



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 SERVICES PROGRAMME FOR FINANCIAL YEAR
2024/2025**

BETWEEN

MINISTRY OF WORKS AND TRANSPORT

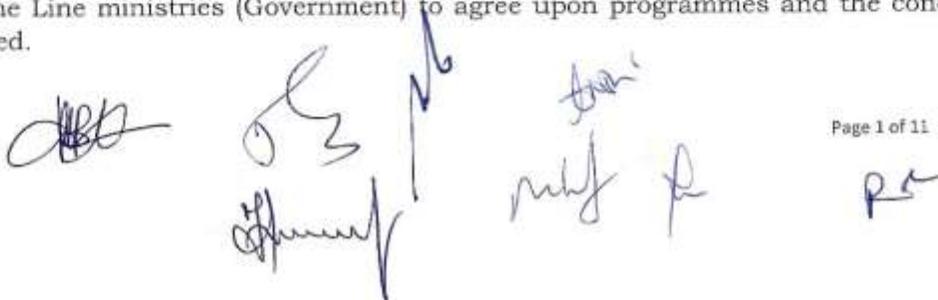
AND

LOCAL GOVERNMENTS

THIS Agreement is made this **31st day of August 2023** 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 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.



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 2024/2025 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:

- 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 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
- 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 action
 - e) Handle any other upcoming issues.
- 5) 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.



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Obligations of the Ministry of Works and Transport

The Ministry shall;

- a) Prepare and disseminate the final grant utilization guidelines for (FY 2024/2025) 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 2024/2025 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.

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

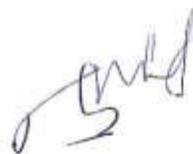
1. Road Maintenance and Rehabilitation

The following was noted:

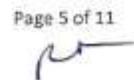
- i. There were glaring differences in unit costs for road works by the LGs and MoWT which required harmonization based on regions to facilitate proper budgeting.
- ii. MoWT was conducting a study on unit costs for road construction and maintenance for roads under UNRA and a draft study report was in place. The proposed recommendations in the report would be shared with the Local Governments by 17th September 2023.
- iii. There was no clear funding for emergency road works and as such, requests from entities overwhelmed the Uganda Road Fund (URF). LGs resorted to work-plan revision which affected the already under funded priorities.
- iv. The Road maintenance funds for Community Access Roads were dwindling despite the continuous increase in the cost of maintenance materials.
- v. URF had written to MoFPED requesting for UGX 26 bn to cater for works in the new Sub-counties and Town Councils.
- vi. Additional UGX 1 billion had been allocated to each LG vote in the FY 2023/24 budget. However, the grant utilization guidelines for these funds were provided to LGs by MoWT but after being tabled before Parliament, Parliament made resolutions contrary to what the MoWT proposals.
- vii. LGs expressed concern over inadequate transport facilities for supervisory works as no supervisory vehicles and motorcycles had been provided by URF to LGs, hence they faced difficulties with supervision of road works.

It was agreed that:

- a) **MoWT shall develop and communicate unit rates for road works based on scope of works to be executed to help in proper budgeting by April 2024.**
- b) **URF shall enhance funding for emergencies by at least 20% to cater for**
- c) **MoWT shall produce and share with LGs clear fund utilization guidelines for the extra UGX 1bn that has been provided to LGs.**
- d) **MoWT shall explore new technologies on the market for construction and maintenance of roads based on traffic volumes and related factors.**
- e) **MoWT shall share the recommendations from the Unit Cost Study Report with ULGA and UAAU and also share it with the JTC during Midterm review of negotiations.**
- f) **LGs shall use the current rates provided by URF for road maintenance when budgeting for road maintenance activities.**
- g) **MoWT shall share with LGs the draft report on Unit Cost Study Report during the Local Government Budget Consultation Workshops.**
- h) **MoWT shall ensure that stakeholder consultations that relate to DUCAR network will involve ULGA and UAAU.**
- i) **MoWT shall write a circular to LGs on how to spend the UGX 250m released in quarter one FY 2023/24 immediately and also share a copy with the UNAT by 1st September, 2023.**



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- j) URF shall provide road maintenance funding for all the new administrative units (Sub-counties and Town councils) in the FY2024/25.
- k) URF shall lobby for an increase in the budget for the Road Maintenance Grant in FY 2024/25.

2. Road Software

LGs reported that there was lack of road condition software to guide their planning and prioritization for the meager resources they received. The Annual District Road Inventory and Survey software had taken long without being updated and did not match the current road conditioning.

LGs also reported that they lacked GIS software to guide in the maintenance history, current condition and future Road maintenance planning. They recommended that MoWT should come up with an updated software or improve on ADRICS for road rehabilitation and maintenance works to guide in the planning of appropriate maintenance needs. They further recommended that MoWT should work with MoLHUD to equip LGs with GIS units.

MoWT reported that they have in place a Roads Software and that they were updating the road inventory.

It was agreed that:

- a) LGs shall use up to 2% of the newly provided budget allocation of UGX 1bn to cater for Annual District Road Inventory and Condition Survey (ADRICS).
- b) MoWT shall plan and upgrade the GIS software in the FY 2024/25.

3. Grant for Road Safety and Safe School Zones Along Urban Centers, Schools, Markets, Churches and Administrative Places

It was noted that Uganda lost 650 children below the age of 18 in road crashes in 2022 while those who died between the ages of 18 to 24 were 703. Local Governments noted the need to protect school children from dying on roads every day by establishing a 30kph speed limit in all school zone areas.

The meeting noted that there were many poorly constructed, randomly placed, and unpredictable speed humps on some roads and highways. This was worsened by lack of signage on some roads to alert road users on the existence of the speed humps. It was, therefore, necessary to have in place a policy guiding on installation of speed humps on roads and highways. The meeting further noted that the road furniture had been stolen and drainages were not covered which had resulted into many accidents.

MoWT reported that speed humps in some places were demanded by the communities and political leaders. A design policy was in place which covered among others road safety provisions such as speed humps, road signs, road marking etc.

The Ministry reported that due to the rampant stealing of road furniture, they had moved from steel signage to glass reinforced plastic fiber GRP that is difficult to vandalize.

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There was need for a combined effort and participation of the community in activities aimed at enhancing road safety.

It was agreed that:

- a) MoWT shall conduct a deliberate campaign to enhance community awareness on road signage.
- b) MoWT shall intensify the painting of speed humps to improve on road signage.
- c) MoWT shall enhance investment in speed guns to be used on highways.
- d) LGs shall spearhead formation of Road Safety Committees which shall work with MoWT to improve road safety.
- e) LGs shall enforce road safety in their localities.
- f) MoWT shall ensure correct and clear marking of Kilometers and Miles on the roads to guide road users.
- g) MoWT shall ensure the marking and identification of places on roads clearly written out in the proper languages.

4. Mechanical Imprest for Maintenance of Equipment

It was reported that the mechanical impost provided to LGs was insufficient. For example, the UGX 12,076,132 provided to Kabale District, and UGX 60,000,000 for Kisoro was too inadequate to service a grader or purchase tyres.

LGs recommended that MoWT should carry out a survey and establish the mechanical impost requirement for each LG which would inform the increase in the allocation of mechanical impost based on the road equipment available at each Local Government.

MoWT reported that mechanical impost was 15% of the road fund as per the guidelines by URF and that this Financial Year, 10% (which is UGX 100 million) of the 1Billion Grant to Beneficiaries had been recommended for servicing equipment and address minor repairs, while major repairs would be handled by the MoWT though there was a shortfall in the funding.

It was agreed that MoWT shall guide LGs by end of September 2023 on how to use the monies identified for minor services and repairs.

5. Acquisition of Right of Way

Local Governments reported that there was no funding for right of way for DUCAR roads undergoing opening, rehabilitation and upgrade which affected the standards required for road construction.

MoWT noted that the Roads Act 2019 gives LGs the mandate to manage, develop, and maintain the District, Urban and Community Access Roads (DUCAR) network under their jurisdiction, hence they should cater for compensating land owners. However, it was noted that the hefty sums required by land owners in form of compensation delayed road opening, yet the roads enabled the communities to access schools, markets, and health centers. LGs needed to sensitize the communities of their need to willingly provide space for road opening without compensation.



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It was agreed that LGs shall devise strategies to open roads without financially compensating landowners and this should be standardized across all Local Governments.

6. Human Resources at LGs

Local Governments noted that Municipalities in the Greater Kampala region required an improved staffing structure to suit their current service demands.

It was also noted that the remuneration for Machine Operators and Supervisory Staff was miserable considering the increasing cost of living. The retention allowance for machine operators was still low. E.g., Machine Operators earn a night allowance of 55,000/= and SDA of 11,000/=, based on the salary scale.

MoWT had not yet finalized the inventory of all equipment operators in Local Governments with their respective qualifications as earlier promised. LGs noted that this had been an overdue issue that had never been resolved and yet it affected service delivery in the sector. It was emphasized that Remuneration of Machine Operators and Supervisors had been discussed for the last 8 years without progress.

The LGs proposed a monthly UGX 250,000 for the Machine Operators so that they can be motivated to be retained at the Local Governments, produce better results and manage the machines better.

MoWT reported that they were in the process of conducting an inventory of all Equipment Operators and a request for funds to carry out this activity was prepared but not yet honored due to budget constraints.

The Ministry proposed that the retention allowance for Machine Operators be increased to a tune of 5 to 10 nights per month depending on the amount of work executed and the funds be paid from the UGX 1 bn for the Works and Transport Rehabilitation Development Grant.

It was agreed that:

- a) **MoPS shall reclassify the Machine Operators and cater for this special carder throughout Public Service.**
- b) **MoWT shall liaise with MoPs and provide guidance on the appropriate allowance for these Operators by December 2023.**
- c) **LGs shall motivate the Machine Operators by giving them an appropriate allowance as MoPS finalizes guidance on this matter.**
- d) **MoWT shall follow up the customization of the staffing structures with MoPS to cater for the specific positions that are needed in Greater Kampala Municipalities to match that of the Cities by December 2023.**
- e) **MoWT shall take the inventory of the Machine operators in FY 2024/25.**

7. Inadequate Road Equipment

Local Governments reported that there was no road equipment for the newly created Districts, as well as Cities and Municipal Councils which lacked road equipment. The



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cost of hiring equipment was quite high which affected timely maintenance of roads in the LGs.

MoWT reported that it would support LGs in carrying out major repairs of the road equipment through the Regional Mechanical Workshops. The Ministry also provides heavy duty equipment to implement works that can be executed using the road units that were issued to the Local Governments.

It was agreed that:

- a) **MoWT shall provide Road Equipment including a Grader and a Wheel Loader for the 14 newly created Local Governments in phase 2.**
- b) **MoWT shall provide road equipment for the Cities and the Municipalities in the planned phase 3.**

8. Rural Bridges Infrastructure Development

It was reported that funding for Rural Bridges Infrastructure Development remained limited in some LGs while others lacked any funding provision for Rural bridges and Infrastructure Development.

LGs expressed concern over the poor quality of the bridges in LGs which had existed for over 30 years without repair and improvement.

MoWT reported that in FY 2019/20, the MoFPED approved the project 1558 for rural bridges and related infrastructure with a budget of UGX 300bn. The aim of the project was to increase the stock of quality bridges on the DUCAR network through construction of new bridges. However, over the past four years, the project had been receiving a budget allocation of only UGX 20 bn per year.

With this allocation, the Ministry could only construct about 5 bridges per year, therefore the planned target of constructing 53 bridges in the NDP III is unlikely to be achieved unless funds are increased from UGX 20bn to UGX 50bn as per the approved project in the Medium-Term Expenditure Framework (MTEF).

It was agreed that:

- a) **MoWT shall continue mobilizing funds for construction and maintenance of bridge infrastructure in LGs.**
- b) **MoWT shall liaise with the Development Committee of MoFPED and justify the need for increased resources for the Rural Bridges Project 1558.**

9. Water Transport

MoWT noted that they had carried out the following; construction and rehabilitation of landing sites and jetties: Gaba, Bule, Butebo, Nakiwogo and Iutoboka. Upgrading of existing ferry infrastructures of Zengebe, Namasale, Panyimur, Kiyindi, Bisina, Obongi, Lake Victoria Slipway. The Ministry had introduced a Pilot Public Transport Services on water ways between Kampala – Entebbe – Jinja where 3 terminals were to be constructed and acquire water buses. Construction of a bridge from Nakiwogo to Buwaya (0.5km) connecting Kasanje to Entebbe Airport was also in plan. Development



of Bukasa Port; Port Master Plan prepared. Procurement of contractor for dredging pilling and swamp charging was underway.

Local Governments noted the need to work on the Adjumani Moyo Bridge and implement the Presidential pledge on the Koboko- Moyo -Yumbe road. MoWT reported that these were planned to be implemented under African Development Bank (ADE) project.

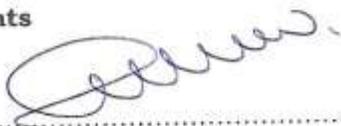
It was agreed that;

- a) **MoWT shall provide the status and update on the list of bridges to be constructed by end of September 2023.**
- b) **MoWT shall continue identifying the bridges in poor and bad conditions that when funds become available, they will consult LGs on the bridges to work on.**

IN WITNESS WHEREOF the appointed representatives of Parties hereto have set the 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

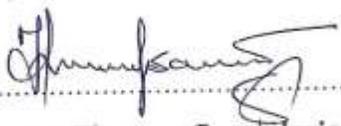
Signed for and on behalf of the Ministry of Works and Transport

Eng. Emmanuel Twinamatsiko

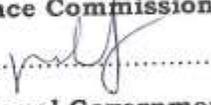

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Authorized Representative, Ministry of Works and Transport

IN WITNESS WHEREOF: (Authorized Representatives)

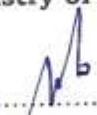
Hon. Isaac Musumba Isanga


.....
Local Government Finance Commission

Mr. Paul Okot Okello


.....
Ministry of Local Government

Mr. Joseph Oloo Majanga


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Ministry of Finance, Planning & Economic Development









Mr. Bwire Simon

Mr. Dhikusooka Gyaviira

Mr. Ezraah Ainecomujuni

Ms Nafungo Irene

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Ministry of Public Service

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