



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

FOR FINANCIAL YEAR 2018 – 2019

BETWEEN

MINISTRY OF HEALTH

AND

LOCAL GOVERNMENTS.

**THIS Agreement** is made this **25<sup>th</sup>** day of **August, 2017** between the Ministry of Health (MOH) of P.O. Box 7272 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 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 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 "*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 on programmes in accordance with the conditions agreed upon and this necessitates for the local Governments to interface with the Sector ministries (Government) to agree upon both programmes and conditions.

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 Sectors, on programmes and conditions for Conditional Grants utilization.

The negotiations are organized, chaired and witnessed by the Local Government Finance Commission; Office of the Prime Minister; Ministry of Local Government; Ministry of Finance, Planning and Economic Development; Ministry of Public Service and the National Planning Authority.

## **WHEREAS;**

1. The Ministry of Health has the statutory responsibility of inspection, supervision, monitoring, regulation, coordination, mentoring, and provision of technical guidance and support to local governments in the implementation of government programmes;
2. The Local Governments are the implementers of government programmes within their localities 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;

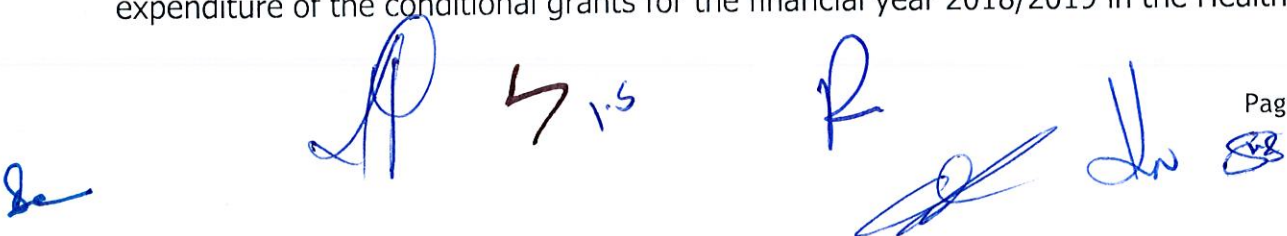
**NOW THEREFORE,** having deliberated, do hereby agree to work together towards achieving the above common goal and in so doing, the Parties agree to be bound by the terms and conditions as stipulated here below.

## **Agreement**

- a) The Agreement shall come into effect on the date of last endorsement of signature to this agreement and shall run during budget formulation and implementation for Financial Year 2018-2019.
- 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 Local Government Finance Commission, with copies to Uganda Local Governments Association (ULGA), Urban Authorities Association of Uganda (UAAU), Ministry of Local Government, Ministry of Finance Planning and Economic Development, National Planning Authority, Office of the Prime Minister and Ministry of Public Service.

## **Purpose**

The purpose of this agreement is to define and set out the terms and the conditions for the expenditure of the conditional grants for the financial year 2018/2019 in the Health Sector.



## Mid-term Review

The Parties shall have a mid-term review in April 2018 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 Thirteen (13) members drawn in the following ratio
  - a) Local Governments Finance Commission: 2
  - b) Uganda Local Governments Association: 2
  - c) Urban Authorities Association of Uganda :2
  - d) Ministry of Health: 2
  - e) Office of the Prime Minister: 1
  - f) Ministry of Finance : 1
  - g) Ministry of Local Government: 1
  - h) Ministry of Public Service: 1
  - i) National Planning Authority: 1
- 2) The Local Government Finance Commission shall be the Chair and Secretariat of the Joint Technical Committee.
- 3) The JTC shall sit on a quarterly basis at a time and place determined and communicated by the Local Government Finance Commission.
- 4) The Joint Technical Committee 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, Office of the Prime Minister and MoLG for appropriate action.
  - e) Handle any other activity that may be agreed upon by the parties
  - f) The Joint Technical Committee members shall report to the respective Policy Organs of their Institutions.

## General Obligations of the Parties

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

## Obligations of the Ministry of Health

### The Ministry shall;

- a) Prepare and disseminate the final sector and grant utilization guidelines for (FY 2018/2019) during the local government budget consultative workshops.
- b) Include the signed agreement for the financial year 2018/19 as an annex to its Ministerial Policy Statement and provide a report to the Committee of Parliament responsible for MoH, regarding the agreed positions reached with UNAT during the negotiations.
- c) Communicate through circulars addressed to the Chief Administrative Officers and Town Clerks, the issues agreed upon in the negotiations for Local Governments to implement in their respective sectors.
- 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) Liaise with MOFPED to ensure that all funds for capital development are released to Local Governments by the third Quarter.
- g) Ensure adequate involvement and participation of the Accounting Officers of Local Governments during its sector reviews.
- h) 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 Health Sector.

## Obligations of the Local Governments

### Local Governments shall;

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

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

## Specific Obligations of the Parties

### 1. PHC- Non-wage Recurrent

The sector reported that they had reviewed the formulae to include a threshold for HC3, HC4 and General Hospitals. However, HC2s did not have a threshold. The LGs raised a concern that even the HC2s need a threshold to cater for minimum requirements.

#### It was agreed that;

a) **The MoH shall review the formulae for allocation to HC IIs to provide for a threshold and report in the midterm review in April 2018.**

b) **The MOH shall review the grants allocation formulae to provide for a threshold for DHOs office.**

### 2. PHC Development Component

MoH reported that the Development component of PHC was still controlled by the ministry geared towards providing HC IIIs in those sub counties which are not yet served. According to the Ministry's data, there are 93 sub counties which have no health facility at all and 225 sub-counties which have only HC IIs. It is the MOH's plan to construct HC IIIs in the 93 sub-counties and to upgrade HC IIs to HC IIIs in the 225 Sub-counties. MOH is developing a medium term strategy to cover all the sub counties up to FY 2020/2021.

The strategy will also include upgrading of HC IIs to HCIIIs and also to provide for more HC IIIs to large sub-counties which are constrained by one unit.

#### It was agreed that;

a) **Whereas, the development grant is still controlled by the centre, the local governments selected for development of a facility shall have the discretion to decide the location.**

b) **The MoH shall report on the progress of developing the strategy indicating which sub-counties should be expecting to be covered by 2021 at the Midterm review in April 2018.**

### 3. Health Wage

The LGs reported that the current staffing norms do not meet the current needs. They need review. However, it was also reported that even for the current norms recruitment is still very low. They also noted that there is still a persistent problem of attracting and retaining staff especially in hard to reach areas. Local governments are only allowed to recruit where the wage budget provision allows.



MoH reported that it was still negotiating for increase in wage bill with MoPS and MoFPED. It is also supporting accommodation in hard to reach areas in conjunction with the World Bank. Priority is to be given to those LGs where the accommodation is absent.

MoPS noted that some local governments could not spend all their wage for FY 2016/17 implying they could have failed to recruit. MOH reported that Community extension health workers strategy is being put in place and is currently in advanced stages.

**It was agreed that;**

- a) **LGs shall complete the recruitment by 31<sup>st</sup> December 2017 where the wage bill permits.**
- b) **MoH shall update on the progress of the implementation of community extension health worker strategy at the Midterm review.**
- c) **MoH shall continue to prioritize and increase the budget for health preventive interventions such as immunization, health promotion /education and disease prevention, sanitation improvement, nutrition education etc.**

**4. Phasing out all HCIIIs and upgrading HCIIIs to HC III level**

It was noted that MoH had reported at the mid-term review that a comprehensive assessment was being undertaken on this issue. The MoH provided an update that the assessment was still going on. Preliminary findings had indicated that there were 93 sub-counties without a health centre II and those would be a priority. Secondly, the MoH had also identified 225 HCIIIs to be upgraded to HCIII in a phased manner.

**It was agreed that;**

**MoH shall provide a phased plan and budget and share an update at the Midterm review.**

**5. Delayed communication on PHC Grant Guidelines**

LGs noted with concern the delayed communication by the MoH this FY of the sector guidelines which had impacted service delivery.

MoH reported that they have been printed and they are ready for dissemination.

**It was agreed that;**

**MoH shall share the PHC Guidelines & strategic plan with the LGs during the Local Government Budget Consultative Workshops.**

**6. Supply of drugs by NMS**

LGs reported that they experience challenges with the Supplies of drugs by NMS;

- a) There is limited supply compared to the demand.

- b) There are reported cases of supplying medicines of short expiry periods especially the donated supplies.
- c) Sometimes NMS delivers medicines after working hours when there are no relevant officers to open the boxes for verification prior to accepting delivery.
- d) At the HCIIIs and HCIIIs, NMS uses a "Push System" to supply medicines while HCIVs and General Hospitals, is a demand by the respective health facilities.

It was also reported that NMS communicates delivery schedules to local governments but sometimes, they are not followed when doing the actual deliveries.

MoH reported that it was taking measures to ensure that drug deliveries are made following the guidelines.

**It was agreed that;**

- a) **NMS shall only deliver drugs during working hours when all the officials or their representatives expected to witness the deliveries are available.**
- b) **NMS shall always confirm their schedules with local governments' leaders early enough before arrival.**
- c) **Drug deliveries outside the scheduled time should not be accepted by local governments.**

**7. Expired drugs**

LGs reported that they continue to have challenges of disposing off expired drugs. It was noted that NMS is expected to collect all expired drugs from health facilities and LGs when they deliver medicines. NMS was however not collecting the expired drugs as required because MOH has not provided them with the budget for destroying these expired drugs

**It was agreed that;**

- a) **MOH shall provide to NMS a relevant budget for disposal/ destruction of expired medicines from LGs.**
- b) **MoH shall follow up with NMS to ensure that expired drugs are regularly collected for disposal.**
- c) **Local Governments shall always check on the expiry dates of the drugs supplied to ensure that those drugs which have a short shelf life (expiry date) and are likely to expire before use are not accepted.**

**8. Hygiene and Sanitation Grant**

It was noted that Hygiene and Sanitation function is a shared responsibility between three ministries of Health, Water and Environment and that of Education and Sports. The three ministries also have a memorandum. However, it was noted that there are some LGs which have no budget allocation from any of the three ministries. There was also lack of clarity of

*[Handwritten signatures and initials in blue ink]*

who was responsible for issuing policy guidelines on solid waste management issues. Therefore there is a need to harmonize.

**It was agreed that;**

- a) MoH shall provide the status of performance for the current Uganda Sanitation Fund project and the status of mobilizing the funds.
- b) MoH shall share the outcome of the consultations with the MoWE on the modalities and management of the sanitation, water and Solid waste management.

## **9. Procurement of staff uniforms for medical workers**

It was reported that last financial year, the MoH sought clearance from PPDA regarding procurement of staff uniforms following the Presidential directive on Buy Uganda and Build Uganda.

MoH reported that UGX. 3billion was allocated to NMS last FY for procurement of uniforms which have since been procured. The distribution of the uniforms will commence in September 2017. Another UGX. 3bn has been budgeted for procurement of more uniforms in FY 2017/18. LGs were therefore urged to submit the staff lists and measurements early enough for the uniforms to be procured in time this FY.

LGs reported that sometimes uniforms take long to be supplied and it reaches when intended owners have changed.

**It was agreed that;**

- a) MoH and LGs shall provide reports on the delivery status in the midterm review in April 2018.
- b) LGS shall resubmit their requirements for uniforms (staff lists and measurements) on time to facilitate timely procurement.

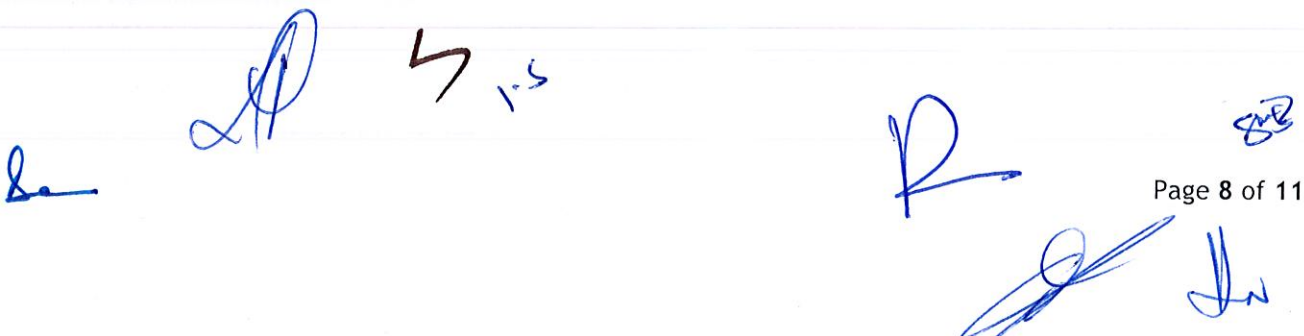
## **10. Data collection tools**

LGs reported that there were inadequate medical forms in the health facilities resulting into patients being asked to buy small exercise books for medical records. MoH reported on plans of digitalizing medical records in higher health facilities. It was also noted that the MoH still relies heavily on development partners to support supply of medical stationery.

MoH reported that medical forms have been standardized and an allocation of UGX 2 billion had been allocated for the printing of forms, this FY 2017/18.

**It was agreed;**

**MoH shall supply the standardized medical forms to health centres and hospitals.**





## 11. Private Not For Profit Facilities(PNFP)

LGs reported that some PNFPs were suspended from receiving PHC grants without LGs' involvement. That had created a burden since some were serving areas not currently covered by government facilities.

MoH explained that it carried out a PNFP verification exercise with clear qualification criteria and deleted those facilities that were not fulfilling the criteria for PNFP. This was done in consultation with the DHMT, the Bureaus and District Leaders (especially RDC offices). For facilities that were deleted, the funds were redistributed to public health centres within the same LGs.

**It was agreed that;**

- a) **MoH shall continue the verification of the PNFP health facilities and re-establish if any facilities were wrongly closed.**
- b) **MOH has plans to construct new health center III's in sub-counties where they are not, in order to increase access. The status of new constructions shall be shared at the Mid-term review in April 2018.**

## 12. Facility management

It was reported that the scheme of health superintendents has not been rolled out and further still no salary enhancement made, thus poor management of health facilities manifested in the increased absenteeism.

MoH reported that it is currently working with MoPS to implement the scheme of health superintendents.

MoH together with MoLG are working on the implementation of biometrics to ensure that absenteeism is reduced.

**It was agreed that;**

**LGs shall put into place measures for strengthening supervision of health centre staff to reduce on absenteeism and shall share an update at the midterm review.**

## 13. Ambulance facility management

It was reported that the Health centres have inadequate facilitation for the emergency services such as ambulances.

MoH has established an ambulance department at the national level that will help to draft a comprehensive Policy on Ambulance System in the country.

**It was agreed that;**

- a) **MOH shall provide an update on the National Ambulance Policy at the midterm review in April 2018.**

b) LGs shall budget for utilization of locally raised revenues to cater for some expenses such as fuel for the ambulances.

**14. The delayed implementation of the scheme of service.**

LGs reported that the delayed implementation of the scheme of service has caused issues in recruitment to fill positions of staff that have been laid off.

LGS further reported that the management of health units was still very weak.

**It was agreed that;**

- a) MOH shall develop strategies for enhancing the Management Capacity of for the health units
- b) LGs shall propose strategies for improving management at these health units
- c) LGs shall demonstrate their support on local revenue enhancements strategies so as to improve revenue collection to meet the many recurrent expenditures.
- d) LGs shall make proposals for the building of the capacities of low level managers especially at health units.

**IN WITNESS WHEREOF**, the appointed representatives of the 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**

**By: Mr. Mutabazi George**




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**Authorized Representative**

**UNAT**

**Signed for and on behalf of the Ministry of Health**

**By: Dr. Diana Atwine**



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**Authorized Representative**

**Ministry of Health**

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**IN WITNESS HEREOF  
Authorized Representatives**

Mr. Lawrence Banyoya

  
.....  
**LGFC**

Mr. Olarker Charles

  
.....  
**MOLG**

Mr. Sam Omaido

  
.....  
**MOFPED**

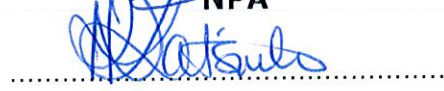
Ms. Samalie Ibanda

  
.....  
**MOPS**

Mr. David Katungi

  
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**NPA**

Mr. Nobert Katsirabo

  
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**OPM**



