



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 AGRO  
INDUSTRIALISATION PROGRAMME FOR FINANCIAL YEAR 2024/2025

BETWEEN

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY & FISHERIES

AND

LOCAL GOVERNMENTS

**THIS Agreement** is made this **28<sup>th</sup> day of August 2023** between the **Ministry of Agriculture, Animal Industry & Fisheries (MAAIF)** of P.O. Box 102, Entebbe (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 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 behalf of the Local Governments, 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), and Equal Opportunities Commission.

**WHEREAS;**

- a. The Ministry of Agriculture, Animal Industry & Fisheries 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 Programmes.

**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 2024/25.
- b) Modification of the terms and conditions of this Agreement shall only be made by written and signed Agreement between the Parties here-to.
- c) None of the parties to this agreement shall be held liable on any of their obligations here-in 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, MAAIF, 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 2024/2025 under the Agro-Industrialization 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 Thirteen (13) 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 Agriculture, Animal Industry & Fisheries: 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 (JTC).
- 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.

The bottom of the page contains several handwritten signatures and initials in blue ink. There are approximately seven distinct marks, including a large signature on the left, a signature in the center, and several smaller initials or signatures on the right and bottom right.

## **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 AGRICULTURE, ANIMAL INDUSTRY & FISHERIES**

### **The Ministry shall;**

- a) Prepare and disseminate the final grant utilization guidelines for (FY 2024/2025) based on agreed programs and projects during the Regional LG Budget Consultative Workshops incorporating this agreement.
- b) Include the signed agreement for the financial year 2024/2025 as an annex to its Ministerial Policy Statement and provide a report to the Committee of Parliament responsible for MAAIF, 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 Agro-Industrialization Annual Programme review.
- 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 Agro-Industrialization Annual Programme Review.

## **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 MAAIF;
- c) Ensure timely response to issues raised by the MAAIF;
- d) Provide timely and accurate data on their plans, achievements and status on programme implementation to the MAAIF;
- e) Adhere to the program Grant Utilization Guidelines issued by the Ministry;
- f) Ensure timely submission of Monitoring and Inspection reports to the MAAIF; and

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

## **SPECIFIC OBLIGATIONS OF THE PARTIES**

### **1. Conditional Grants for Production, Marketing, and Agricultural Extension**

It was noted that:

- i. The allocations for the Agriculture Extension Non-wage and Production and Marketing Development grants were scrapped off the budget for Financial Year 2023/24 leaving no field interventions/extension services to the farmers. The Production and Marketing Grant was meant to cater for Pests and diseases control, establishment of agricultural infrastructures such as cold chain facilities, seed nursery sheds, slaughter slabs, Apiary sites, Capture Fisheries Resources production & management, Planning meetings, demonstration gardens.
- ii. The release of funds for production and marketing and Agricultural Extension was not in line with planting seasons, hence the need to improve this system.
- iii. There were no parameters, indicators and standard outputs to measure the performance of extension workers.
- iv. There was need to expedite finalization of the national disease control strategy which was currently in draft form.
- v. MoFPED was processing a supplementary budget of UGX 124bn for the Agro industrialization Programme for FY 2023/24 for the following areas: UGX 79.4bn for Micro-Scale Irrigation, UGX 49bn for non-wage recurrent and 10bn for monitoring of the Parish Development Model (PDM).

**It was agreed that:**

- a) **MoFPED shall provide funds for the Agriculture Extension Grant and (non-wage and Development) starting in Quarter 2 of FY 2023/24 at 50% to cover for quarter one and two.**
- b) **Hence forth, MoFPED shall reinstate and release funds for Production and Marketing, and Agricultural Extension only in quarters one and three.**
- c) **MAAIF shall officially write to the MoFPED on the need to release funds for Production and Marketing, and Agricultural Extension during the planting season.**
- d) **MAAIF shall, with consultations from NPA, OPM, MoLG and LGFC, develop, review, and disseminate parameters, indicators and standard outputs for measuring the performance of Agricultural Extension workers taking into account the PDM.**
- e) **LGs shall use up to 40% of the Extension development grant to procure Motorcycles for LG extension staff to offer extension services efficiently.**

SB.



- f) **LGs shall procure motorcycles using Buy Uganda Build Uganda (BUBU) policy.**
- g) **LGs shall expedite the process of utilizing the supplementary funds to avoid unspent balances.**
- h) **MoFPED shall immediately communicate to the LG Accounting Officers on their need to prepare supplementary budgets for immediate approval in their Local Councils.**
- i) **MoFPED shall ensure that LG monies are protected in programmes during budget formulation for FY 2024/25.**
- j) **MAAIF shall fast track the finalization of the Draft National Disease Control Strategy.**

## **2. Micro-Scale Irrigation Grant**

### **It was noted that:**

- i. MAAIF had not shared the list of pre-qualified irrigation equipment suppliers to some LGs which limited their preparatory assessments (farm visits), procurement, and installation of equipment for farmers to meet Programme targets.
- ii. The centralized and long hybrid procurement processes led to unspent balances and their subsequent return to the treasury at the end of the Financial Year.
- iii. The co-funding rate of 25% by the farmers was too high which had limited access and utilization of the available funds by farmers.
- iv. The farmers targeted by Micro-scale Irrigation Programme were in a category different from those targeted by the PDM and MAAIF was in process of preparing other projects to cater for farmers who could not afford the Micro-scale Irrigation co-funding requirements.
- v. No resources had been allocated to the Micro-scale Irrigation Programme for FY 2023/2024.

### **It was agreed that:**

- a) **MAAIF shall fast track sharing of the list of pre-qualified irrigation equipment suppliers with CAOs, Production Officers, and LG Associations before 18<sup>th</sup> September 2023.**
- b) **MAAIF shall expedite the Uganda Coffee Development Authority (UCDA) and Northern Uganda Farmers Livelihood Improvement Projects and provide an update during the Midterm Review.**
- c) **MoFPED shall provide supplementary funding to LGs for Micro Scale Irrigation for FY 2023/24 and provide funding for FY 2024/25.**

### 3. Operation Wealth Creation (OWC)/ NAADS

LGs reported that with the introduction of PDM, the OWC and NAADS interventions were no longer visible in LGs yet not all people were eligible beneficiaries under the PDM. OWC was more inclusive than the PDM.

MAAIF noted that indeed both OWC and NAADS services were still relevant to the community, hence Government should continue to support OWC and NAADS activities to boost production and target more people who are not eligible beneficiaries under the PDM e.g. Model Farmers.

**It was agreed that MAAIF shall lobby for increased resources for OWC and NAADS so that they continue to serve the communities not served by PDM.**

### 4. Agri-LED

LGs requested for information on NAADS plans for the Agri-LED programme because some markets had been constructed under the programme but abandoned, others did not take off, while some stopped at excavation stage. There was need for MAAIF to follow-up the status of these projects on a case-by case basis because Agri-led was managed under OWC and NAADS.

MAAIF confirmed the challenges associated with some of these facilities and attributed them to the fact that rules and regulations including user fees governing their usage were set without adequately involving the users.

**It was agreed that MAAIF together with NAADS, shall profile the Agri-LED facilities on a case-by-case basis showing at what stage each of the facilities is and the associated challenges, by end of September 2023 and provide a report to UNAT and LGFC.**

### 5. Mechanization of Agriculture, Water for Agricultural Production and Valley Dam Construction

The following was noted:

- i. Although Regional Mechanization Centers were being established and operationalized by MAAIF, some LGs like the districts of Bukomansimbi and Gomba were not fully benefiting from any of these centers since they were not aware of where they were attached to.
- ii. Farmers from LGs like Gomba DLG need water for their cattle and similarly Bukomansimbi has three sub counties along the cattle corridor that need water or valley dam construction but are not supported.
- iii. LGs hosting the Regional Mechanization Centres tended to dominate the equipment usage leaving other LGs struggling for services which was not good for the public. Movement of the heavy earth- moving equipment and machinery was still costly for most LGs.

The bottom of the page contains several handwritten signatures and initials in blue ink. On the far left, there are the initials 'SB'. To the right, there are several larger, more complex signatures, including one that appears to be 'ADK' and another that is a large, stylized signature. On the right side, there are smaller initials, possibly 'mky' and 'm', and a signature that looks like 'J'. The signatures are scattered across the bottom of the page, some overlapping.

- iv. Inadequate sharing of water equipment by Water stressed cattle corridor LGs affects accessibility and usage of the equipment. Sometimes the equipment takes long at one LG before being accessed by another.
- v. MAAIF reported that they had put in place Zonal and Regional Centres to serve all LGs.
- vi. LGs were given wage allocation to recruit Senior Agricultural Engineers to support mechanization and irrigation.
- vii. The Mechanization Equipment in the Zonal and Regional Centres was subsidized and farmers were expected to contribute to their fueling.
- viii. MAAIF did not provide LGs with any equipment for water for production.

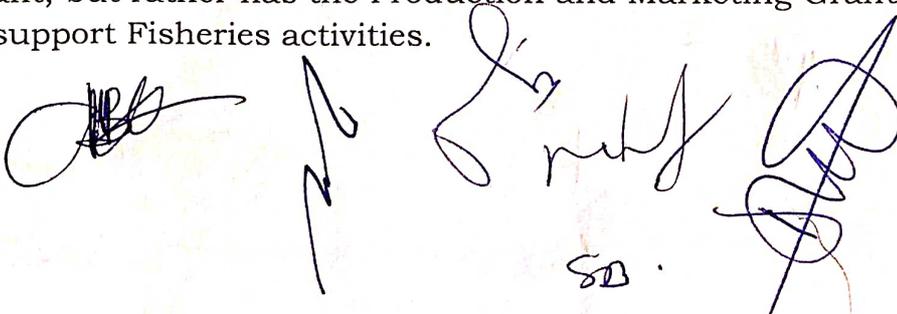
**It was agreed that:**

- a) **MAAIF shall publicize and disseminate the guidelines and services of the Regional Mechanization Centers to all LGs and farmers for their benefit and usage.**
- b) **LGs shall fuel the low bed trucks for moving the Mechanization equipment to a farmer's site with a farmer paying a modest fee for operational costs, to enable all farmers access the equipment.**
- c) **MAAIF shall establish the water stressed areas where the equipment is inadequate and make a special case for funding.**

**6. Fisheries Resource Management and Development**

**It was noted that:**

- i. The Fisheries Sector at District and Sub County level was mandated to carry out enforcement on water bodies to ensure compliance with Fishing regulations. However, this Mandate had been taken over by the UPDF's Fisheries Protection Unit, thus compliance was not being adequately monitored by LGs. This was coupled with MAAIF's recommendation of taking over the Lake Patrol boats in cases like Kasensero landing site in Rakai DLG, and Bukakata landing site in Masaka DLG among others. This tantamounted to the usurping of LGs' powers which had affected the livelihood of the fishing communities.
- ii. Many Landing sites in LGs still lacked the necessary infrastructure like toilets which increased the spread of diseases. However, the LGs could utilize other sources of funds like local revenues and grants such as the DDEG to construct toilets.
- iii. The Ministry has no Fisheries Resource Management and Development Grant, but rather has the Production and Marketing Grant that can be used to support Fisheries activities.

The bottom of the page features several handwritten signatures and initials in black ink. From left to right, there is a small 'm', a signature that appears to be 'Shir', a large signature, a signature that looks like 'L. S.', a signature that looks like 'm. j.', and a large signature that looks like 'S.B.'. There are also some faint, illegible marks and initials scattered around these signatures.

- iv. The Fisheries Act mandates a LG Fisheries Officer to issue fishing licenses on behalf of MAAIF but the UPDF fisheries protection unit does not recognize these licenses.

**It was agreed that:**

- a) **The UPDF Fisheries Protection Unit shall involve the LG leadership in carrying out enforcement on water bodies in accordance with the provisions of the Fisheries Act.**
- b) **MAAIF shall ensure that the lake patrol boats are returned to the districts or new ones procured for Sub counties bordering with the lakes.**
- c) **UPDF shall recognize Licensing of the Fisheries activities issued by LGs Fisheries Officers.**
- d) **MAAIF and OPM shall harmonize the roles of the Fisheries Officers and those of the UPDF.**
- e) **LGs shall use some of their locally raised revenues to construct toilets for landing sites.**
- f) **The LGFC shall communicate to OPM on the coordination issue and request it to discuss this with the concerned LGs.**
- g) **LGs shall prioritize some of the funds from the production grant for fisheries development.**

## **7. Human Resource issues at Local Governments**

It was noted that:

- i. The LG staffing structure did not provide for the positions of Fisheries and Entomology Officers at the MC level and yet MCs are mandated to promote urban farming in areas such as fisheries and animal production among others.
- ii. The LG staffing structure did not provide for a position of a Senior Agriculture Officer and Agriculture Engineer both at the DLG and City levels.
- iii. The LG staffing structure did not provide for extension workers at division levels and yet divisions were at the level of sub-counties. Subsequently, extension services were not felt at the MC and Division levels.
- iv. Ministry of Public Service had halted recruitments across Government to allow time to audit the entire Government payroll after which new recruitments would be considered including those for Local Governments.

**It was agreed that:**

- a) **LGs shall, with justification write to the MoPS and MAAIF regarding the positions that need to be filled before the Regional Budget Consultative Workshops for FY 2024/25. LGs shall indicate the number of vacant posts against the approved structures.**
- b) **MoPS shall prioritize recruitment of the Agricultural Extension Workers after payroll audit.**



Page 9 of 11

**8. Policies**

It was emphasized that currently, the country is promoting urban agriculture to improve livelihood of the people in urban areas. However, there is no Urban Agriculture Policy in place to support the initiative despite the increasing rate of urban agriculture.

**It was agreed that:**

- a) **MAAIF shall initiate the formulation of Urban Agriculture Policy with the involvement of LGs to guide orderly farming in urban areas, and provide atleast a draft by Midterm Review.**
- b) **MAAIF shall involve the LGs and other stakeholders in the formulation of the Urban Agriculture Policy.**

**9. Distribution of Drugs**

It was reported that the distribution of drugs for diseases such as rabies, foot and mouth was not fair because under the current arrangement which gives the drugs to districts to share with MCs, the districts first deal with their burden after which they send the left-overs to the Municipalities.

**It was agreed that MAAIF shall consider providing funding for reducing the disease burden to individual Votes and move away from requiring the Districts to share with the Municipalities.**

**IN WITNESS WHERE-OF** 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  
**The Ministry of Agriculture, Animal Industry & Fisheries**

**Mr. Deus Muhwezi**

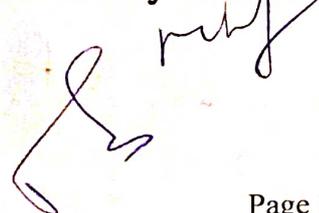
  
.....

Authorized Representative

**The Ministry of Agriculture, Animal Industry & Fisheries**







**IN WITNESS HEREOF:** (Authorized Representatives)

Hon. Isaac Musumba Isanga



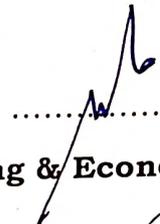
Local Government Finance Commission

Mr. Paul Okot Okello



Ministry of Local Government

Mr. Joseph Oloo Majanga



Ministry of Finance, Planning & Economic Development

Mr. Bwire Simon



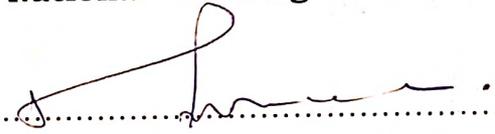
Ministry of Public Service

Mr. Dhikusooka Gyaviira



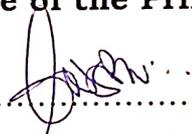
National Planning Authority

Mr. Ezra Aineomujuni



Office of the Prime Minister

Ms Nafungo Irene



Equal Opportunities Commission

