



**The Republic of Uganda**

**MINISTRY OF LOCAL GOVERNMENT**

**Discretionary Development Equalisation Grant (DDEG)  
Grant, Budget and Implementation Guidelines  
Financial Year 2024/25**

15<sup>th</sup> February 2023

## Foreword

The Ministry of Local Government (MoLG) reviewed the Discretionary Development Equalization Grant (DDEG) Guidelines for FY 2023/24 to address Challenges of Implementation met previously.

The FY 2023/24 DDEG Guidelines also provides Guidance on the Utilization of Additional DDEG Support totaling to approx. UGX 24bn from European Union. The Funds will be disbursed to the District Local Governments to improve their Capacity in Preparation and Management of Epidemics. Not less than 70% of this additional Support will be spent on Infrastructure at HCIII, HCIV and District Hospitals.

The Guidelines will further address new Service Delivery Needs as indicated here below;

- a) Support for the implementation of the Parish Development Model (PDM)
- b) Support Performance Improvement
- c) Funding for Assessment of the Lower Local Governments
- d) Surveying and Titling Public Land under their Jurisdiction
- e) Developing Physical Development Plans
- f) Addressing Social, Environmental and Epidemiological Vulnerability and Risks
- g) Data Collection to facilitate Implementation of Government Programmes and Projects
- h) Strengthening the Multisectoral Nutrition Coordination Structures.

I urge the Local Governments to improve on the Reporting Culture. For detailed reporting for DDEG, the Guidelines are providing a Reporting Temperate for Quarterly and Annual Reports.

To ensure Value for Money, I appeal to the various Implementers and Supervisors to align their Actions to the PFMA Act 2015 (as amended), PPDA Act 2003 and other relevant Laws, Regulations and Guidelines in order to cause Social -Economic Transformation in the Country.

Let me also take this Opportunity to register my sincere Appreciation to the European Union for their continuous Support in augmenting DDEG Resources which will drive the Country to greater Heights as we deliver on the Sustainable Development Goals (SDGs).



**Permanent Secretary**  
**Ministry of Local Government**

## 1 GRANT INFORMATION

### 1.1 Objectives and structure of the DDEG

#### 1.1.1 Objectives of the DDEG

The objectives of the DDEG are to:

- i. Enable LGs to allocate funds to priority local development needs that are within their mandate and are consistent with the National priorities by provision of **discretionary development** funding.
- ii. Provide LGs with equitable access to development financing, ensuring that more disadvantaged LGs receive additional funding to enable them catch up with the rest of the country. In doing so, the grant is **the Equalization Grant provided for in the Constitution** Article 193 (4); and primary financing for regional development programmes under affirmative action. Adherence by LGs to sectoral budget requirements will ensure that allocations are focused on areas where they lag behind national average standards for a service.
- iii. Provide development financing which caters for the **differing development needs of rural and urban areas.**
- iv. **Improve LGs capacities and systems for provision of quality services.** This is through rewarding good performance & sanctioning poor performance; coupled with performance improvement support to address areas where LGs have gaps.

#### 1.1.2 Structure of the DDEG

The DDEG is structured based on the differing development priorities of rural and urban LGs as follows:

- i. The **District** discretionary development equalisation grant; and
- ii. The **Urban** discretionary development equalisation grant.

The **District** DDEG has 4 windows for: (i) Districts Development Grant (allocated to the remaining Districts only); (ii) Sub-County Development Grant (allocated to the remaining Sub-Counties only); (iii) Refugee Hosting District Development (allocated to the refugee hosting LGs benefitting from USMID);

Similarly, the **Urban DDEG** shall have 2 windows: (i) **USMID (allocated to USMID City/Municipalities only)**; and (ii) **Non USMID (allocated to non USMID Municipalities, Divisions and all Town Councils only)**;<sup>1</sup>

Table 1: Overview of DDEG Grant Windows

Grant	Purpose
<b>District Discretionary Development Equalisation Grant</b>	<ul style="list-style-type: none"> <li>- Address development needs of rural areas</li> <li>- Provide discretion to LGs to fund local priorities</li> <li>- Increase adequacy of funding whilst giving preferential treatment to LGs that are lagging behind the national average standard for a particular service</li> </ul>
o/w DDEG District Development	
o/w DDEG Sub-County Development	
o/w Refugee Hosting Districts - (USMID)	<ul style="list-style-type: none"> <li>- Strengthen LGs ability to cope with refugee influx and to deliver critical infrastructure to host communities/LGs as well as refugees</li> </ul>
<b>Urban Discretionary Development Equalisation Grant</b>	<ul style="list-style-type: none"> <li>- Address development needs of urban areas</li> <li>- Provide discretion to LGs to fund local priorities</li> <li>- Increase adequacy of funding whilst giving preferential treatment to LGs that are lagging behind the national average standard for a particular service</li> </ul>
o/w City/ Municipal USMID	
o/w Division – USMID	
o/w Municipal, Divisions – Non USMID	
o/w Town Councils -	

## 1.2 Linkage to NDP III and Expected Service Delivery Outcomes

The DDEG contributes to the goal of the NDP III which is to Increase Average Household Incomes and Improve the Quality of Life of Ugandans.

Given its discretionary nature, the DDEG will contribute to the attainment of service delivery outcomes across the Programmes under the mandate of LGs. The DDEG should not only be used by LGs to construct and complete priority infrastructure projects, but also be used to ensure that the constructed infrastructure is functional and serves the intended needs of the citizens.

<sup>1</sup>It is also expected that the DDEG guidelines can be used for new multi-sectoral funding such as e.g. climate related finance.

### 1.3 Procedures/Guidelines for Allocating the DDEG

The DDEG is allocated to LGs in a three-step process. The first step is to allocate the DDEG resources across the windows explained above. The second step is to allocate the DDEG resources across LGs within each window using the DDEG allocation formula. The third step is to allocate the DDEG resources to eligible and approved activities within a LG. The details are elaborated below.

#### 1.3.1 Allocation of the DDEG across windows

The principle of allocating the DDEG across windows, is to ensure that; (i) the World Bank funding of the USMID City/Municipalities and refugee hosting districts can be retained<sup>2</sup>; and (ii) any additional resources are allocated to the LGs with a relatively low per capita allocation.

#### 1.3.2 Allocation of the DDEG across LGs in a given window

##### a) Allocation across Districts and Municipalities

The second step is the distribution of DDEG resources within the windows using the allocation formula. The DDEG will be allocated 50/50 based on two components: (i) the basic allocation based on socio-economic variables; and (ii) the performance component based on the results of the LG performance assessment, weighted by the basic allocation. As per the overall Intergovernmental Fiscal Transfer Reform objectives, the purpose is to: promote equitable allocation within a particular window; and promote efficiency in the use of funds for improved service delivery objectives.

##### *1. Basic allocation based on socio-economic variables*

The grant allocation formula for the basic component (albeit with different weighting applicable to both district and urban LGs) is described in the table below.

---

<sup>2</sup> As per financing agreement between the World Bank and the Government of Uganda

Table 2: The DDEG allocation formula

Variable name	Weights in percentage		Justification
	District DDEG	Urban DDEG	
Constant (fixed allocation for higher/LLGs)	20	17.5	Ensure that Higher and Lower LGs have minimum allocations for construction and completion of meaningful infrastructure
Rural Population / Urban Population	30	60	Provide for demand/scale of delivering services
Rural poverty headcount/Urban poverty head county	40	15	Equalizing variables - to allocate greater resources to districts that lag behind as per article 193 (4) of the Constitution.
<b>Conflict<sup>3</sup></b>	5	3	Allocate more resources to LGs severely affected by conflict.
Environmental risk index <sup>4</sup>	2.5	2	Ensure that Higher and Lower LGs have allocations for addressing environmental risks both in Rural and Urban setting
Population in high epidemiological risk	2.5	2.5	Ensure that Higher and Lower LGs have allocations for addressing COVID-19, Ebola and other epidemiological risks

Overall, the intent of the allocation formula is that it should: be objective, simple and easy to understand; be (politically) acceptable; use reliable information from official sources.

## **II. Performance-based component of the allocation formula**

In order to provide strong incentives to LGs to improve effective operations and service delivery, the size of the DDEG for Districts, Cities and Municipalities is adjusted against the performance of the LGs during the Annual LG Performance Assessment exercise that is conducted between October and December each year.

<sup>3</sup> The conflict variable is calculated as follows: (i) 60 points to category 1 districts (severely conflict or cattle rustling affected), (ii) 30 points to category 2 districts (sporadically conflicts and/or cattle rustling affected), (iii) 10 points to category 3 districts (conflict spill over) points to districts without conflicts the last 35 years. The MOLG, OPM, LGFC and MoLHUD will develop the criteria and determine the districts that fall within the respective categories.

<sup>4</sup> The indicator is a composite index combining three factors of environmental risk: Flood, Landslide, Drought. The index is the combined % of population vulnerable to each of these three (additive). Source: National Vulnerability and Risk Atlas

The impact from the results of the crosscutting assessment is weighted (scaled) with the basic allocation formula discussed in the previous sub-section to ensure that every performance indicator has a noticeable impact on the actual size of the allocations, and that the system provides incentives for all (larger as well as smaller LGs). The system ensures that LGs with a performance score above the average score receive additional funding and a LG with a score that is below the average is allocated lower resources. The system also ensures that all the funds are allocated (no balances).

#### b) Allocation of DDEG across LLGs

The DDEG is allocated across LLGs based on the variables described in the table below.

Table 2: The DDEG allocation formula

Variable name	Weights in percentage	Justification
	LLGs	
Constant (fixed allocation for LLGs)	25	Ensure that Higher and Lower LGs have minimum allocations for construction and completion of meaningful infrastructure
Rural Population / Urban Population	75	Provide for demand/scale of delivering services

### 1.4 Use of the DDEG – an overview

The DDEG can be used for the different activities at District, City and Municipal level as well as LLGs (sub-counties, town councils and municipal divisions) as follows.

At the District, City and Municipal LGs can use the DDEG for a wide range of infrastructures within the mandate of LGs according to their own local priorities and needs. In addition, the LGs can utilize the grant for investment servicing/monitoring of DDEG as well as for Performance Improvement support within the maximum thresholds provided below.

Table 5: Main types of Expenditure Items and expenditure thresholds at District/Municipal

Main Expenditure Items	Threshold
Infrastructure Projects	Minimum 70%
Investment Servicing and Monitoring <sup>5</sup>	Maximum 10%
Data Collection	Maximum 5%
Performance Improvement	Maximum 10%
Assessment of LLG	Maximum 5%

<sup>5</sup> Regional/purpose-specific windows may have a higher /lower allocation for this depending on the start-up preparations and awareness needed, planning, design, etc., defined as and when they are on board.

**Note:**

- 1. Assessment of LLGs is coordinated by Planning Unit and Performance Improvement coordinated by Human Resource Department.**
- 2. 3% for Data Collection for Parish Model. This is Coordinated by the Planning Unit**
- 3. 5% for Investment Service Costs, 5% for Monitoring coordinated by Planning Unit**
- 4. 2% under data Collection is Support to Nutrition Coordination Committees**

The Sub Counties, Divisions and Town Councils can use the DDEG for four main type of activities outlined in the table below.

**Table 6: Main types of Expenditure Items and expenditure thresholds at LLGs**

<b>Expenditure Item</b>	<b>Threshold</b>
1. Infrastructure projects, including economic, social, and administrative infrastructures as well as environmental protection Projects	Minimum 80%
2. Investment Servicing Costs including Monitoring and Evaluation	Maximum 10%
3. Support Parish Planning including data collection, monitoring all projects and programs in parish	Maximum 8%
4. Support to Nutrition Coordination Committees	Maximum 2%



## 2 GUIDELINES FOR DISTRICTS, CITIES AND MUNICIPALITIES

The following three subchapters present the procedures for budgeting, management and reporting on each of these three components of the DDEG.

### 2.1 Guidelines for Infrastructure projects at Districts, Cities and Municipalities

#### 2.1.1 Use of the DDEG for Infrastructure Development

##### a) Eligible Activities and Minimum Quality Standards for Districts

The Districts, Cities and Municipalities are allowed to use the DDEG funds for the eligible infrastructure development activities summarized in the matrix below. All infrastructure to be constructed and/or rehabilitated should:

- i. Comply with the minimum quality infrastructure standards of the investment(s) prescribed in the respective sector grant, budget, and implementation guidelines; and
- ii. Be designed and/or remodeled in a manner that adapts to climate change
- iii. Comply with Gender and Equity planning and budgeting principles

Table 7: Positive List/Investment Menu

LG Mandated Services	Eligible Activities
Administration	Construction or rehabilitation and furnishing of government offices
Primary Education	<ol style="list-style-type: none"> <li>i. Classroom construction and rehabilitation (incl. fencing, safety, rain water harvesting, hand washing facilities, COVID19 Screening facilities, PPE Disposal facilities etc.)</li> <li>ii. Latrine Construction (incl. rehabilitation and emptying)</li> <li>iii. Teacher house construction and rehabilitation</li> <li>iv. Provision of furniture to primary schools</li> </ol>
Secondary Education	<ol style="list-style-type: none"> <li>i. Secondary school construction and rehabilitation (incl. latrine construction, fencing, safety, rainwater harvesting, hand washing facilities COVID19 screening facilities, PPE disposal facilities, etc.)</li> <li>ii. Administration block rehabilitation</li> <li>iii. Teacher house construction</li> <li>iv. Laboratory and science room construction</li> </ol>
District Hospital and Primary Health Care	<ol style="list-style-type: none"> <li>i. Staff houses construction and rehabilitation</li> <li>ii. OPD and other ward construction, and rehabilitation</li> <li>iii. Standard pit latrine construction (incl. rehabilitation and emptying)</li> <li>iv. Technologically appropriate hand washing facility installation</li> </ol>

LG Mandated Services	Eligible Activities
	<ul style="list-style-type: none"> <li>v. Maternity Ward construction and rehabilitation</li> <li>vi. OPD and other ward construction and rehabilitation</li> <li>vii. Theatre construction and rehabilitation</li> <li>viii. Equipping Health Facilities with beds, mattresses, Epidemic screening facilities, PPE Disposal facilities,</li> </ul>
Water and Sanitation	<ul style="list-style-type: none"> <li>i. Rehabilitation and repairs to rural water sources.</li> <li>ii. Construction of public latrines in RGCs</li> <li>iii. Spring protection</li> <li>iv. Borehole drilling and rehabilitation</li> <li>v. Construction of piped water system</li> <li>vi. Construction of dams</li> <li>vii. Water Harvesting and storage and supply, e.g. rainwater harvesting and improved local water retention through ponds and improved irrigation practices.</li> </ul>
District Engineering Services	<ul style="list-style-type: none"> <li>i. Construction of public building including major up-grading<sup>6</sup></li> <li>ii. Community access roads maintenance</li> <li>iii. Urban roads maintenance</li> <li>iv. Urban roads re-sealing</li> <li>v. Urban paved roads maintenance</li> <li>vi. Urban paved roads rehabilitation</li> <li>vii. Urban unpaved roads maintenance</li> <li>viii. District and Community Access roads maintenance</li> <li>ix. Bridges for District and Urban Roads</li> <li>x. Street Lighting Facilities constructed and rehabilitated</li> <li>xi. Construction and rehabilitation of urban drainage infrastructure</li> <li>xii. Construction and rehabilitation of solid waste collection and disposal facilities</li> <li>xiii. Urban Beautification Infrastructure</li> </ul>
Production and Environment Protection	<ul style="list-style-type: none"> <li>i. Valley dam construction</li> <li>ii. Cattle dip construction</li> <li>iii. Slaughter slab construction</li> <li>iv. Livestock market construction</li> <li>v. Plant Clinic/Mini Laboratory Construction</li> <li>vi. Crop marketing facility</li> </ul>
Commercial Services	<ul style="list-style-type: none"> <li>i. Construction, remodeling and rehabilitation of markets</li> </ul>

<sup>6</sup> E.g. to ensure that they are resilience against the threats from climate change etc.

LG Mandated Services	Eligible Activities
	<ul style="list-style-type: none"> <li>ii. Construction, remodeling and rehabilitation of bus stands, lorry parks and other Economic Infrastructure (including car wash bay etc.)</li> <li>iii. Demonstration areas for private business and one-stop shops for interaction between business and private sector</li> <li>iv. Tourism Promotional Services</li> </ul>
Natural Resources Management	<ul style="list-style-type: none"> <li>i. Land management Services (Surveying, Valuations, Titling and Lease Management)</li> <li>ii. Physical Development Planning</li> <li>iii. Tree planting and greenery of public places, including erosion protection around infrastructure, riverbanks etc.</li> <li>iv. River Bank and Wetland Restoration (including Up-grading of degraded water catchment areas)</li> </ul>

**b) Ineligible Activities (Negative List)**

The Districts and Municipalities as well as LLGs cannot use the DDEG funds for:

- a) Recurrent cost activities (unless specified in Table 7 above);
- b) Livelihood projects
- c) Purchase and repair of vehicles and motorcycles
- d) Projects with unsettled land issues
- e) Private goods and private business with exclusive options for utilization
- f) All kinds of credit schemes and insurances, guarantees etc.
- g) Projects which have a detrimental environmental/and or social impact
- h) Projects which are not following public design standards

**2.1.2 Guidelines for Planning and Budgeting of Infrastructure Projects**

The steps followed for planning and budgeting for infrastructure projects are outlined in the matrix below and elaborated thereafter.

Date (When)	Step and Description of Procedures (What, Why & How)	Responsible (Who)
July	a) <b>Maintaining the Asset Register:</b> LGs are required to maintain an up-dated assets register covering details on buildings, vehicle etc, as per the format prescribed in the Accounting Manual. Also, to facilitate judicious management of the stock of assets and investments, LGs should make use of their Board of Survey reports to inform decisions on asset management e.g.	CAO/Town Clerk

## 2.1.4 Guidelines for Reporting

Date (When)	Step and Description of Procedures (What, Why & How)	Responsible (Who)
October, January April July	a) Site progress reports: A LG should conduct site visits and meetings at least quarterly.	TPC members
October, January April	b) Quarterly physical and financial progress report (PBS) c) Quarterly physical and financial progress report ( see Annexes A-G)	Planner with Engineer and User Department.
July	d) Annual physical and financial progress report (in PBS) e) Annual physical and financial progress report (( see Annexes A-G)	Planner with Engineer and User Dept

## 2.2 Guidelines for Investment Servicing and Monitoring

### 2.2.1 Use of the DDEG for Investment Service Costs

#### a) Eligible Expenditures

There are a number of activities that must be undertaken in order to properly plan, implement and monitor the construction of infrastructure projects. A LG can use a maximum of 10% of the DDEG to fund the activities which are outlined in the matrix below:

Budget Items	Activities - Positive List
Monitoring, supervision and appraisal of capital works	<ul style="list-style-type: none"> <li>- Project identification and appraisal (desk and field), including review of the impacts from climate change, and screening/classification</li> <li>- Contract management and execution activities.</li> <li>- Routine monitoring</li> <li>- Data bases and systems</li> </ul>
Feasibility Studies for Capital Works	<ul style="list-style-type: none"> <li>- Preparation of engineering designs and cost estimation, including design work on review of additional costs from impact from climate change and climate proofing of infrastructure</li> <li>- Location studies for geotechnical, environmental, review of e.g. flood levels to ensure safety of existing buildings and studies of more resilient development in sectors impacted</li> <li>- Preparation of bidding documents including preparation of BoQs</li> </ul>
Monitoring and Evaluation of Environmental Compliance	<ul style="list-style-type: none"> <li>- Environmental and social impact assessments</li> <li>- Preparation of environmental and social management plans,</li> <li>- Mainstreaming of climate change in plans, budgets, contracts, and monitoring.</li> <li>- Monitoring compliance to the environmental and social management plans</li> </ul>

## b) Negative List

Everything not explicitly mentioned above.

### 2.2.2 Guidelines for Planning and Budgeting for Investment Service Costs

The Annual Work Plan for implementing Investment Service Costs should be coordinated under the Planning Department.

Date (When)	Step and Procedures (What, Why and How)	Responsible (Who)
December	Identification of priority investment servicing cost activities	Planner in consultation with user departments, engineer, environmental officer and community development officer and clerk to the council.
February	Presentation and discussion of the work plan for investment service activities in TPC	Planner
March	Presentation and discussion of work plan in - /CEC / MEC	CAO / TC
March	Incorporation into District/Municipal Annual Work Plan and Budget for approval.	Planner

### 2.2.3 Guidelines for Implementation of Investment Service Activities

According to the Work Plan, the respective beneficiary Departments will implement activities by making requisitions to the CAO/ TC through the Planning Department. The key departments to use the investment service costs include: user department, Engineering department, Environment, Community Development, Planning.

### 2.2.4 Guidelines for Reporting of Investment Service Activities

Reporting procedures will follow the normal procedures of the LG. The User Department will provide an activity report using a standard reporting template provided by MoLG (see annexes A - G), which will then inform the PBS quarterly reporting system.

## 2.3 Guidelines for Performance Improvement Activities

The LGs have the responsibility to ensure that all stakeholders at the LG level have the required skills, knowledge and attitudes to perform their functions. LG Performance Improvement Activities will be implemented by Districts, Cities and Municipalities. The focus will be to address gaps identified from the LG PA and to conduct performance assessment of LLGs. District/City/Municipal Administration (HR Unit) will coordinate all Performance Improvement Activities. The procedures for development, implementation and reporting of Performance Improvement Activities are briefly described below.

### 2.3.1 Use of the DDEG for Performance Improvement Support

#### a) Positive List

The districts, Cities and municipalities are allowed to use maximum 10% of their DDEG allocations to implement a wide range of activities intended to improve LG management and performance. 5% is allocated to carry out Assessment of LLGs by the Planning Department. Total Allocation is 15%. The activities that are eligible are outlined in the matrix below:

Table 8: Eligible Activities/Positive List

S/N	Activities / examples of expenditure
i	In-house Short term training, skills development (not more than a month)
ii	Office Equipment retooling
iii	Benchmarking on best practices within the Country,
iv	Establishment of systems e.g. climate changes, vulnerabilities, early warning systems, etc.
v	Support to strengthen the planning process and mainstreaming of cross – cutting issues, e.g. climate adaptation, especially if LGs have performed poorly in the LG PA.
vi	Conducting LLG Performance Assessment Exercise

#### b) Negative List

- i. Staff training (career development)
- ii. Travel abroad
- iii. Procurement of vehicles and motorcycles
- iv. Operation and maintenance of vehicles

These activities in the negative list may be financed from other sources but not DDEG:

### 2.3.3 Guidelines for Implementation of Performance Improvement Activities

#### Implementation Modalities

- a) Administrative actions – to enforce requisite procedures and processes to improve performance e.g. records management, etc
- b) On the job-training by the LG staff (understudies, mentoring etc..)
  - The District, City /Municipal Resource Pool: LG Resource Pools shall be constituted and used for implementing performance improvement activities for LGs. Remuneration of the members of the resource pool should adhere to the circular on duty facilitating allowances issued by Ministry of Public Service.
- c) The LG Technical Planning Committees shall conduct LLG performance assessment exercise.
- d) Request for support from the NRP coordinated by MoLG
- e) Procurement of private service providers: Private service providers shall be procured in accordance with LG PPDA Regulations 2006.

### 2.3.4 Guidelines for reporting on Performance Improvement Activities

- a) For each activity there must be a report to CAO,
- b) Regular monitoring of PIP activities to be mainstreamed within LG monitoring – responsibility of HR unit,
- c) LG should compile a LLG PI report and submit the report to MoLG.
- d) LGs are required to do annual PIP reporting for July-Sept (end of September) & April to June (end of June)

## 2.4 Guidelines for Support to Nutrition Activities

### 2.4.1. Use of the DDEG for Nutrition Activities

In line with the Uganda Nutrition Action Plan (UNAP), the governance component which includes strengthening of the Nutrition Coordination structures is critical as a bedrock for implementing the specific and sensitive interventions.

LGs should utilise these funds to functionalise the multi sectoral coordination structures.

### 3 GUIDELINES FOR SUBCOUNTIES, DIVISIONS AND TOWN COUNCILS

The following subchapters explain the subsequent detailed procedures for the respective types of development projects as will be selected by LLGs.

#### 3.1 Guidelines for Infrastructure Projects at LLG levels

##### 3.1.1 Use of the DDEG for Infrastructure Development

The eligible and ineligible investments are similar to those elaborated for the districts, Cities and municipalities under section 2.1.1. However, the Sub Counties, Divisions and Town Councils should invest in infrastructure as per the development responsibilities described in the LG Act (2<sup>nd</sup> schedule). The larger infrastructure investment priorities identified by the Sub Counties, Divisions and Town Councils should be forwarded the Districts, Cities and Municipalities where more substantive levels of funding for infrastructure is available. Therefore, LLGs can only invest in infrastructure projects where:

- i. They can meet the recurrent cost implications. In case the recurrent costs are being met by the Districts, Cities or municipality, the LLG must have clear authorization prior to construction.
- ii. They have sufficient funds to complete the investment within the financial year.
- iii. Infrastructure projects which are consistent with the physical plan.
- iv. LLGs can use funds for development of physical development plans

##### 3.1.2 Guidelines for Annual Planning and Budgeting for Infrastructure Projects

Budgeting for infrastructure construction shall comply with the LG budgeting guidelines issued by Ministry of Finance, Planning and Economic Development. The infrastructure projects must be derived from their development plan and incorporated in the annual plans and budgets approved by the LGs. The main steps are outlined in the table below.

Date (When)	Step and Description of Procedures (What, Why & How)	Responsible (Who)
September	Present the IPFs to TPC and Sub-county / Town council / Division - the Council and TPC - Inform them of the available resource envelope	SAS / Town Clerk
September	<b>Maintaining the Asset Register:</b> LGs are required to maintain an updated assets register covering details on buildings, vehicle etc, as per the format prescribed in the Accounting Manual to inform	SAS/Town Clerk



### 3.2 Guidelines for Investment Servicing and Monitoring

#### 3.2.1 Use of the Grant for Investment Servicing and Monitoring

##### a) Eligible Expenditures

There are a number of activities that must be undertaken in order to properly plan, implement and monitor the construction of infrastructure projects. A LG can use a maximum of 10% of the DDEG to fund the activities which are outlined in the matrix below:

Budget item	Activities - Positive List
Monitoring, supervision and appraisal of capital works	<ul style="list-style-type: none"> <li>- Project identification and appraisal (desk and field), including review of the impacts from climate change, and screening/classification</li> <li>- Contract management and execution activities.</li> <li>- Routine monitoring</li> <li>- Data bases and systems</li> </ul>
Feasibility Studies for Capital Works	<ul style="list-style-type: none"> <li>- Preparation of engineering designs and cost estimation, including design work on review of additional costs from impact from climate change and climate proofing of infrastructure</li> <li>- Location studies for geotechnical, environmental, review of e.g. flood levels to ensure safety of existing buildings and studies of more resilient development in sectors impacted</li> <li>- Preparation of bidding documents including preparation of BoQs</li> </ul>
Monitoring and Evaluation of Environmental Compliance	<ul style="list-style-type: none"> <li>- Environmental and social impact assessments</li> <li>- Preparation of environmental and social management plans,</li> <li>- Mainstreaming of climate change in plans, budgets, contracts, and monitoring.</li> <li>- Monitoring compliance to the environmental and social management plans</li> </ul>

##### b) Negative List

Everything not explicitly mentioned above.

#### 3.2.2 Guidelines for Planning and Budget for Investment Service Activities

The Annual Work Plan for implementing Investment Service Costs should be coordinated under the SAS/TC.

Date (When)	Tasks and Procedures (What, Why and How)	Responsible (Who)
November	Identification of priority investment servicing costs	CDO in consultation with other Extension Workers.
December	Presentation and discussion of work plan in STPC	CDO
January	Presentation and discussion of work plan in – Executive Committee	SAS/TC
February	Incorporation into LLG Work Plan and Budget for approval.	SAS/TC

### **3.2.3 Guidelines for Implementation of Investment Service Activities**

According to the Work Plan, the respective LLGs will implement investment servicing activities using experts from the Districts, Cities or Municipalities. The technical staff from the Districts, Cities /Municipalities will implement activities by making requisitions to the SAS/TC. The key departments to use the investment service costs include the User Department, Engineering, Environment, CDO and Planner.

### **2.4.1 Guidelines for Reporting on Investment Service Activities**

Reporting procedures will follow the normal procedures of the LLG. The User Department will provide an activity report using a standard reporting template, which will then inform the PBS quarterly reporting system

### **3.3 Guidelines for Support to Parish Activities**

#### **3.3.1 Use of the DDEG for Parish Development Model**

These are part of the DDEG funds of the LLGs, supporting parish level activities.

##### **a) Positive List**

The Parish may use the DDEG to complement PDM funds for the following type of activities:

- i. Development planning – including consultation on Parish priorities to inform the formulation of LLG Development Plans,
- ii. Data collection as guided by the LLG and the District/City Planner
- iii. Community mobilisation including: PDC formation and training as well as enterprise selection as guided by the LLG
- iv. Monitoring and reporting on all programs and projects at Parish Level

##### **b) Negative List**

LLGs are encouraged to use other LG resources to:

- i. Provide rental accommodation for Parish Offices
- ii. Equipping the office of the Parish Chief

### **3.4 Guidelines for Support to Nutrition Activities**

#### **3.4.1. Use of the DDEG for Nutrition Activities**

In line with the Uganda Nutrition Action Plan (UNAP), the governance component which includes strengthening of the Nutrition Coordination structures is critical as a bedrock for implementing the specific and sensitive interventions.

LLGs should utilise these funds to functionalise the multi sectoral coordination structures.

## 4. ENVIRONMENT AND SOCIAL SAFEGUARDS

Construction activities under this budget support will have to observe Construction Management guidelines, Environmental, Social and Health Safeguards detailed below;

### 4.1 Construction Management

The LGs should ensure that under Construction Management, the following issues are taken care of:

- a) Integration of Environment and Social Safeguards into designs, BoQs and contract documents
- b) Procedures for customising and approval of architectural and structural plans
- c) Investment Service Costs to ensure adequate funding of E&S safeguards
- d) Clear Composition of Project Management and its roles, Organisation and clarification of roles during construct supervision of: (i) Technical Staff: District Engineer; Environment Officer, CDO; User Department; CAO/TC; Clerk of Works; sub-county staff; facility staff (ii) oversight bodies: district and LLG political leadership; facility management committees
- e) Geotechnical investigations and materials testing
- f) Site meetings – frequency, participants, agenda etc.
- g) Certification of works and payment procedures
- h) Use of Joint construction management reporting checklist
- i) Discussions and taking action from the monitoring visits

### 4.2 Environmental Safeguards

While undertaking DDEG investments, the LG should observe the following;

- j) Project site selection, planning and screening (including screening for climate change)
- k) Preparation and implementation of Environmental and Social Management Plans
- l) Waste management in an environmentally safe manner
- m) Proper drainage of waste water
- n) Protection from pollution
- o) Management of borrow pits
- p) Proper storage, use, transportation and disposal of agro-chemicals
- q) Joint environment reporting checklist for LGs (also used by MDAs)
- r) Post construction sites management e.g. re-vegetate eco-systems

### 4.3 Social, Health and Safety

- s) Comply with requirements for Occupational Safety and Health drawings approval requirements, site workplace registration, e.t.c.

- t) Land acquisition and proof of ownership, access and availability
- u) Community engagement procedures
- v) Training of workers on health and safety
- w) Provision of protective equipment and enforcement of use
- x) Safety signature on construction sites including hoarding of sites
- y) Grievance redress systems for all stakeholders including formation and functioning of Grievance Redress Committees
- z) Procedures for management of physical cultural resources
- aa) Development of social action plans e.g. child protection plans; GBV prevention plans, etc.
- bb) Labour management plans and ethical code of conduct for contractor site workers
- cc) Use of Joint social, health and safety reporting checklist for LGs

## 5. GRIEVANCES REDRESS MANAGEMENT UNDER DDEG

Given the nature of services to be delivered under DDEG, dissatisfaction among different players is inevitable. Therefore, grievances arising out of DDEG Implementation will follow the normal grievances address mechanism in Government as outlined below:

The purpose of the grievance redress mechanism is to:

- Provide affected people with avenues for making a complaint or resolving any dispute that may arise during implementation of infrastructure or other investments funded using the DDEG or other grant(s)
- Ensure that appropriate and mutually acceptable corrective actions are identified and implemented to address complaints;
- Verify that complainants are satisfied with outcomes of corrective actions;
- Avoid the need to resort to judicial (legal court) proceedings unless it is warranted.

There are several types of grievance (highlighted in the table below), and several stakeholders who may be the source of grievance - these may include:

- Members of the beneficiary community for the project/investment; their families;
- Neighbours or those affected in any way by the intervention (Project Affected Persons);
- Employees of the contractors or suppliers.
- Members of the surrounding community.
- Other people.

### List of avenues for different types of Grievances

Wherever possible, the first port of call for Grievances should be at the CAO / Town Clerk level, but other avenues must also be available to those with grievance and there must be appropriate referral processes. The main avenues and their purpose are set out below:

### Grievance redress channel

Grievance redress channel	
<b>Project site level</b>	
<b>Beneficiary/those affected</b>	<ul style="list-style-type: none"> <li>Quality of supplies delivered by suppliers etc</li> <li>Lack of responsiveness of contractors/ supplier(s) to agreed actions</li> <li>Other issues relating to behaviour of LG/LLG staff etc</li> </ul>
<b>LG LEVEL</b>	
<b>LG Councillors</b>	<ul style="list-style-type: none"> <li>Prioritisation of investments not in line with guidelines</li> <li>Violence against and abuse of community members by contractor/supplier or teammates, etc</li> </ul>
<b>LG User Department</b>	<ul style="list-style-type: none"> <li>Quality of works or parts delivered by contractors/suppliers</li> <li>Corruption and misuse of funds</li> <li>Other issues relating to behavior of User department staff, etc</li> </ul>
<b>District Land Board</b>	<ul style="list-style-type: none"> <li>Complaints about land associated with infrastructure</li> </ul>

Avenue	Type of Grievance
<b>NATIONAL INSTITUTIONS</b>	
Police	<ul style="list-style-type: none"> <li>Violence against and abuse of community members by contract staff, contracted labour (including defilement, rape, child labour etc)</li> </ul>
Uganda Child Helpline	<ul style="list-style-type: none"> <li>Emotional, physical or sex abuse, etc</li> </ul>
Uganda Budget Hotline	<ul style="list-style-type: none"> <li>Quality of works delivered contractors/ suppliers</li> <li>Missing and misuse of funds</li> </ul>
IGG Hotline	<ul style="list-style-type: none"> <li>Corruption and misuse of funds</li> </ul>
MoLG	<ul style="list-style-type: none"> <li>Unsatisfactory action against grievances taken because of channeling grievances via avenues above.</li> </ul>
Respective MDAs	<ul style="list-style-type: none"> <li>Various sector specific issues</li> </ul>
Contractors/Suppliers	<ul style="list-style-type: none"> <li>Issues regarding contract management prior, during or after completion e.g contracts, interim and final certification of works, payment etc</li> </ul>

#### *Process for a grievance to proceed at the LG level*

The implementation of infrastructure projects will require establishing a simple Grievance Redress Committee (GRC) at each institution with the involvement of the LC I, Project Affected Persons, relevant staff of the institutions and the implementing agency, MoLG, and other appropriate actors.

The general steps of a grievance redress process are as follows:

- 1. Receipt of complaints** - Is the first step when a verbal or written complaint from a complainant is made, received, and recorded in a complaints log by the GRC within 5 working days of receipt of the complaint.
- 2. Determining and implementing the redress action** - If in his/her view, a grievance can be solved at this stage, the GRC will determine a corrective action in consultation with the aggrieved person. Grievances will be resolved and the status reported back to complainants within 5 working days. If more time is required this will be communicated clearly and in advance to the aggrieved person.
- 3. Verifying the redress action** - The proposed corrective action and timeframe in which it is to be implemented will be discussed with the complainant within 5 days of receipt of the grievance. Consent to proceed with corrective action will be sought from the complainant and witnessed by the area's local council chairperson (LC Chairman).
- 4. Amicable mediation and settlement** - Agreed corrective action will be undertaken by the project or its contractor within the agreed timeframe. The date of the completed action will be recorded in the grievance log.
- 5. Dissatisfaction and alternative actions** - To verify satisfaction, the aggrieved person will be asked to return and resume the grievance process, if not satisfied with the corrective action.

In the event that there is no resolution to the grievance, then: (a) The GRC at the given level of LG and the aggrieved Projected Affected Person(s) shall refer the matter to the relevant District Authorities; (b) An Appeal to Court - Ugandan laws allow any aggrieved person the right to access courts of law. If the complainant remains dissatisfied with the District's Decision, the complainant has the option to pursue appropriate recourse via a judicial process in Uganda. Courts of law will be a "last resort" option, in view of the above mechanism.

## 6 ADDRESSING VULNERABILITY AND RISKS UNDER DDEG – A SYNOPSIS

Vulnerability is the extent to which changes can hurt or harm a person or system. Vulnerability is related to the characteristics and circumstances of a community or system, which make it more susceptible to hazard and cause loss. Risk is a situation involving exposure to danger.

Whereas there are many aspects of vulnerability arising from physical, social, economic, and environmental factors, LGs may not have the capacity to address all of them given the resources available and the confines of their mandates.

These guidelines support LGs in addressing epidemiological vulnerability and social and environmental vulnerability and risks. The nature of the vulnerabilities and risks that can be addressed using the DDEG grant are as below:

Physical	<ul style="list-style-type: none"> <li>Structural damage of physical infrastructure e.g. schools, health facilities, roads etc</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation of infrastructure is eligible as part of the investment menu and at the discretion of LGs</li> </ul>
Economic	<ul style="list-style-type: none"> <li>Capital costs of repair of damaged buildings and infrastructure essential for local service delivery.</li> <li>The uninsured informal sector, vulnerable rural livelihoods, dependence on single industries, globalisation of business and supply chains, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Capital costs are eligible as part of the investment menu for infrastructure projects</li> </ul>
Social	<ul style="list-style-type: none"> <li>Poverty and inequality, marginalisation, social exclusion and discrimination by gender, social status, disability, and age (amongst other factors) psychological factors, etc</li> <li>Epidemiological response e.g., the current COVID-19 Pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Current inequities in grant allocations consider poverty rates and further efforts being made for more equitable DDEG allocation across LGs.</li> <li>Use the guidelines on social and environment safeguards issued by MoGLSD &amp; MWE respectively.</li> </ul>
	<ul style="list-style-type: none"> <li>Threats to Health and safety due to Infrastructure development activities</li> </ul>	<ul style="list-style-type: none"> <li>It has been emphasized that social management plans should be incorporated into the designs, BoQs, bidding and contractual documents for infrastructure constructed using DDEG resources.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Environment and climate change aspects e.g., poor environmental management, overconsumption of natural resources, decline of risk regulating ecosystem services, climate change, landslides etc.</li> </ul>	<p>a Environment management plans should be incorporated into the designs, BoQs, bidding and contractual documents for infrastructure constructed using DDEG resources.</p> <p>b To mitigate social and environmental risks, LGs are required to carry out Environmental screening and proposed mitigation measures for identified risks by the LG Environment Officer involving: Project site selection-involving checking if the generic designs for the various</p>

		<p>Infrastructure Investments must be customised to suit site conditions</p> <p>planning and screening (Including screening for climate change)</p> <p>Preparation and Implementation of Environmental and Social Management Plans</p> <p>Waste management in an environmentally safe manner</p> <p>Scope for proper drainage of wastewater</p> <p>Scope for protection of beneficiaries and catchment area from pollution</p> <p>Scope for management of borrow pits, if applicable</p> <p>Feasibility for post construction sites management e.g. re-vegetate ecosystems</p> <p>Investment servicing costs allow for environment and social safeguards implementation monitoring.</p> <p>DDEG formula allocates additional funding to local governments with populations vulnerable to environmental risk hazards (drought, landslide, flood)</p>
--	--	---



Epidemiological vulnerability	<ul style="list-style-type: none"> <li>Epidemiological risks are related to the incidence, distribution, and possible control of diseases and other factors relating to health.</li> </ul>	<ul style="list-style-type: none"> <li>The DDEG investment menu provides eligibility for provision of infrastructure supportive of health infrastructure that contributes to redress of such risks</li> <li>DDEG formula allocates additional funding to local governments with high population densities, vulnerable to epidemiological risks</li> </ul>
COVID 19, Ebola	<ul style="list-style-type: none"> <li>COVID-19 and Ebola represents such significant global emergencies and that will have long term implications for health and livelihoods among in population. Therefore, decisive LG action will contribute to the control and scaling back of the pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>To this end, investments supportive of the requisite health infrastructure e.g. equipping Health Facilities with Beds and Mattresses; renovation of HCII e.g. Maternity Ward, OPD sections etc; renovation of Staff Houses for Health Workers and provision of regular safe water supply and technologically appropriate hand washing facilities to Health facilities to help in observance of COVID 19 SOPs are eligible under the DDEG grant.</li> </ul>