

**Ministry of Lands, Housing and Urban Development**  
**UGANDA SUPPORT TO MUNICIPAL INFRASTRUCTURE**  
**DEVELOPMENT, ADDITIONAL FINANCING (USMID-AF) PROGRAM**

**Summary Status Brief as at March 1, 2019**

**A. Key Features of USMID-AF**

1. The Development Objective is to enhance the institutional performance of Program Local Governments to improve urban service delivery.
2. Total funding is US\$ 360 million of which US\$ 335 million is a credit and US\$ 25 million is a grant.
3. Proposed program duration is five years (FY2018/19 to FY2022/23).
  - Expected effectiveness: October 1, 2018 (Now as soon as FA is signed)
  - Expected Closure: December 31, 2023.
4. Participating Local governments:

USMID Municipalities of Arua, Gulu, Lira, Soroti, Moroto, Mbale, Tororo, Jinja, Entebbe, Masaka, Mbarara, Kabale, Fort Portal, Hoima. (14 No.)  
New municipalities: Kitgum, Kasese, Kamuli, Mubende, 4 others to be added in 2<sup>nd</sup> year of implementation. (8 No.)  
District Local governments hosting Refugees: Adjumani, Moyo, Yumbe, Arua, Isingiro, Kiryandongo, Kamwenge and Lamwo. (8 No.) Kamwenge and Lamwo will join the program in the second year of implementation.
5. The program has 3 sets of results:
  - a) Program Municipalities (22 No.) with enhanced capacity in generating own source revenue, in urban planning, in providing a conducive environment for private sector investment and job creation, in financial management, procurement management and environmental and social systems.
  - b) Expanded urban infrastructure.
  - c) Enhanced service delivery through improved local infrastructure, physical planning and land tenure security in Local governments hosting refugees (8 No.).
6. Program expenditure areas:
  - a) Municipal Institutional Support Grants (MISG).....US\$ 10 million
  - b) Performance-based Municipal Development Grants (MDG).....US\$ 245 million
  - c) Support to MLHUD to administer and coordinate the program and strengthen its capacity to support and guide urban development and providing technical backup support to Municipalities.....US\$ 45 million
  - d) Support local governments hosting refugees to improve planning, land tenure security and small scale infrastructure investments targeting refugees and host communities.....US\$ 60 million
7. Municipal Infrastructure Investment Menu
  - a) Urban roads and associated infrastructure.

- b) Urban transportation terminals, e.g. bus, lorry parks and associated market stalls for vendors.
- c) Urban solid and liquid waste management systems.
- d) Drainage and storm water management systems.
- e) Urban local economic infrastructure, e.g. markets, slaughter houses, servicing land for industrial and commercial uses, cottage industries, tourism sites.
- f) Urban beautification such as leisure/public parks, play grounds, urban greening, landscaping.
- g) Infrastructure in local governments hosting refugees including, small bridges, culverts, road sections in order to address bottlenecks in road use such as swampy areas; infrastructure promoting sports, art and culture.

## 8. Municipal Institutional Strengthening Areas

The Institutional Strengthening grant shall be used for funding activities that lead to institutional strengthening of the municipal LG. The use of the grant focuses on the following core areas:

- a) Tooling/retooling (Office furniture, equipment, and refurbishment);
- b) Physical Planning, Urban Systems Development, and Plans/Strategies;
- c) Specialized technical plant and equipment;
- d) Assessing comparative advantages of localities and development of investment profiles for the locality;
- e) Systems for enhancing own source revenue collection;
- f) Central Government trainings and consultations;
- g) Career development; and
- h) Discretionary institutional strengthening for core areas of importance for urban development and for handling of infrastructure programs as assessed in the annual performance assessments.

## 9. Institutional Arrangements

### a) PSC/FDSC

Program Steering Committee (PSC) responsibilities are now to be handled by the national Fiscal Decentralization Steering Committee (FDSC). The Membership of FDSC includes: PS/ST (Chair), PS of MoH, MoES, MoWE, OPM, MoLG, MoPS, MLHUD and Secretary LGFC. Other Permanent Secretaries can be co-opted depending on the issues being discussed. The FDSC is responsible for any policy changes in program implementation.

### b) Program Technical Committee (PTC)

The PTC has been expanded to include:

- Commissioner Budget Policy and Evaluation Department (BPED) in MoFPED who is the Secretary to the fiscal decentralization (FD) Technical Committee,
- Commissioner Aid liaison MoFPED – responsible for overall debt management,
- Commissioner M&E in office of the Prime Minister (OPM) who is the Chair of the LGs' performance assessment Task Force,
- Commissioner for Policy Implementation Coordination (PIC) in OPM who coordinates the implementation of DDEG,

- National Planning Authority – responsible for vetting all projects and ensuring alignments with the National Development Plan, and
- Representative from Uganda Road Fund - to ensure stronger linkages between investments and maintenance.
- Co-opt any relevant MDAs to the PTC
- The above will be in addition to the present members who include; DPPUD, CUD, MoWT, PPDA, LGFC, NEMA, UAAU, MoLG, MoFPED, PC/USMID-Secretary
- PTC is responsible for offering technical guidance and approval of Program workplans, Funds Allocation to LGs in line with the program performance assessment framework and program reports.

c) MLHUD and Program Support Team (PST)

MLHUD is responsible for overall coordination and implementation of the program through the Program Support Team (PST). PST includes a team of Specialists in the areas of engineering, physical planning and urban development, environment and social development, communication & PR, financial management and procurement management and is headed by a Program Coordinator. These work together with Ministry staff and other government agencies to ensure efficient and effective implementation of the program.

d) Program Local Governments

Local governments receive grants and they implement activities in line with Government procedures of financial management and procurement as stipulated in the relevant laws and regulations(LG Act, PPDA Act, Physical Planning Act, NEMA, etc.), and regular guidance from MLHUD.

The Local Government Councils are responsible for identification and prioritization of sub-projects in accordance with the program investment Menu. All prioritized sub-projects must be in the Local Government Development Plan and must be approved by MLHUD.

Key Technical staff must all be in place before a local government can access grants.

## **B. Preparatory Activities**

### 1. Program effectiveness conditions

All conditions for program effectiveness have been met. These include:

- a) All staff for the Program Support Team (PST) are in place except the Socio Development Specialist. The specialist has been identified and will be presented to WB for approval.
- b) The Program Technical Committee (PTC) is fully constituted. All MDAs have nominated members to PTC.
- c) All program LGs and MDAs constituting the PTC have signed Program Participating Agreements with the Executing Agency.

- d) The Program Operational Manual has been revised and approved by the World Bank and is ready for mass printing.
- e) Opinion of the Attorney General on the Financing Agreement was issued.
- f) World Bank signed their part of the Financing Agreement.

## 2. Other activities

- a) MLHUD prepared a five year institutional strengthening plan (FY 2018/19-FY 2022/23) which was approved by the World Bank.
- b) USMID-AF dissemination workshop held in January 2019 with participating LGs to share key features of USMID-AF, including the assessment framework, procurement guidelines, guidelines for selection and prioritization of infrastructure investment projects, the participatory agreements, environment and social management.
- c) The first meeting of the USMID-AF Program Technical Committee was held on February 27, 2019. One of the key outputs of the meeting was the approval of the Performance Assessment report and funding allocation for the FY 2018/18 for DLIs 1-8 of US\$ 64,674,874. Of this amount US\$43,894,056 is the allocation for the municipalities, US\$ 8,281,157 for the institutional strengthening of the Ministry, US\$2,882,661 is for support to refugee hosting districts and US\$ 1,605,347 for the Adjumani District (the only refugee hosting district that complied with all the accountability requirements –minimum conditions under USMID-AF. We shall commence funds withdraw application to the World Bank as soon as the Financing Agreement is signed.
- d) The Independent verification Agent, (KPMG- Uganda) will be starting the second performance assessment for DLIs 1-8, this March 2018. This will provide funding allocations for the FY 2019/20.
- e) MLHUD is in the process of procuring consultants to undertake engineering designs, ESMPs and RAPs for the Program LGs.
- f) Preparing for the rapid physical planning assessment of the refugee hosting districts. ToRs for a consultant (to be engaged using trust funds) including the selection criteria for sub-counties and parishes have been prepared.
- g) Preparing for the environment and social audit of Batch 2 infrastructure civil works.