

Guidance to Interpret and Implement The Local Development Partners' Group (LDPG) Updated Schedule Of Rates of Allowances

I. Background:

On February 28, 2019, LDPG issued an “Updated Schedule of Rates of Allowance for Government Officials and Non-Governmental Entities/Non-Governmental Individuals participating in Development Partner Funded Activities, Programs and Events within Uganda.” (“Allowance Schedule” or “Updated Schedule”).

The purpose of the Updated Schedule was to adjust allowances for inflation and to clarify LDPG’s decision that paying allowances should be an exception, not the rule. The Updated Schedule is therefore intended to be more restrictive than the Allowance Schedule it replaced dated December 2016.

The U.S. Government across all agencies intends to interpret and implement the Allowance Schedule uniformly. USG Implementing Partners (IPs) are therefore expected to implement the Allowance Schedule consistent with the principles and guidance set forth below.

Principles Under Which USG Partners Must Implement the LDPG Allowance Schedule:

- The *rule* is that "the sending entity (Government of Uganda (GOU) or non-governmental organization (NGO))¹ is expected to cover all costs related to participation, including *per diem* and travel reimbursement." See Allowance Schedule at Section 4(b).
- The USG is never obligated to pay allowances (i.e. *per diem* or travel). See Allowance Schedule at Section 4(c).
- Only under "**special circumstances**" where the sending organization is unable to cover costs related to participation, may we decide to provide **in-kind** meals, transportation, and accommodation. See Allowance Schedule at Section 4(d).

¹ USAID interprets the “sending entity” to be the GOU entity or the non-USG funded NGO entity that is sending the person expected to attend or invited to attend a donor event. The “sending entity” in this context is never a USG-funded implementing partner.

NGOs may include international, for-profit, or other organizations unaffiliated with the GOU, as well as civil society and grassroots organizations unaffiliated with the GOU. The former will be expected to assume their own expenses to participate. USAID will be less restrictive in providing allowances to civil society and grassroots organizers who may be unlikely to have the budget for such expenses and who either inform or benefit from our activities.

- In "**exceptional cases**" where in-kind cannot for some reason be provided (which should be a rarity), partners may provide cash allowances, but only as capped in Annexes 1-2 of the Letter. See Allowance Schedule at Section 5.
- The guidance should be implemented in line with principles of anti-corruption, good governance, GOU ownership, and self-reliance.
- The goal is for the GOU to "eventually assume full responsibility for funding the accommodation, meals and incidentals necessary for GOU officials to perform their jobs [as public servants] in service to the people of Uganda." See Allowance Schedule at Section 3. We anticipate that next year, and in future years, reliance on donors to fund allowances will diminish as GOU entities understand that they need to budget, and in fact budget, for such allowances.

II. "Special Circumstances" and "Exceptional Cases":

1. What constitutes a "special circumstance" which would allow an IP to provide in-kind meals and accommodation?

The decision to provide in-kind allowances must be made case-by-case, with consideration and documentation of the surrounding circumstances, which may include the following factors:

- Did the government official/non-governmental participant attempt to have her/his sending office/agency pay for her/his attendance? How do we know this?
- If it is a non-government official, is it an international or for-profit organization, or a local civil society organization?
- If a government official, is she/he a local official or a central government official?
- How is the presence of the proposed participant(s) necessary to reach beneficiaries?
- How is the presence of the proposed participant(s) necessary to reach an activity target? (note: if your target is the participant's presence, for which you are paying, please consider whether this is the best development approach)
- Is the proposed participant(s) attending the event to provide information/service/expertise to the USG?
- What steps have been taken with the proposed participants' sending office/agency to assume the cost of these allowances? Future allowances?
- What is the negative impact of paying the allowance (including on GOU ownership and program sustainability)? How does it compare with the negative impact of not paying the allowance?
- Is the proposed participants' agency/office contributing to the event/meeting/training for which you are seeking to provide an allowance (e.g., meeting space, etc.)?

2. What constitutes an “exceptional case” where the partner can pay cash for meals and accommodation?

IPs should rarely pay cash for meals and accommodation.

In addition to the factors set forth above, the request to pay cash for meals and accommodation must explain in detail why cash should be paid and why an in-kind meal or accommodation cannot be provided. Note that the recipient of an allowance should never profit from participating in a donor event. Specifically, the cash payment should never exceed the cost of what is necessary for travel, meals, lodging, etc. It is the responsibility of the Implementing Partner to research the actual expenses and (where authorized) pay only up to those amounts. The rates set forth in the Allowance Schedule are the maximum allowable rates.

III. USAID Processes for Obtaining a Determination that an Allowance can be Paid:

Understanding that payments of allowances (either in-kind or cash) are no longer the rule, USAID proposes two processes by which AORs/CORs, or Activity Managers for Field Support awards, may obtain a determination on whether an in-kind or cash allowance is appropriate (i.e., a determination on whether a “special circumstance” or “exceptional case” exists).

The first process is by obtaining pre-approval for a series of events or meetings planned to take place within a period of time through a request for a Pre-Approval of a Series of Events. The second process is by obtaining ad hoc approval for a single event or meeting. All efforts should be made by the AOR/COR/Activity Manager to seek pre-approval for a series of events and minimize ad hoc requests.

Beginning with FY 2020/2021, USAID will engage with officials from their respective districts and line ministries prior to and during the budgeting cycle to encourage the inclusion of funding for allowances into the national budget, to allow our GOU counterparts to participate in activities and events relevant to those counterparts.

Each process is described in greater detail below:

1. Request for Pre-Approval for a Series of Events:

Where the AOR/COR/Activity Manager has a sufficiently detailed understanding of the events that will take place during the course of the activity and the anticipated participants, the AOR/COR, after approval from his/her cognizant Office Director, can request pre-approval for a series of events by completing the template at Annex 1. AOR/COR/Activity Manager should consider reviewing annual work plans (and updating them on a regular basis) with AOs/COs to identify events that may require allowance exceptions. The request must be made by the AOR/COR/Activity Manager by some period of time in advance of the first event (to be

determined by the AO/CO). The AOR/COR/Activity Manager will submit the request to the AO/CO who will decide whether to give pre-approval for the activity to provide in-kind or cash allowances and the parameters for those allowances. Note that this is not a blanket waiver for an activity to proceed with providing all manner of allowances. The request is made and the pre-approval is provided for a very fact-specific series of events or meetings.

The request must include a budget estimate broken down by event (including approximate dates) and type of participant (e.g., local government official, district official, etc.). The estimate should include daily rates per person for lodging and meals separately. Since the cost of transportation will vary per participant, the estimate can include the average estimated cost of transportation per participant, however each participant should be paid for her/his actual cost of transport.

The AO/CO may consult with the USAID Front Office, and possibly with a working group organized for this purpose, when considering whether to provide a cash allowance.

2. Ad Hoc Determination

Alternatively, the AOR/COR/Activity Manager, after approval from his/her cognizant Office Director, may request pre-approval for a single event on an ad hoc basis. The AOR/COR must make the request by some period of time in advance of the event (to be determined by the AO/CO). The AOR/COR/Activity Manager must first obtain her/his Office Director's approval before submitting the request to the AO/CO by completing the template at Annex 2. The AO/CO will then decide whether a "special circumstance" or "exceptional case" exists.

The AO/CO may consult with the USAID Front Office, and possibly with a working group organized for this purpose, when considering whether to provide a cash allowance.

Each request must include a budget estimate for the event. The budget must be broken down by type of participant (e.g., local government official, district official, etc.). The estimate should include daily rates per person for lodging and meals separately. Since the cost of transportation will vary per participant, the estimate can include the average estimated cost of transportation per participant, however each participant should be paid for her/his actual cost of transport.

The AOR/COR/Activity Manager shall submit the approved request memorandum to the Mission Knowledge Management Specialist. The memoranda should be reviewed from time to time by a Mission team to assess consistent application of (and ideally, increasing compliance with) the Allowance Schedule.

IV. USAID Exceptions to the Allowance Policy

The following are blanket exceptions to the February 28, 2019, Allowance Schedule:

1. In-kind meals provided to participants as part of an all-day event.
2. Payments to individuals providing services to our beneficiaries or to USAID; when those payments are provided for functions performed by the individual (a) outside his or her normal work duties and (b) outside his or her normal work hours. *An example would be a payment to GOU medical staff performing voluntary medical male circumcisions (VMMCs) at USAID's request, as part of our programming.*
3. Allowances (per diem and travel) paid to individuals providing services to our beneficiaries or to USAID (regardless of whether they are part of normal work duties and performed outside of normal work hours). *An example would be an allowance paid to government teachers when providing training or some other service, to facilitate USAID programming.*

To invoke one of these exceptions, the AOR/COR/Activity Manager does not need to submit a request to the AO/CO. However, the AOR/COR/Activity Manager must send an email to the cognizant AO/CO, prior to providing the allowance, describing:

- a) The award under which the AOR/COR/Activity manager intends to invoke the exception;
- b) The value of the allowance to be provided and to whom; and
- c) For payments made to individuals providing services on USAID's behalf (under Exception 2 above), you must also include a statement confirming that the individual(s) are performing the function (i) outside of normal work duties and (ii) outside normal work hours. This is required to avoid paying a salary supplement.

If the AOR/COR/Activity Manager or the AO/CO has any questions about the applicability of an exception, please consult with the Resident Legal Officer.

V. Frequently Asked Questions

1. Why are the updated scheduled rates so high?

The maximum rates in the schedule were adjusted for inflation. However, they are *maximum* rates. While a partner (where authorized) must never pay more than the maximum scheduled rate, they are not *required* to pay the maximum scheduled rate if it exceeds the actual expense. Instead, when authorized to pay allowances in cash, partners are expected to pay the amount that is necessary--given the specifics of the event, including geographic location--which amount must be below or up to the maximum scheduled amount. Participants should not be making a profit from the payment of an allowance. The allowance should cover the actual estimated cost of meals, accommodation, and/or transport.

2. Are partners no longer allowed to pay sitting or facilitation allowances?

Partners were never authorized to pay sitting allowances--even under the old guidance. The December 2016 guidance was explicit that "sitting, participation, and facilitation allowances will not be paid under any circumstances."

3. What if a partner receives authority to pay meals or accommodation in-kind, but the in-kind cost exceeds the amounts allowed in Annex 1 of the Allowance Schedule?

In-kind costs are not bound by Annex 1 of the Allowance Schedule. Annex 1 of the Allowance Schedule sets forth the maximum rates allowed for *cash payments* NOT for in-kind payments. The fact that paying cash allowances may cost less than paying allowances in-kind, does not militate in favor of making cash payments or make cash payments more palatable. Cash payments for meals and/or accommodation are discouraged and are only allowable as set forth in this guidance.

4. What if other donors are paying cash allowances freely, without the same restrictions that the USG is imposing? Won't this put USG programs at a disadvantage?

Donor members of the LDPG discussed and agreed to the updated Allowance Schedule. While the issue is complex, donors have acknowledged that by historically paying allowances, donors have contributed to an environment in which GOU counterparts now expect payment for their attendance at our events.

While the USG can and will--at all levels--continue to press other donors to comply with the more restrictive spirit of the updated Allowance Schedule, at the end of the day, we cannot control what other donors do. The USG, at the highest levels, has made the decision to put an end to the practice of liberally paying allowances without regard to the circumstances and without regard to the consequences. We don't expect the transition to be easy, but believe it is a necessary step in encouraging GOU ownership of its own development.

5. What if it is less expensive to pay cash, rather than in-kind? Doesn't it make sense to pay cash?

The fact that it may be less expensive to pay an allowance in cash, does not support a decision to pay a cash allowance rather than to pay for expenses in-kind. If our goal is to ensure that expenses are covered so that participants can attend an event, we should be willing to pay the reasonable in-kind cost for that--even if it exceeds a cash payment. The payment of cash sends a message that the participant is attending because he or she has been paid to attend; risks allowing participants to double-dip (obtaining allowances from a sending office and from the USG); and could appear to be a salary supplement, prohibited under USG policy.

6. Some partners constructed their approach, budgets, and Monitoring Evaluation and Learning Plans based on an assumption that allowances would be paid. What if the

reduction in allowances has a negative impact on results, particularly if GOU participation in key activities drops?

As would be the case any time a partner has concerns with achieving results, she or he should immediately advise the AOR/COR and the AO/CO if you anticipate the inability to deliver results under your award based on implementation of the Allowance Schedule or for any other reason. You should work with your AOR/COR to adjust work plans and advise the AO/CO if greater adjustments to the award seem necessary.

We all share the same objective: to do development thoughtfully and sustainably. If you are “achieving results” by paying allowances to government officials to attend events, then consider whether this is the most effective and sustainable use of project funds. While allowances may seemingly facilitate achievement of project results in the short term, in the longer term, the payment of allowances undermines governance and Uganda’s sustainable progress in a fundamental way.

The transition from a liberal practice of paying cash allowances to a more thoughtful and measured approach which considers the consequences and discourages allowances, will take time. If you have difficulty achieving results based upon the change, alert your AOR/COR and AO/CO immediately so that we can work together to address the issue.

7. Is an advance payment of an allowance prohibited by the new Allowance Schedule, but reimbursement is okay?

No. There is no distinction between advance payments and reimbursements under the Allowance Schedule. The rule remains that the GOU (or NGO) “is expected to cover all costs related to participation, including *per diem* and travel reimbursement.” See Allowance Schedule at Section 4(b). The CO or AO must authorize payment of any allowance as either a “special circumstance” or an “exceptional case,” before such allowance is paid, regardless of the timing of the payment.

8. Does the new allowance policy mean that I need to obtain pre-approval or an ad hoc determination from the Contracting/Agreement Officer to provide tea, coffee, water, and/or light snacks at a meeting?

No. Tea, coffee, water, and/or light snacks are not cash or in-kind meal allowances prohibited by the LDPG guidance. You do not need a pre-approval or an ad hoc determination from the CO/AO to provide tea, coffee, water, and/or light snacks during a meeting.

ANNEX 1--REQUEST TEMPLATE--Pre-approval for a Series of Anticipated Activity Events



**Request for Pre-Approval for an Exception to the Allowance Policy
For a Series of Activity Events**

Date:

From: AOR/COR/Activity Manager

Through: Cognizant Office Director

To: AO/CO

Subject: Pre-Approval Allowance Exception for (*activity name*)

Action Requested: That you approve allowance exceptions for [*name of activity*], to be implemented from [*insert time period*].

Special Circumstances (in-kind exception)

Recommendation 1: That you approve [#] participants from [*specify Ministry/local government official[s]/teachers/ description of NGO*] to obtain in-kind allowances for a total estimated cost of [*total in dollars/shillings*] for [*description of the event*] based on a determination that [*provide justification based on the considerations outlined in the Implementing Partner questionnaire in Tab 1*].

Approve _____ Disapprove _____

Recommendation 2: That you approve XX allowance for xx event, because (*provide justification based on the considerations outlined in the Implementing Partner questionnaire in Tab 1*).

Approve _____ Disapprove _____

Exceptional Circumstances (cash exception) [*only use when requesting this exception, otherwise delete*]

Recommendation 1: That you approve [#] of [*Ministry/local government official[s]/teachers/ description of NGO beneficiaries*] to obtain allowances in the amount of [*amount of allowance*] for a total estimated cost of [*total in dollars/shillings*] for [*specify event*], based on a conclusion

that (provide justification based on the considerations outlined in the Implementing Partner questionnaire in Tab 1).

Budget Estimate for Each Event:

Even Name and Date	Type of Participant	# of Participants	Lodging (per day)	Meals (per day)	# of days	Transport Average	Total
<i>Event 1</i> <i>XX/XX/XXXX</i>	Local Government Officials	XX	A	B	Z	C	$T1 = XX * [(A+B) * Z + C]$
<i>Repeat for each event</i>	District Government Officials	YY	D	E	Y	F	$T2 = YY * [(D+E) * Y + F]$
Total Estimate for <i>Event 1</i>							$= T1 + T2$

Approve _____ Disapprove _____

Conditions of Approval:

1. If the AO/CO approves in-kind allowances, the IP shall be responsible for determining reasonable market rates for appropriate accommodations. Accommodations can be booked by either IPs or individual participants. In either case, the IP is responsible for reviewing and approving the rates before reservations are confirmed.
2. The invitations to participants/beneficiaries must clearly state in detail which costs are covered.
3. The IPs are authorized to provide support for transport based on reimbursement of actual costs. Please follow the guidance provided in Annex 2 and 3 of the LDPG Allowance Schedule.
4. Sitting, participation and facilitation allowances shall not be paid under any circumstances.
5. This approval is given with the understanding that sufficient funds exist in the approved budget to cover all expenditures, that this approval does not increase the Total Estimated Cost of the Contract or Agreement and that approval of this request does not require additional funding beyond what has already been provided. It is further understood that this approval does not relieve *[Insert IP name here]* of any obligation under the Contract or Agreement and that all terms and conditions remain unchanged and in full force and effect.

Tab 1 - Factors To Be Considered *(In consultation with the AOR/COR/Activity Manager, the Implementing Partner (IP) must consider the factors listed below, as well as any other relevant factors, and document the most relevant factors for the AO/CO's consideration, in the request for an exception).*

1. Describe the nature and location of anticipated events/meetings
2. What is being requested? In-kind or Cash Allowances
3. If requesting to pay a cash allowance, why is cash necessary, rather than in-kind?
4. What will the allowance cover? Meals/accommodation/etc.
5. For Whom? (number of participants/titles of participants)
6. Did the government official/non-governmental participant attempt to have her/his sending office/agency pay for her/his attendance?
 - a. If yes, how do we know this?
7. If a government official, is she/he a local official or a central government official?
8. How is the presence of the proposed participant(s) necessary to reach beneficiaries?
9. How is the presence of the proposed participant(s) necessary to reach an activity objective?
Is the proposed participant(s) presence necessary to reach an activity target? (note: if your target is the participant's presence, for which you are paying, please consider whether this is the best development approach)
10. Is the proposed participant attending the event to provide information/a service/expertise to the USG?
11. What steps has the activity taken with the proposed participants' sending office/agency to assume the cost of future allowances?
12. Please discuss with your AOR/COR the plan for transitioning payment of these allowances to the GOU, and over what period of time? Please provide a realistic plan.
13. What is the negative impact of paying the allowance (including on GOU ownership and sustainability).
 - a. How does the negative impact of paying compare with the negative impact of not paying the allowance?
14. Is the proposed participants' agency/office contributing to the event/meeting/training for which you are seeking to provide an allowance (e.g.--meeting space, etc.)
15. Recognizing that uniform application across all donors will facilitate meaningful progress in weaning the GOU off allowances, to what extent, if any, are you discussing this issue with other donors providing similar or complementary support in your area of assistance?
16. Please describe **any other factors** that should be considered in the determination of whether payment of allowances is appropriate in these circumstances.

As of March 12, 2019

ANNEX 2--REQUEST TEMPLATE--Approval for an ad hoc approval



Request for an Ad Hoc Exception to the Allowance Policy

Date:

From: --, AOR/COR/Activity Manager

Through: Cognizant Office Director

To: --- AO/CO

Subject: Ad Hoc Allowance Exception for *(activity name)*

I. Action Requested: That you approve a *(special/exceptional)* ad hoc allowance exception for the XX event to be implemented by the XX activity.

II. Allowance Details: *(succinctly outline how the amount and means of the allowance provision and measure taken to avoid or lower the amount of the allowance payment).*

III. Recommendation: *(AOR/COR/Activity Manager to provide a justification on why the allowance should be provided based on the considerations outlined in the Implementing Partner questionnaire in Tab 1).*

Budget Estimate for the Event:

Type of Participant	# of Participants	Lodging (per day)	Meals (per day)	# of days	Transport Average	Total
Local Government Officials	XX	A	B	Z	C	T1 =XX*[(A+B)*Z + C]
District Government Officials	YY	D	E	Y	F	T2 =YY*[(D+E)*Y + F]
Total						=T1 + T2

As of March 12, 2019

Approved: _____

Disapproved: _____

Conditions:

1. The IPs will be responsible for determining reasonable market rates for appropriate accommodations. Accommodations can be booked by either IPs or individual participants. In either case, the IP is responsible for reviewing and approving the rates before reservations are confirmed.
2. The invitations to participants/beneficiaries must clearly state in detail which costs are covered (Attach budget to the request)
3. The IPs are authorized to provide support for transport based on reimbursement of actual costs. Please follow the guidance provided in Annex 2 and 3 of the “Updated Schedule of Rates of Allowances for Government Officials and Non-Governmental Entities and Individuals participating in Development Partner Funded Activities, Programs and Events within Uganda.”
4. Sitting, participation and facilitation allowances are not to be paid under any circumstances.
5. This approval is given with the understanding that sufficient funds exist in the approved budget to cover all expenditures, that this approval does not increase the *[total estimated cost of the Contract - total estimated amount of the Agreement]* and that additional funding will not be required. It is further understood that this approval does not relieve *[Insert IP Name]* of any obligation under the *[contract/agreement]* and that all terms and conditions remain unchanged and in full force and effect.

Attachments:

Tab 1 - Questionnaire on Factors Considered (to be completed by the Implementing Partner)

Tab 1 - Factors To Be Considered *(In consultation with the AOR/COR/Activity Manager, the Implementing Partner (IP) must consider the factors listed below, as well as any other relevant factors, and document the most relevant factors for the AO/CO's consideration, in the request for an exception).*

1. Describe the nature and location of the event/meeting
2. What is being requested? In-kind or Cash Allowances?
3. If requesting to pay a cash allowance, why is cash necessary, rather than in-kind?
4. What will the allowance cover? Meals/accommodation/etc.
5. For Whom? (number of participants/titles of participants)
6. Did the government official/non-governmental participant attempt to have her/his sending office/agency pay for her/his attendance?
 - a. If yes, how do we know this?
7. If a government official, is she/he a local official or a central government official?
8. How is the presence of the proposed participant(s) necessary to reach beneficiaries?
9. How is the presence of the proposed participant(s) necessary to reach an activity target?
(note: if your target is the participant's presence, for which you are paying, please consider whether this is the best development approach)
10. Is the proposed participant attending the event to provide information/a service/expertise to the USG?
11. What steps has the activity taken with the proposed participants' sending office/agency to assume the cost of future allowances?
12. What is the negative impact of paying the allowance (including on GOU ownership and sustainability).
 - a. How does the negative impact of paying cash to GOU counterparts compare with the negative impact of not paying the cash allowance?
13. Is the proposed participants' agency/office contributing to the event/meeting/training for which you are seeking to provide an allowance (e.g.--meeting space, etc.)
14. Please describe **any other factors** that should be considered in the determination of whether payment of allowances is appropriate in these circumstances.