

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 SUSTAINABLE
URBANIZATION AND HOUSING PROGRAMME FOR FINANCIAL YEAR 2024/2025

BETWEEN

MINISTRY OF LANDS, HOUSING, AND URBAN DEVELOPMENT

AND

LOCAL GOVERNMENTS

THIS Agreement is made this 29th day of August 2023 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), 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 2024/25.
- 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

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 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 III

This engagement has taken place when the planning and Budgeting has transitioned from the sector to program approach under the NPD III. Note that Lands, Housing and Urban Development is a sub-sector under the Sustainable Urbanization and Housing 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 Lands Housing and Urban Development

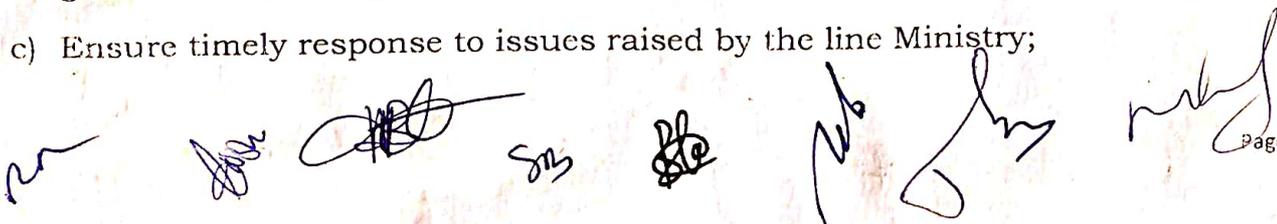
The Ministry shall;

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

SPECIFIC OBLIGATIONS OF THE PARTIES

1. Preparation of Physical Development Plans, Detailed Plans, Action Area Plans, and Visual Model Plans to guide developments

Local Governments reported that Physical Planning was a core activity in the Development process of an area but it was challenged by lack of a conditional grant to facilitate development of physical development plans at most LGs. This had not only hindered the implementation of the Physical Planning Act (PPA) 2010 (amended) but had also resulted into inadequate awareness about Physical Planning and limited prioritization of physical planning at both national and local levels. LGs further noted the need for more guidance on the role of Public Private Partnerships as far as the development of Physical Plans was concerned.

LGs recommended for the establishment of a conditional grant for physical planning per LG as follows; one billion for a District and City LG, five hundred million for a municipal Council, two hundred million for a Town council and a hundred million for a subcounty.

MoLHUD noted that they were receiving numerous and persistent financial requests from LGs regarding preparation of Physical Development Plans despite the funding gaps. In FY 2021/2022, the Ministry sent a request to MoFPED for funding to a tune of UGX 37bn and subsequently a reminder in 2022/2023 but this had not yet been honored. It was reported that MoLHUD was supporting some LGs using USMID funds complemented with a small component of funds from Government of Uganda (GOU).

It was further reported that only 6 out of 10 Cities and 26 out of 31 MCs had Physical Development Plans. It was therefore suggested that consideration of the available funds should be given to the Cities and Municipalities that do not yet have Physical Development Plans.

It was agreed that:

- a) **MoLHUD shall allocate UGX 2bn as a startup Conditional Grant to LGs for Physical Planning in FY 2024/25.**
- b) **MoLHUD in consultation with LGs shall subsequently come up with a realistic cost of developing a physical plan by LGs by April 2024.**

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- c) MoLHUD shall issue and disseminate guidelines for preparation and implementation of Physical Development Plans during the LG Regional Budget Consultative Workshops for FY 2024/25.
- d) LGs shall prioritize Physical Planning during resource allocation.
- e) MoLHUD and LGs shall promote and encourage prioritization of physical planning by both private and public entities is in line with the Physical Development Plans.
- f) MoLHUD shall provide to LGs technical backstopping during preparation of Physical development Plans; and Monitoring and enforcement of compliance.
- g) MoLHUD shall share the status report of titling Government land with the Local Governments during the Regional LG Budget Consultative Workshops.
- h) LGs shall always consult and sensitize the public in the process of developing the Physical Development Plans as a strategy of promoting compliance.
- i) MoLHUD shall build the capacity of stakeholders from Urban LGs across the country on implementation of the Land use regulatory framework.
- j) MoLHUD shall develop and disseminate training manuals on inspection of land use, compliance for law enforcement officers, Physical Planning Committees and Political leaders by December 2023.

2. Implementation of Prepared Plans

LGs reported that there was non-Compliance to the prepared plans due to limited enforcement, laxity among the players, corruption, limited resources etc. LGs further noted that some Government projects were not compliant to existing plans and there was lack of land management information systems in LGs coupled with limited coordination between neighboring LGs and MDAs.

It was agreed that:

- a) MoLHUD shall screen all Government projects against prepared Physical Development Plans for both the Central and Local Governments.
- b) MoLHUD shall fast track the development approval of the Infrastructure Corridor Project to ensure demarcation and survey of the corridors and sites by June 2024.
- c) MoLHUD in collaboration with LGs shall summarize and translate prepared Physical Development Plans/reports into popular version in FY 2024/2025.
- d) MoLHUD shall liaise with MOWT to consider a joint financing strategy for physical planning in every road infrastructure budget.
- e) MoLHUD shall officially write to the LGs reminding them of the need to comply with the prepared Physical Development Plans by December 202.
- f) LGs shall sensitize the community on physical planning to ensure compliance.
- g) LGs shall ensure that the developed Physical Plans are being implemented.

3. Titling of Land Hosting UGIFT Projects

The LGs noted that they were not aware of the role of the Consultant that was hired by MoLHUD to title Government land, as it seems to be duplicating the efforts of the LG Accounting Officers who had already titled most sites for UGIFT Projects.

LGs requested MoLHUD to provide UGX 3bn to complete the process of titling land in FY 2024/25 since the LGs had not seen the assigned Consultant.

MoLHUD reported that the Consultant had already completed significant work on titling Government land.

LGs also noted that Government had bought land from different land lords for some individual benefactors but the list of the bought land had not been availed to many LGs.

It was agreed that MoLHUD shall share with UNAT and LGFC the report on the progress of titling UGIFT projects land by the consultant by December 2023.

4. Redevelopment and Regeneration Plans (Slums Upgrading)

Local Governments noted that while the whole country was declared a planning area and the enabling laws to guide Physical Planning were enacted, there was a high rate of informal development in most urban areas with slums. LGs, therefore, noted the need for identifying urban areas to undergo redevelopment and gazette them for planning purposes in order to establish urban centers that are livable and sustainable.

MoLHUD agreed to utilize the existing Condominium Law other supporting laws, guidelines, and standards to promote the establishment of Slum Upgrading Committees in slum areas.

It was agreed that:

- a) **MoLHUD and MoLG shall provide guidelines on identification of urban areas to undergo redevelopment and gazette them for planning purposes by December 2023.**
- b) **MoLHUD in consultation with LGs shall provide support and promote the establishment of Slum Upgrading Committees in the affected slum areas.**
- c) **MoLHUD shall disseminate the Condominium Law to promote densification by Midterm Review.**

5. Retooling of Physical Planning Offices

LGs expressed concern that Physical Planning Offices in most LGs were ill equipped which affected staff performance. They noted that there was poor data generation, mobilization, storage, and dissemination for planning purposes despite the advancement in technology. Therefore, LGs noted the need for equipment such as computers, GPS, Plotters, Projectors Drawing equipment, G.I.S software (for Satellite images, etc.) and Logistical/ Transport facilities to facilitate enforcement. LGs further noted the need of establishing physical planning studios at regional levels.

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MoLHUD reported that they had supported retooling for the USMID supported Municipalities, and would carry on the process under USMID-AF II (UCMID).

It was agreed that:

- a) **MoLHUD shall ensure integration of Physical Plans in the Lands Information System and develop a Geospatial Information Strategy that will guide computerization of all physical planning systems in a phased manner beginning FY2024/25.**
- b) **MoLHUD in consultation with LGs, shall conduct a needs assessment and prepare a detailed costed budget for running a Physical Planning Office.**

6. Capacity Building, Specialized Training, Career Development, and Refresher Courses for LG Physical Planners

LGs expressed need for capacity building for LG planning personnel which was neither prioritized nor funded. Subsequently, the LG Physical Planners were generally constrained in areas of skill enhancement due to inadequate training attachments and lack of exposure programmes.

It was agreed that MoLHUD shall organize induction/exposure and training attachments/ Twining Programmes for LG Physical Planners.

7. Landscaping and Beautification

LGs expressed concern over the lack of public open spaces in most Local Governments which had led to high levels of stress among members of the general public.

The MoLHUD reported that they were continuously promoting greening/tree planting in LGs with the help of donors.

It was agreed that:

- a) **MoLHUD shall utilize some of the funding from its Development Partners to continue promoting urban greening.**
- b) **MoLHUD shall continue to plan and promote urban greening and give a progress report during the Midterm Review.**
- c) **LGs shall utilize the urban wetlands policy and also preserve and plan for designing Ecological Parks to increase the number of open spaces while promoting climate change adaptability.**

8. Outdoor Advertising

LGs reported the challenge of cluttering of Billboards and Signposts on the roadsides which affects the aesthetic values of the Urban Councils, hence the need to promote and encourage digital advertising in urban areas.

MoLHUD reported that regulation for development targeting digital advertising was at a consultation level and it would be disseminated to LGs once finalized.

It was agreed that MoLHUD, in consultation with LGs shall include a section in the Physical Planning Regulations for Outdoor Advertising by October 2023, and share them with the LGs during the Regional LG Budget Consultative workshops for FY 2025/26.

9. Staffing in Local Governments

Local Governments noted inadequate staffing especially at the District and Municipal Council levels. For example, there is one Physical Planner at a municipal level and none at the division level. Physical Planning is considered under Natural Resources Department. They further reported the lack of enforcement structures in Districts like those in the Municipalities.

The National Planning Authority emphasized that Economic Planning and Physical planning should technically be housed under the same department.

It was agreed that:

- a) **MoPS shall consider making Physical Planning a separate department at both the District and Municipal Council levels like it is at City level.**
- b) **MoPs shall review the District Local Government staffing structures by adopting the structure of the Cities in respect of Physical Planning.**
- c) **MoPS shall review the LG staffing structures to enable the reinstatement of Government Valuer and Cartographer positions.**

10. District Land Boards and Ministry Zonal Offices (MZOs)

Local Governments noted that the actions by District Land Boards to allocate land in Urban Councils was in total disregard of Urban Physical Plans. M ZONES were also titling land without involvement of Local Governments leading to uncoordinated development and loss of local revenue.

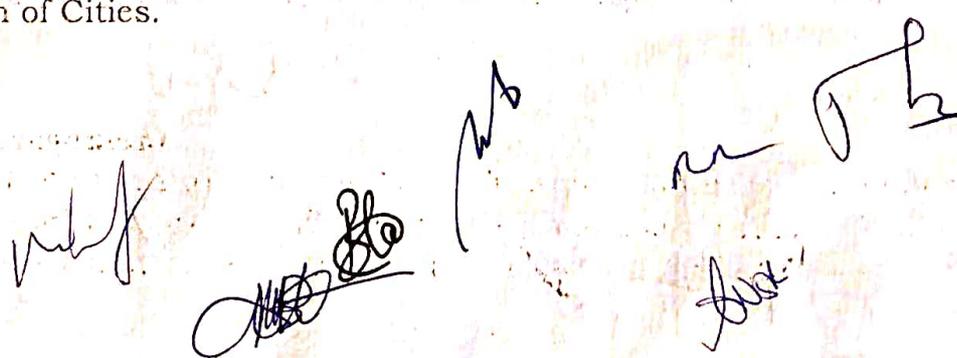
The Local Governments reported that MZOs were not sharing relevant information (data) with the Local Governments which showed lack of coordination.

It was agreed that MoLHUD shall write to the MZOs reminding them of the requirement for them to stick to the law and base their work on submissions from LGs.

11. Lands Management

MoLHUD noted the need to reinstate Land Tribunals; support operations of District Land Boards (DLB) to fast-track file approvals; and also provide a Conditional Grant to LGs to support and strengthen Land Management Institutions mainly District Land Offices.

Local Governments emphasized the need for MoLHUD to consider the importance of creating City Land Boards because districts should not handle land issues falling in the jurisdiction of Cities.



It was agreed that:

- a) MoLHUD shall consider reinstating Land Tribunals to address and resolve land disputes in LGs.
- b) MoLHUD shall engage MoFPED, LGFC, MoPS, and MoLG on the financing modalities of reinstating Land Tribunals in LGs.
- c) LGs shall facilitate increment in DLB sittings to improve the speed of approval of files for land titling, as well as enhance revenue generation under the Lands Management Sector.
- d) MoLHUD shall provide technical backstopping and M&E support to LGs in lands management.
- e) LGs shall strengthen the function of the LG Lands Offices and support implementation of their workplans.

12. Solid Waste Management

Clarification was sought on how MoLHUD planned to effectively manage the increasing Solid Waste in Urban Councils. It was noted that in some places, solid waste was a valuable resource that could be recycled to generate money.

MoLHUD reported that it was devising strategies to reduce solid waste through recycling and reuse solid waste. MoLHUD further reported that for FY 2024/25 they would train USMID supported Cities and Municipalities in solid waste management.

It was agreed that:

- a) MoLHUD shall train USMID supported Urban Councils in solid waste management.
- b) MoLHUD shall carry out capacity building of Urban Managers in Solid Waste Management practices, Integrated Urban Development guidelines and Municipal-wide Development Strategies.

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 Ministry of Lands, Housing and Urban Development

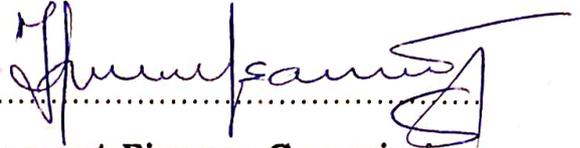
Mr. Kaganzi Emmanuel

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Authorized Representative, MoLHUD

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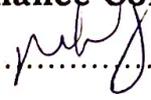
IN WITNESS HEREOF: (Authorized Representatives)

Hon. Isaac Musumba Isanga



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Local Government Finance Commission

Mr. Paul Okot Okello



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Ministry of Local Government

Mr. Joseph Oloo Majanga



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Ministry of Finance, Planning & Economic Development

Mr. Bwire Simon



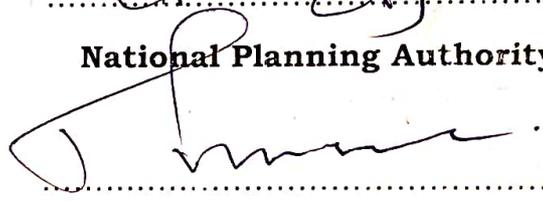
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Ministry of Public Service

Mr. Dhikusooka Gyaviira



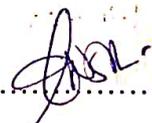
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National Planning Authority

Mr. Ezraah Aineomujuni



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Office of the Prime Minister

Ms Nafungo Irene



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Equal Opportunities Commission