



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 UNDER INTEGRATED TRANSPORT INFRASTRUCTURE AND SERVICES PROGRAMME FOR FINANCIAL YEAR 2025/2026

BETWEEN

MINISTRY OF WORKS AND TRANSPORT

AND

LOCAL GOVERNMENTS

This Agreement is made this 4th day of September 2024 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 (LGs)** represented by Uganda Local Governments 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 anyone acting under its authority. For purposes 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), the National Planning Authority (NPA), the Equal Opportunities Commission (EOC), and selected Civil Society Organizations.

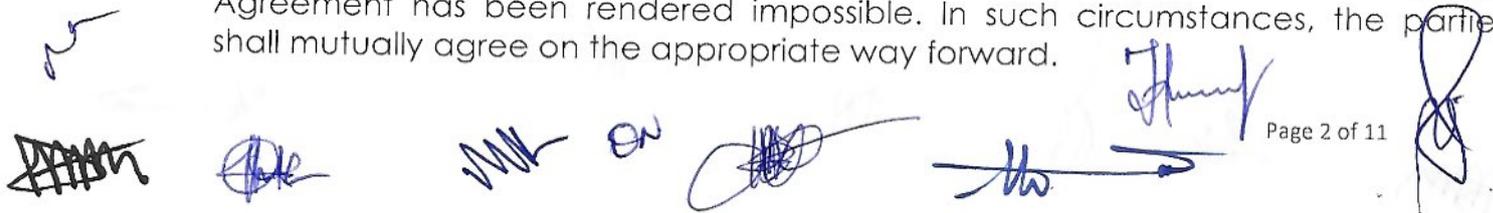
WHEREAS:

- a. The Ministry of Works and Transport and its constituent departments and agencies have the statutory responsibility of inspection, supervision, monitoring, regulation, coordination, mentoring, and provision of standards, policy guidance, and 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 Programme.

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.



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, MOWT, NPA, and MoPS.

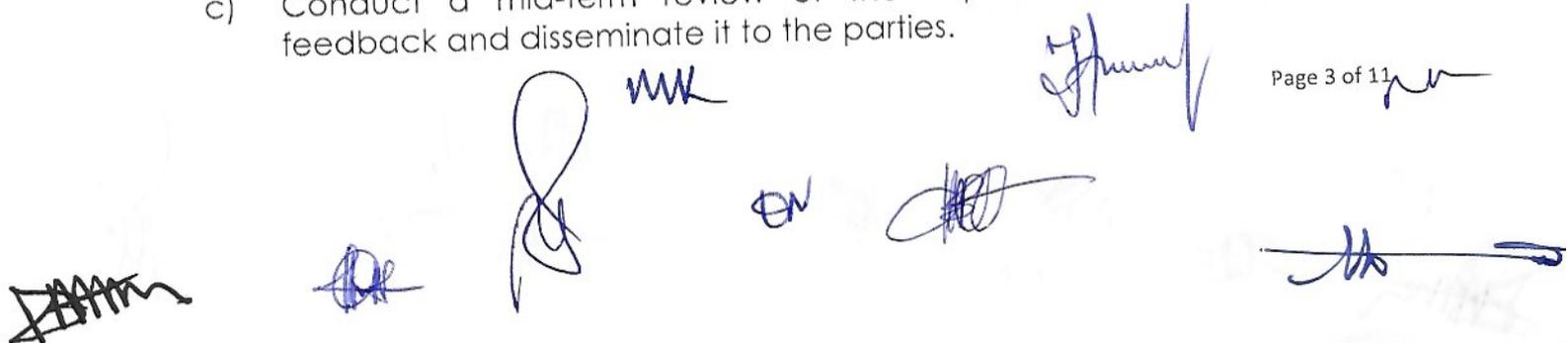
PURPOSE

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 in the Integrated Transport Infrastructure and Services programme.

Mid-term Review (MTR)

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

2. 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 Works and Transport: 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
3. The Local Government Finance Commission shall be the Chair and Secretariat of the Joint Technical Committee.
4. The JTC shall sit at least once a year in a place determined and communicated by the Local Government Finance Commission.
5. The JTC shall execute the following tasks;
 - a) Oversee the 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 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 action
- e) Handle any other upcoming issues.

6. The JTC shall report to the respective Policy Organs of their Institutions.

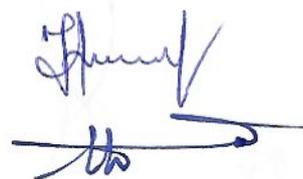
GENERAL OBLIGATIONS OF THE PARTIES

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

OBLIGATIONS OF THE MINISTRY OF WORKS AND TRANSPORT

The Ministry shall:

- a) Prepare and disseminate the final grant utilization guidelines for (FY 2025/2026) based on agreed programs and projects 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 MOWT, 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 Integrated Transport Infrastructure and Services Annual programme reviews.
- 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 Integrated Transport Infrastructure and Services Annual Programme Reviews.
- h) MoWT shall ensure that stakeholder consultations that relate to DUCAR network will involve ULGA and UAAU.



OBLIGATIONS OF THE LOCAL GOVERNMENTS

Local Governments shall;

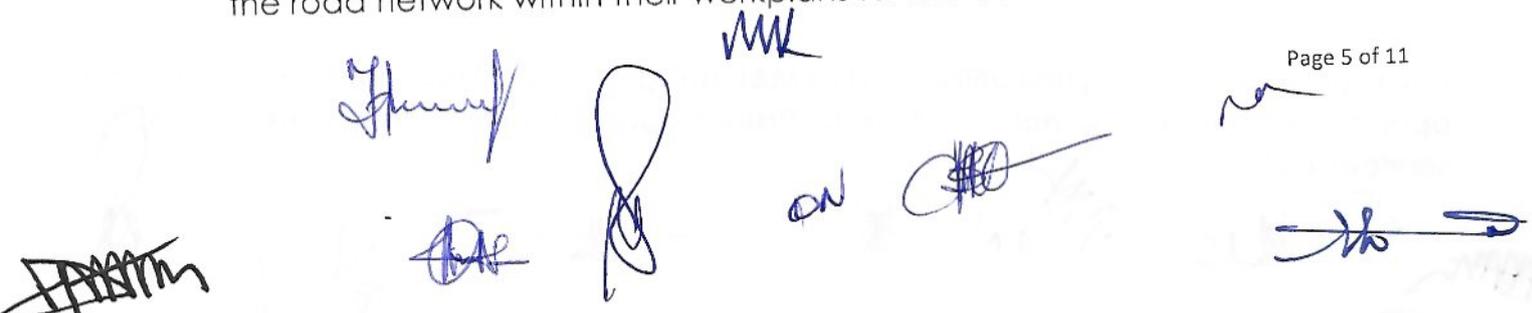
- a) Through their Constituent organizations (ULGA and UAAU) disseminate the agreements to their members;
- b) Implement the agreed obligations in accordance with this agreement and the guidelines issued by the MoWT;
- c) Ensure timely response to issues raised by the MoWT;
- d) Provide timely and accurate data on their plans, achievements and status of programme implementation to the MoWT;
- e) Adhere to the program Grant Utilization Guidelines issued by the Ministry;
- f) Ensure timely submission of Monitoring and Inspection reports to the MoWT.
- g) Ensure timely submission of the quarterly and annual performance reports.

SPECIFIC OBLIGATIONS OF THE PARTIES

1. Road Maintenance and Rehabilitation

The following was noted:

- i. The study on the unit cost for road works was ongoing but had dragged on. MoWT was waiting for UNRA to share data to support recommendations contained in the report.
- ii. LGs experienced challenges related to disparities in unit cost since Ministries like MAAIF, MOLG also construct roads in LGs using rates that are different compared to those given LGs rates. The unit costs could not be standardized because they were dependent on the scope of work to be undertaken.
- iii. The MoPS recently released a report on the minimum service delivery standards but it covered rates for road maintenance.
- iv. MoWT prepared the road maintenance utilization guidelines to operationalize the Resolution of Parliament of 31st July 2023 for the extra US\$ 1 billion that was approved by Cabinet. However, the approved guidelines were yet to be discussed and approved by the Top Leadership of the Ministry before being disseminated to LGs.
- v. The draft guidelines cater for the handling of emergencies. In addition to the already existing emergency fund under URF provided on a case-by-case basis.
- vi. It is important for LGs to prioritize emergencies and removal of choke points on the road network within their workplans for the US\$ 1 billion.



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- vii. LGs seemed to focus more on rural areas neglecting the Town Council on the utilization of the additional road maintenance fund.
- viii. LGs can utilize part of the additional road maintenance grant to work on roads in their respective lower local governments as long as approval by the District Road Committees is granted.
- ix. LGs reported delays in review of the current road grants allocation formulae to respond to changes in the economy and peculiarities of LGs.
- x. The LLGs have been included in the new allocation formula for road maintenance fund. Since urban roads tend to be expensive to construct, an idea of low-cost sealing was suggested.
- xi. URF had put aside US\$13.5 billion to cater for tarmacking of roads in Town Councils and in case more is required LGs can write and request for additional support.

It was agreed that:

- a) MoWT shall provide LGs with information on the comparable rates for road works by 30th September 2024.
- b) LGs shall use part of the US\$ 1 billion provided for road maintenance to respond to emergencies.
- c) URF shall support LGs on a case-by-case basis upon request to respond to emergencies whose scope may not fit within the expenditures under the US\$ 1bn.
- d) MoWT shall distribute to the LGs the recently prepared guidelines for the 1 Billion road maintenance grant before the end of September 2024.
- e) URF shall share the revised allocation formula on roads maintenance that takes care of the LGs' peculiarities.
- f) URF shall provide road maintenance funding for all the new administrative units (Sub-counties and Town councils) in FY2025/26.
- g) URF shall guide LGs on how to access the US\$ 13.5 billion during the Regional Budget Consultative Workshops for FY2025/2026.
- h) LGs that want to benefit from the rehabilitation of community and urban road project shall write formal requests to MoWT by December 2024.

2. Annual District Road Inventory and Condition Survey (ADRICS).

It was noted that the Parliamentary Resolutions of 31st July 2023 disregarded this important expenditure that was vital in preparation for road maintenance work plans and budgets by LGs. However, the Ministry acknowledged this gap and emphasized the need for it to initiate improvements in the guidelines to incorporate it.

This still requires guidelines.

It was agreed that LGs shall utilise part of M&E budget item already in the 4.5% of URF for operations for carrying out the Annual District Road Inventory and Condition Survey services activity.

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3. Upgrading the GIS software

The Ministry reported that it had developed the Works and Transport Statistical System that captures information on the road network and equipment condition.

It was agreed that MOWT shall launch the upgraded MOWT Statistical System in the LGs by 31st December 2024.

4. Community Awareness, Signage, and Road Safety.

The MoWT had planned to carry out a deliberate campaign to enhance community awareness on road signage in FY 2024/25 but was hindered by inadequate finances.

LGs were expected to sensitize citizens on the protection of road signages in fulfilment of their roles in ensuring road safety. However, they found it expensive to facilitate these committees. MoWT proposed that the mandate of District Roads Committees be updated to take up this activity. However, since different district Road Committees' functions differed from the Road Safety Committees, the Ministry needed to develop operational guidelines and secure financing for Road Safety Committees to perform this role.

It was also noted that the MoWT had developed Road Traffic and Speed Limit Regulations without providing for the role of LGs in regulating speed limit on LG roads.

It was agreed that:

- a) MOWT shall conduct deliberate campaign on road safety immediately.
- b) MOWT shall fast track the process of developing regulations for the road safety committees by 30th October 2024.
- c) MOWT shall support Local Governments to operationalize the road safety Committees by midterm review.
- d) MOWT shall ensure that the role of LGs in regulating speed limit through ordinances and bye-laws is pronounced significantly in the road traffic and speed limit regulations.
- e) MOWT shall issue guidelines to UNRA on appropriate design standards for humps (making them user friendly).
- f) MOWT shall enhance investment in speed guns to be used on highways.
- g) MOWT shall construct humps along Boarder Towns to mitigate accidents.
- h) LGs shall sensitize citizens on protection of road signages in fulfilment of their roles in ensuring road safety.

5. Allowances for Machine/ Plant Operators and Supervisory Staff

It was noted that the remuneration for Machine Operators and Supervisory Staff in terms of retention and night allowance was still miserable considering the increasing cost of living and the fact that they handle very expensive equipment. LGs noted that this issue



has been discussed for over 9 years without progress, and needed to be urgently concluded.

In the last negotiations, MoWT had promised to liaise with MoPS to provide guidance on the appropriate allowance for these plant Operators. However, the Ministry reported that review of allowances for machine operators and supervisors required policy review of salaries for public servants in relation to the machine operators and drivers' training/ qualifications and cognizant of the value of equipment and other resources that they control in the field like fuel. LGs proposed to pay plant operators UGX 50,000/= per day of work.

It was agreed that:

- a) UNAT shall develop and submit to the MoPS and MoWT a Concept Note to emphasize the urgent need to enhance salaries and allowance for machine operators and supervisors.
- b) MOWT shall continue to engage MOFPED and MOPS to enhance salaries and allowances for machine operators and supervisors.

6. Inventory of the Machine operators in LGs

During the Negotiations for FY 2024/25, MoWT reported that they were in the process of conducting an inventory of all Equipment Operators. However, the Ministry had not shared concrete results from this activity.

It was agreed that MOWT shall share with LGs and LGFC the inventory of the machine Operators by December 2024.

7. Provision of Machinery

LGs urged the Ministry to provide excavators and bulldozers on a sub-regional basis to LGs to improve operational efficiency and reduce costs.

It was agreed that:

- i) MoWT shall finalize the establishment of new Zonal Centers
- ii) MoWT shall liaise with MOFPED to provide financing for the operationalization of the new zonal centers.
- iii) MoWT shall repair and redistribute old road equipment to MC and Cities that are in dire need of enhancing efficiency.
- iv) MOWT shall assess and identify the repair needs of all old Local Government road equipment and develop a schedule for repairs and maintenance.

8. Impact of Budget Cuts on Service Delivery:

LGs expressed concern that Budget cuts and the re-purposing of finances had affected the implementation of road maintenance funding.

It was agreed that MoWT shall continue to engage MoFPED on minimizing budget cuts to enhance service delivery.

9. Salary for Road Inspectors

The LGs noted that Road inspectors in the Works Department were recruited with the qualification of an Ordinary Diploma on the U6 salary scale. It was now necessary to consider them as scientists under the U6 salary scale as was rectified for medical officers.

It was agreed that MOPS shall follow up the need to consider Road inspectors as scientist at U6 salary scale since they have Ordinary Diploma.

10. Axle Load Control on DUCAR Network

LGs requested for the decentralization of the Axle load control on DUCAR network to enable them to manage heavy trucks that destroy roads arising from diverted traffic on district roads. This would reduce on the cost of maintaining these roads. MoWT reported that it was in the process of finalizing regulations on Axle Load Control.

It was agreed that MOWT shall finalize and disseminate the regulations on Axle Load Control by December 2024.

11. Road Rehabilitation

LGs expressed concern that financing for the rehabilitation of rural roads, bridges and culverts was not covered within LG budgets and yet the Ministry only selected a few LGs for consideration yet this was a major infrastructure constraint. MoWT noted that this would be handled using the Ushs 1 bn and that the existing bridges had been re-scoped.

It was agreed that:

- a) **MOWT shall guide LGs on the use of the UShs 1 billion to address the rehabilitation of rural roads, bridges, and culverts.**
- b) **MOWT shall share with LGs information on the re-scoped bridges by December 2024.**

12. Interconnectivity via Water Transport

LGs expressed concern that most island districts lacked adequate inter-connections in terms of ferries. The Ministry responded that it had supplied ferries and ships to facilitate interconnections between island LGs. These were detailed in the guidelines on water transport.

It was agreed that MOWT shall share with LGs guidelines on Water Transport

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13. Staffing Structures for Urban Councils

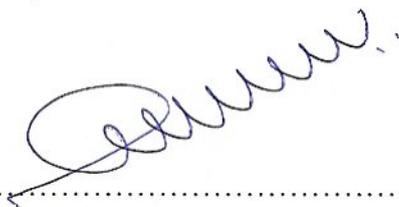
LGs noted that the LG staffing structure for the Works Department lacked Laboratory Assistants in all Municipalities and Cities that have laboratories.

It was agreed that MOWT shall work with MOPS in liaison with MoLHUD to include Laboratory Assistants in the staffing structure for Municipalities and Cities that have laboratories.

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

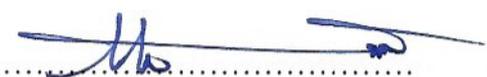
Mr. Richard Rwabuhinga


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Authorized Representative, UNAT

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

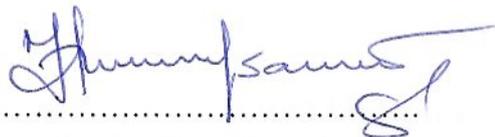
Mr. Ndikuryayo Richard


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Authorized Representative, Ministry of Works and Transport

IN WITNESS HEREOF: (Authorized Representatives)

Hon. Isaac Musumba Isanga


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Local Government Finance Commission

Mr. Silver Tindizarira

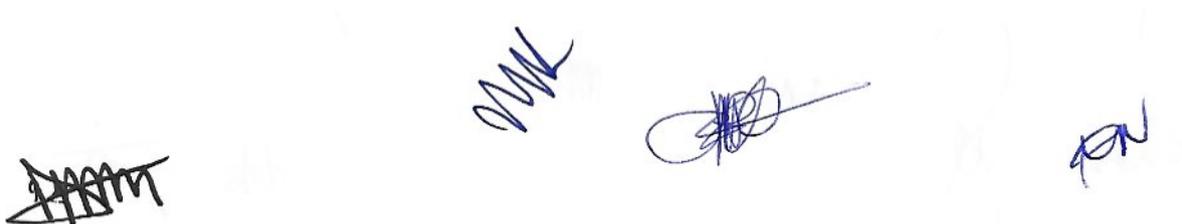

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Ministry of Local Government

Mr. Charles Matovu


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Ministry of Finance, Planning & Economic Development

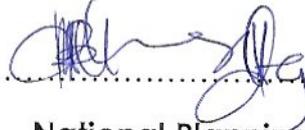


Mr. Adam Tusiime



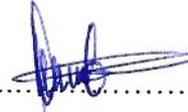
Ministry of Public Service

Mr. Dhikusooka Gyaviira



National Planning Authority

Mr. Nathan Otutu



Office of the Prime Minister

Ms. Manasseh Kwihangana



Equal Opportunities Commission

