**Discretionary Development Equalization Grant (DDEG) - Key Changes between 2017/18 and 2018/19**

Based on issues raised by the Local Governments (LGs) during budgeting and implementation of the DDEG, the team composed of representatives from OPM, MoLG, and LGFC reviewed and refined the DDEG guidelines that will be used by LGs to budget for Financial Year 2018/19. The major changes/refinements are summarized below.

| **No** | **Issue** | **2017/18 Guidelines** | **2018/19 Guidelines** |
| --- | --- | --- | --- |
|  | Roles, responsibilities and mandates | Only mentions the roles, responsibilities and mandate of LGs | * Expanded to include roles, responsibilities and mandate of MDAs |
|  | Structure of the DDEG | Shows the DDEG windows | * An annex showing LGs by DDEG Window to be attached |
|  | Procedures and guidelines for allocating the DDEG | Outlines the variables and weights used to allocate the DDEG across districts (the basic allocation formula) | * Added a section on how the DDEG is allocated across windows to ensure that the affirmative action nature of PRDP & LRDP is maintained, and the World Bank loan supported funding of the USMID Municipalities can be retained * Added a section on how DDEG resources are allocated between Higher and Lower Local Governments * The variables and weights for allocating the DDEG across districts (the basic formula) has been maintained – this will apply to 50% of the DDEG. * Added and elaborated the performance component that will be used to allocate 50% of the DDEG based on the results of the LG performance assessment, weighted by the basic allocation |
|  | Use of the DDEG | Outlined the nature of activities to be implemented by the respective LGs | * The nature of activities to be implemented by the respective LGs remained the same. * However we have included a requirement to allocate a minimum of 30% to income generating and environment protection activities |
|  | Budgeting and implementation guidelines | Not provided for in the 2017/18. | Added four chapters to provide detailed guidelines on how LGs should budget and implement:   * Infrastructure projects whilst incorporating environmental and social safeguards * Income generating activities including eligible and ineligible activities; * Capacity development activities * Monitoring activities by LGs |
|  | Reporting and monitoring DDEG | Not provided for in 2017/18 | * Added a section outlining how LGs should report and how MDAs should assess compliance & provide support to LGs |