



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 UNDER HUMAN CAPITAL  
DEVELOPMENT PROGRAM

FOR FINANCIAL YEAR 2024/2025

BETWEEN

MINISTRY OF EDUCATION AND SPORTS

AND

LOCAL GOVERNMENTS

THIS Agreement is made this 30<sup>th</sup> day of August 2023 between the Ministry of Education and Sports (MoES) of P.O. Box 7063 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 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 anyone 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 requires the expenditure of the conditional grants in accordance with the conditions agreed upon and this necessitates for the LGs to interface with the program ministries (Government) to agree upon programmes and the conditions attached.

Page 1 of 13

Pursuant to the above, the Uganda Local Governments Association and Urban Authorities Association of Uganda (UAAU), 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, the National Planning Authority (NPA), and selected Civil Service Organizations.

**WHEREAS;**

1. The MoES and its Constituent Department and Agencies has 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;
2. The LGs 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);
3. Both parties have a common objective of implementing agreed-upon programmes and conditions for expenditure of the Conditional grants.

**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 the last endorsement of signature to this agreement and shall run during budget formulation and implementation for Financial Year 2024/2025.
- 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

*[Handwritten signatures and initials: MFA, AMU, and others]*

appointed and known address of the LGFC, with copies to Uganda Local Governments Association (ULGA), Urban Authorities Association of Uganda (UAAU), MoLG, MoFPED, NPA, OPM) and MoPS.

### **PURPOSE**

The purpose of this agreement is to define and set out the terms and the conditions for the expenditure of the program conditional grants for the Financial Year 2024/2025 for the Education Sub-Programme under the Human Capital Development Programme.

### **Mid-term Review (MTR)**

The Parties shall have a Mid-Term Review in May 2024 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 fourteen (14) members drawn in the following ratios;
  - a) Local Government Finance Commission: 2
  - b) Uganda Local Governments Association: 2
  - c) Urban Authorities Association of Uganda :2
  - d) Ministry of Education and Sports: 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:
- 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 MTR 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 sanctions.
  - e) Handle any other upcoming issues.
  - f) The JTC shall report to the respective Policy Organs of their Institutions.



### **Implementation of the NDP III**

This engagement has taken place when the planning and Budgeting has transited from the sector to program approach under the NPD III. Note that Education and Sports is a sub-programme under the Human Capital development programme.

### **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 Education and Sports**

#### **The Ministry shall;**

- a) Prepare and disseminate the final sub-programme grant utilization guidelines for (FY 2024/2025) 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 2024/2025 as an annex to its Ministerial Policy Statement and provide a report to the Committee of Parliament responsible for Education & Sports matters, regarding the agreed positions reached with UNAT on behalf of LGs during the negotiations.
- c) Communicate the issues agreed upon in the negotiations for Local Governments to implement in Education and Sports subprogram through circulars addressed to the Chief Administrative Officers/ Town Clerks, and copied to the District Chairpersons, District Speakers, City/Municipal Mayors and Resident District Commissioners/Resident City Commissioners.
- d) Ensure timely response to issues raised by the LGs, LG Associations and LGFC.
- e) Implement its obligations in accordance with this agreement.
- f) Ensure adequate involvement and participation of LGs during its program 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 Education and Sports review meetings under the Human Capital Development Programme.

### **Obligations of the Local Governments**

#### **Local Governments shall;**

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

*[Handwritten signatures and initials]*  
Page 4 of 13

- b) Implement the agreed obligations in accordance with this agreement and the guidelines issued by the MoES.
- c) Ensure timely response to issues raised by the MoES.
- d) Provide timely and accurate data on their plans, achievements and status on program implementation to the MoES.
- e) Adhere to the program/Grant Utilization Guidelines issued by the MoES.
- f) Ensure timely submission of Monitoring and Inspection reports to the MoES.
- g) Ensure timely submission of the quarterly performance reports.

## **SPECIFIC OBLIGATIONS OF THE PARTIES**

### **1. Funding for Education, Sports and Skills Activities**

LGs expressed concern over inadequate funding for UPE where every school is allocated a capitation grant threshold of UGX 1,350,000 and 17,000 per child per year. This money was too meagre to cater for the numerous activities which included provision of instruction materials (35%), co-curricular activities (20%), Management (20%), Administration (10%) and contingency (15%). This has been a persistent outcry by LGs in the past negotiations but progress to enhance it has been too slow.

LGs further reported the inadequate funding for USE where an O-Level student was allocated UGX 170,000/ and an A-level student UGX 270,000/ per year. This money was too meagre to cater for the numerous activities which included provision of instruction materials, co-curricular activities, Management, Administration and contingency. LGs also expressed the need for clarity about the allocation formula for UPE and USE grants.

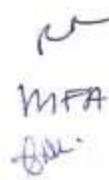
MoES noted that for FY 2024/25 data collection would be done electronically using Education Management Information System (EMIS). The Ministry had recruited 22 EMIS assistants stationed at regional centers to support LGs in data collection and statistics management. However, 300 schools had not updated their enrollment on EMIS by the time of the negotiations

MoES expressed concern over inequitable distribution of teachers within Local Governments.

**It was agreed that:**

- a) MoFPED shall increase capitation for the UPE and USE in line with the programme targets stated in the restructured financing Medium Term Plan (MTP) for the UgIFT Programme.
- b) MoES shall explain to LGs the allocation formulae for UPE and USE grants in detail during the Local Government Regional Budget workshops for FY 2024/25.





MFA  
SR.

- c) LGs shall ensure that Government teachers teach only in Government and Government Aided schools.
- d) MoES in liaison with the Ministry of Public Service shall review the staff ceilings at school level and establish a new staffing ceiling as necessary.
- e) LGs shall ensure that teachers who die, retire, move away or abscond are replaced immediately.
- f) LGs shall produce and share the report on usage efficiency of UPE with MoES, LGFC, and UNAT by Midterm Review.
- g) MoES shall share with LGs the revised UPE guidelines during the Local Government Regional Budget Consultative Workshops for FY 2024/25.

## 2. Capacity Building and sports Grant:

Local Governments reported that they get meagre budget allocation for capacity building and sports activities which include Music, Dance, and Drama; Athletics; Scouting and girl guiding; Ball games; and Special needs games. However, due to inadequate funding most LGs had opted not to participate in some sports and games which was a big challenge to talent and career development of children.

LGs recommended for an increase of the grant allocation 100% from UGX 40 million to 80 million per local government to adequately finance co-curricular activities (60m) and Capacity building (20m).

MoES expressed concern that the grant for Sports was being used for non-sports related activities, and was not being accounted for by some District Education Officers (DEOs). MoES reported that it had amended the Sports Grant guidelines to cater for procuring sports equipment.

It was agreed that:

- a) LGs shall adhere to the guidelines for the Sports Grant issued by the MoES.
- b) MoES shall increase the LG budgets for Capacity Building and Sports in line with the programme targets as agreed in restructured financing under the UgIFT Programme.
- c) LGs shall ensure that the grant for Sports is catered for in the PBS at the time of Budgeting.
- d) MoFPED shall institute measures to ensure that the PBS is closed off on the department level after submission so that the planners can consolidate the report.

## 3. School Facility Grant (SFG)

Local Governments reported that the SFG extended to LGs was inadequate: where some LGs got as low as UGX 200m/= for Districts and UGX 50m/= for Urban Councils annually. This was too inadequate to cater for the various activities including construction of latrines, teachers' houses, classrooms, and carry out

*m* *MFA* *SR* *SR*

renovations among others. LGs recommended for an increase in the budget allocation to different LGs based on their respective education infrastructural needs such as Pupil: Ratios, and Pupil: Classroom/ desk ratios among others. MoES reported that the budget had reduced from UGX 82bn to UGX 41bn.

However, an increase in the grant was expected in FY 2025/26. LGs were informed that allocation of the grant was split into two parts. One part is formula based and the second part is based on the Local Government Performance Assessment (LGPA) conducted by the Office of the Prime Minister.

**It was agreed that;**

- a) MoES shall continue to advocate for budget increment for SFG from MOFPED in FY 2025/26.
- b) LGs shall take the LGPA seriously because it influences the amount of SFG they receive annually.
- c) OPM and LG Associations shall continuously create awareness and support Local Governments on preparing for assessment.

#### **4. Maintenance Grant**

MoES expressed concern that some Local Governments diverted maintenance grants to other administrative activities which was not right.

It was reported that the Maintenance Grant for FY 2024/25 will be increased, hence LGs were advised to use the funds for maintenance of schools where they could have used capital development.

Local Governments reported that the Cities were allocated a small budget of UGX 50million compared with the district's allocation of UGX 200m.

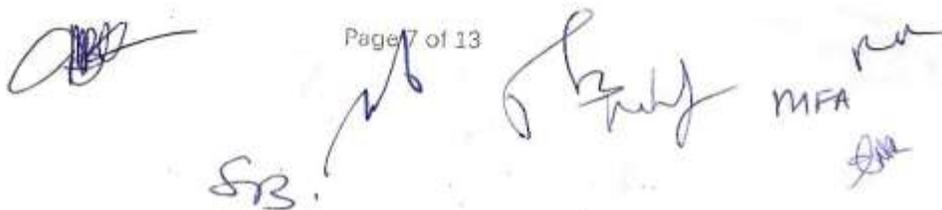
**It was agreed that:**

- a) LGs shall strictly adhere to the Maintenance Grant guidelines issued by the MoES.
- b) MoES shall cluster the Cities and the Districts in one category in the allocation formulae for resources since they are at the same level.

#### **5. Uganda Intergovernmental Fiscal Transfers (UgIFT)**

LGs expressed concern that due to the challenges related to the Hybrid Procurement System, several UgIFT projects in various LGs had either stalled or the contractors had abandoned the sites. LGS sited examples of some of the affected projects as Kigezi college Butobere in Kabale and Dr. Aporu Akol Seed school in Kumi which had failed to take off for 3 consecutive years. Subsequently, their unspent moneys were being swept back to the Consolidated Fund at the end of the Financial Year.x

LGs also reported that some of them had not yet benefited from UgIFT and yet the programme was coming to an end.

Handwritten signatures and initials at the bottom of the page. From left to right: a signature, the initials 'SRB', a signature, the initials 'MFA', and another signature.

MoES reported that the hybrid procurement policy was a Cabinet directive which the Ministry was implementing. The Ministry further noted that procurement of most of the projects was complete and most of the projects were at evaluation stage. This, therefore, would be taken as a lesson to apply in future projects.

LGs requested to know the fate of urban areas that did not have enough land to fit designs of seed school construction guidelines because MoES had promised a design for such cases but now the program was ending.

**It was agreed that:**

- a) MoFPED shall re-vote the swept funds in the second month of the first quarter.
- b) MoES shall cater for new sites that did not benefit from UGIFT, under Uganda Secondary Education Expansion Project (USEEP).
- c) LGs with non-performing contractors shall initiate termination of the contracts and seek new contractors in line with the legal and policy procedures and recommend to MoES.
- d) LGs shall provide proof of ownership of all land offered for civil works and embark on the process of obtaining land titles.
- e) LGs shall use DDEG to process land titles.

#### **G. Special Needs Education Grant**

Local Governments reported that a pupil with special needs in a primary school was allocated UGX 22,000/= while a student with special needs in a secondary school was allocated UGX 192,000/= per year. This funding was too inadequate to effectively cater for children and students with special needs. LGs recommended for an increase in the budget allocation per head from UGX 22,000 to UGX 70,000; and from UGX 192,000 to UGX 250,000 for Primary and Secondary education respectively.

LGs further recommended for provision of an operational fund for the Special Needs Education Officer for mapping out special needs children and engaging communities on the value of educating children with special needs among others.

MoES emphasized the difference between Special Needs Schools and Inclusive Schools and that all teachers were expected to have an element of special needs management. It was noted that the traditional special needs schools were allocated UGX1.2m per year.

MoES further explained that the mandate of recruiting teachers for special needs children and students is the responsibility of the District Service Commissions, hence they should utilize it.

**It was agreed that:**

- a) MoES shall increase the Special Needs Education Grant in line with the program targets stated in restructured financing plan under the UgIFT Programme.

MFA

SR

- b) MoES shall expedite the Inclusive Education Policy and provide an update by Midterm Review.

#### 7. Management of Secondary Schools

Local Governments noted that the MoES directly communicated to Head Teachers through the Association for Secondary School Headteachers of Uganda (ASSHU) without going through the LG Accounting Officers. Subsequently, management of information by the DEOs and District Inspectors of Schools (DIS) was difficult. Local Governments further noted that they were not involved in recruitment and appointment of secondary school teachers despite their mandate to manage secondary schools and process payment of salaries for them. There was need for the Education Service Commission to streamline recruitment and appointment of secondary school teachers.

It was agreed that;

- a) MoES shall share information with Secondary Schools through the office of the CAO for better management of Secondary Schools.
- b) UNAT shall write a concept note on their role in managing Secondary Schools and submit it to the MoES and LGFC by December 2023.
- c) Upon receipt of the concept note, LGFC shall convene a meeting for MOPS, MOLG, LGs and MoES to discuss the role of LGs in Secondary School Management.

#### 8. Roll out of TELA and School Performance Assessment

Local Governments reported that there was inadequate training for LG staff by the MoES and this had made system operations quite difficult for many of the LGs.

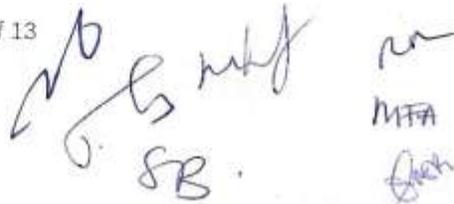
MoES noted that training was done for every headteacher at school level and 2 people were trained per school. The District Inspectors of Schools were at the fore front of mobilizing the headteachers to be trained. For support there is a fully functional call center and a WhatsApp group to help the Headteachers.

Additionally, the required guidelines and manuals were developed and over 70,000 teachers were able to clock-in.

MoES reported that the major challenge was that headteachers were adamant to use the TELA system partly because of irregular attendance to duty, and this had affected e-inspection and school assessment.

LGs also reported that inspection funds were not being released on time which resulted into inadequate and ineffective inspections towards the closure of the term.

It was noted that there was need for the PBS to be closed off after input at the LG department level so that the planners can consolidate the report.



Handwritten initials and signatures: 'SB', 'MFA', and a signature that appears to be 'Sach'.

It was agreed that;

- a) MoES in collaboration with MoPS shall Link TELA to Human Capital Information Management System with the goal of taking actions against absent officers in accordance with the Public Service Standing Orders.
- b) LGs shall institute disciplinary measures against Headteachers that fail to report on the TELA output as a strategy to increase compliance in the use of the TELA system by March 2024.
- c) MoES shall provide continuous and regular capacity building programs to LG focal persons to carryout continuous updating of the system.
- d) MoES shall provide to LGFC and LG Associations a list of LGs that are performing well in TELA and those failing by November 2023.
- e) LGs shall follow up on schools to ensure that staff regularly clock-in the TELA system. This will be done continuously and report provided at the Midterm Review.

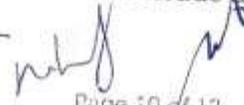
#### 9. Salary Enhancement and Associated Discrepancies

The following was noted:

- i. Salary Discrepancies among the education practitioners had continued to affect the education sector operations negatively. Some of the cited examples included DEO earning less than Secondary School teachers whom they supervise, which lowered their motivation, and increased corruption tendencies etc. This situation calls for urgent redress. Salary enhancement for only science teachers is unfair given that the language for instruction for science subjects is English whose teachers' salaries had not been enhanced.
- ii. Some education managers were paid as administrative cadres while they were science professionals. Their remuneration was still being discussed by MoPS, MoES and MoFPED.
- iii. There was inadequate staffing both at Primary and Secondary School levels. Parishes and Sub counties without Government Aided Primary and Secondary Schools respectively would wish to be assisted to full fill the president manifesto.
- iv. LGs reported that they would prefer providing a Statistician in the staffing structure for the Education Department because the one in the planning Department was restructured out.
- v. There was need for timely payment of teachers' salaries but there was a Mix-up of salary scales while implementing Presidential Directive leading to lack of funds.
- vi. LGs requested that the Staffing structure for Local Government Education and Sports Department should include a Principal Education Officer.

  
MFA









It was agreed that;

- a) LGs shall adhere to approved salary structures.
- b) LGs that need the principal education officer shall customize their structure with MoPS to cater for this post.
- c) MoPS shall consider recruiting a Statistician under the Planning department to manage all LG statistics needs.

#### 10. Roll out of EMIS

MoES reported that 322 schools had not updated their figures on enrolment and numbers of promoted learners on the EMIS, yet this information was required in the allocation of capitation grants for next FY 2024/25, compilation, analysis and dissemination of Education indicators.

It was agreed that:

- a) LGs shall mobilize all education institutions to update their data on school enrolment and promotion of learners on EMIS.
- b) LGs shall submit enrollment numbers on EMIS electronically.
- c) LGs shall receive capitation grants based on the numbers submitted on EMIS.
- d) MoES shall adequately train the LG education managers to enhance their proficiency in submitting data electronically.

#### 11. Roll out of Secondary Curriculum

MoES reported that there was uncoordinated implementation of Lower Secondary Education Curriculum. Some schools were implementing a duo curriculum.

It was agreed that LGs shall actively follow-up on schools to ensure that the Lower Secondary Education Curriculum is implemented according to the guidelines issued by MoES.

#### 12. Irregular Appointment of Headteachers for UGIFT Schools

MoES reported that the appointment of Acting Headteachers for the incomplete UgiFT Schools by CAOs was irregular. It encouraged abscondment of duty and court cases against the MoES by the concerned acting headteachers.

It was agreed that;

- a) LGs shall refrain from appointing Headteachers on an Acting capacity until the construction of Seed Schools is complete.
- b) LGs shall adhere to the circular from MoES on legal recruitment of Headteachers.

#### 13. Vehicles for Education Office

MoES noted continuous requests by LGs for procurement of vehicles using SFG despite the blanket ban on vehicle purchase.



MFA

It was agreed that LGs shall suspend the purchase of vehicles until the current ban is lifted.

**14. Medical Boards**

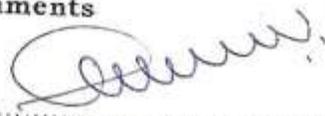
It was reported that the Ministry of Health had decentralized medical boards at the regional referral hospitals to handle LG officers that need to be retired on medical grounds.

It was agreed that LGs shall communicate to the teachers and other staff about the availability of Medical Boards at every Regional Referral Hospital that can ably handle their retirement requests on medical grounds.

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**

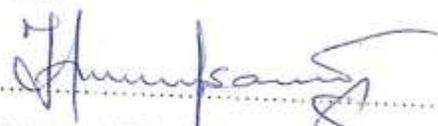
**Signed for and on behalf of the Ministry of Education and Sports**

Ms. Frances Atima

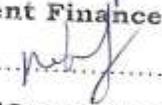
  
.....  
**Authorized Representative, MoES**

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

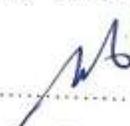
Mr. Isaac Isanga Musumba

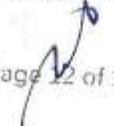
  
.....  
**Local Government Finance Commission**

Mr. Paul Okot Okello

  
.....  
**Ministry of Local Government**

Mr. Joseph O. Majanga

  
.....  
**Ministry of Finance, Planning and Economic Development**

Mr. Bwire Simon

Mr. Dhikusooka Gyaviira

Mr. Ezraah Aineomujuni

Ms. Nafungo Irene

*Mwiri*

Ministry of Public Service

*[Signature]*

National Planning Authority

*[Signature]*

Office of the Prime Minister

*[Signature]*

Equal Opportunities Commission

*[Signature]*