ensure consistency in implementation.

It was agreed that MoLHUD shall lead the development of a National Physical Development Policy, with input from LGs and other relevant 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

Mr. Richard Rwabuhinga .....

Authorized Representative, UNAT

Signed for and on behalf of Ministry of Lands, Housing and Urban Development

Mr. Smith T. Matsiko .....

Authorized Representative, MoLHUD

IN WITNESS HEREOF: (Authorized Representatives)

Hon. Isaac Musumba Isanga .....

Local Government Finance Commission

Mr. Silver Tindizirarira .....

Ministry of Local Government

Mr. Charles Matovu .....

Ministry of Finance, Planning & Economic Development

Mr. Adam Tusiime .....

Ministry of Public Service

Mr. Dhikusooka Gyaviira .....

National Planning Authority

Mr. Nathan Otutu .....

Office of the Prime Minister

Ms. Manasseh Kwihangana .....

Equal Opportunities Commission

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