

Donor Democracy and Governance Group (DDGG)

Memorandum of Understanding

Article 1

The Participants

- 1.1 The Parties to this Memorandum (hereinafter referred to as “the Parties” and “MoU”) are the Governments of Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland and the United States of America, as well as the European Commission and the United Nations Development Programme represented by their official representatives accredited to Uganda.
- 1.2 Other countries or international organisations may associate themselves with this MoU at a later date.
- 1.3 Each of the Parties will nominate a representative who will usually be the head of Mission and at least one reserve representative as members of the Donor Democracy and Governance Group (hereinafter called the DDGG), which will be the focal point for consultations. The Royal Netherlands Embassy will chair the DDGG from 1st July 2002 until 30th June 2003 and thereafter the chair of the group will rotate between members on an annual basis.
- 1.4 The DDGG will meet as often as is considered necessary in response to important Developments within the remit of the group as described in this MoU.

Article 2

Objectives of this Arrangement

- 2.1 The objectives of the DDGG are to support actions and programmes which
 - ✓ deepen democracy and facilitate the transition towards greater political pluralism in the period leading up to and during the 2006 elections
 - ✓ promote human rights and good governance

Article 3

General Programming and Funding Arrangements

- 3.1 The Parties agree that some or all of their number will support and finance activities of Civil Society/ Non-Governmental Organisations (CSO/NGOs) and State institutions in so far as they advance the objectives of the DDGG.
- 3.2 Specific interventions may include, support for:
- ✓ Civil society monitoring of the democratic process at play in Uganda and of the transition to greater political pluralism.
 - ✓ Constitutional and legal reform processes
 - ✓ the embedding of the NEPAD process as it relates to the Democracy and Political Governance Initiative
 - ✓ Good governance as appropriate within the framework of the Poverty Eradication Action Plan, the Poverty Reduction Strategy Paper and the Poverty Reduction Support Credit.
 - ✓ Human Rights Monitoring
 - ✓ The efforts of civil society and state structures to combat corruption and promote transparent and ethical governance
 - ✓ Continuous and comprehensive civic education on civil, political, economic and social rights.
- 3.3 The Parties have agreed that some or all of their number will support activities under the thematic areas listed above. Other activities related to the overall objectives of the group as stated in section 2.1 may also be funded. Some or all of the Parties will also finance technical assistance agencies to assist in implementation of programmes. These activities, and attendant TA, may be financed in several ways:
- ✓ by “basket funding” in which Parties contribute funds to a common pooled account. Financial arrangements may include setting up subsidiary accounts to fund clusters of activities within the thematic areas listed above.
 - ✓ by bilateral financing whereby some Parties meet the costs of specific activities by separate agreements with Ugandan state institutions or with CSOs.
 - ✓ by mixture of both of the above by some Parties.
- Parties providing financial support through any of these modalities will hereunder be designated “Donors”.
- 3.4 For any activity which may be funded under this MoU, project documents will be formulated, and a detailed plan of implementation will be developed. The DDGG’s Secretariat, the Donor Technical Group will manage these programmes and report, as appropriate to the DDGG.

- 3.5 When programmes are defined, contributing Donors will agree which activities might best be funded by direct and joint financing and contribute to the process appropriately. The understanding is that all Donors contributions will be closely co-ordinated to maximise the quality and effectiveness of supported programmes and to avoid duplications of efforts.

Article 4

Consultation and Liaison between Donors

- 4.1 All major deviations from agreed project arrangements (activities, budgets, disbursement plan, implementation procedure, etc) should be agreed by contributing Donors at meetings of the DDGG.
- 4.2 For information or project changes considered of minor importance or for Proposals that need urgent action, the DDGG Chair may consult other Donors in writing rather than call a meeting. If no objections are received by the DDGG Chair within two working days of delivery of such a letter, the DDGG Chair will act according to the proposals.
- 4.3 A Donor technical Group (DTG) will function as a Secretariat to the DDGG for the duration of the period covered by this MoU, and will meet as often as considered appropriate by its members to fulfil its duties. All DDGG members are invited to participate in the DTG. In principle participation will be at deputy head of mission level. The DTG may invite observers to its meetings as is appropriate within its mandate. The DTG will oversee the implementation of approved work streams, and programmes of support and provide technical advice as requested by the DDGG, within the ambit of article 4 above.
- 4.4 The Chair of the DDGG may call upon the Chair of the DTG to act as its agent in exercising powers and responsibilities regarding programme design and management detailed in this document.
- 4.5 In principle, the Chair of the DTG will rotate between members on an annual basis. The Royal Danish Embassy will chair the DTG from 1st July 2002 until June 2003 and thereafter the chair of the group will rotate between members on an annual basis.

Article 5

Joint Financing Arrangement for approving common basket funding proposals

- 5.1 (i) A precondition for joint financing is that Donors agree that partner organisations

are acceptable and their proposals are sound and relevant to the objectives in Article 2 above.

- (ii) Donors agree that the DDGG chair and the Chair of the DTG are authorised on their behalf to negotiate and conclude an agreement with any body whose proposal has been endorsed for joint financing under 3.3 above.
- (iii) the final draft of any joint funding agreement should be submitted to the Donors for approval prior to signature. When approved, the DDGG Chair will sign the agreement on behalf of the Donors.
- (iv) Any jointly financed agreement signed on behalf of Donors in accordance with this Article 5 by either the DDGG Chair or the DTG Chair is so signed in a representative capacity only. The DDGG Chair or the DTG Chair do not, by signing such an agreement, attract any greater liability than they would otherwise have under the financing mechanism set out at paragraphs 5.7 to 5.12 below.

Monitoring and Administrative Responsibility

- 5.2 It is agreed that the Chair of the Donor Technical Group represents the Donors in Administrative and monitoring contacts with relevant civil society, technical assistance and state organisations involved in implementing projects, and will have authority to act on behalf of the Donors (within the context of agreed programmes and budgets) in all such matters. In doing so, it will apply the systems and procedures normally applied in the administration of its own bilateral assistance.

Distribution of Reporting Material

- 5.3 Reports and statements received by the DDGG Chair of the DTG from the recipients of grants from the joint financing basket account will be copied immediately to the other Donors, with comments if any.
- 5.4 The Donors can comment on the reports or statements within a time period not less than two days and not exceeding two weeks of receipt. If the DDGG Chair or the Chair DTG does not receive adverse comments within a specified period within these parameters, they are authorised to approve reports and statements on behalf of the Donors and make the necessary arrangements for financial disbursements.
- 5.5 Reports of external auditors shall be sent to Donors as soon as they are available.
- 5.6 Any evaluation reports on the impact or other important aspects of the activities of the recipients of grants undertaken by any of the Donors will be shared within the DDGG.

Wider distribution of reports shall be agreed on a case-by-case basis after a formal submission of a recommendation by the Chair DTG to the DDGG.

Financial Control and Audit

- 5.7 The DDGG Chair will appoint an independent financial adviser to advise on and set up disbursement and accounting systems; open a joint financing basket fund account; disburse funds from the account; monitor the handling of the joint financing basket funds, prepare monthly financial statements and forward requests for disbursement of such funds and prepare accounts for external audit. All Donors may inspect the basket fund account on request.
- 5.8 The DDGG Chair will also appoint an independent, external auditor to audit the final accounts of the basket fund and its associated projects. The closure of the accounts for the local elections and associated projects will be on 30th June 2002. The audit of joint donor basket will be based on an annual cycle 1st July to 30th June each year. The audited accounts will be circulated to all DDGG members.
- 5.9 Monthly accounts detailing all receipts and payments from the basket fund will be prepared and reviewed by the Donor Technical Group on a regular basis. The Chair of the DTG will provide financial reports covering all activities to the DDGG as necessary.

Contributions to and Disbursements from the Joint Financing Basket Fund

- 5.10 Each Donor contributing to the financing basket account will deposit its Contribution in a bank account opened and administered by the DDGG Chair or the financial adviser for the specific purpose of transferring instalments to the recipients of grants for the agreed activities. The equivalent in USD on the day of the deposit of the contribution from the individual Donor will represent the value of the contribution in any later calculation of the proportional contributions.
- 5.11 For disbursements from the above-mentioned account to the recipients, a Disbursement schedule will be agreed with the recipients as part of the project approval. The DDGG will delegate the management of the programme to the DTG once it is approved. The Chair of the DTG will make periodic reports back to the DTG once it is approved. The Chair of DTG will make periodic reports back to the DDGG on programme progress. All financial transactions will take account of recommendations from the independent financial adviser.
- 5.12 The independent financial adviser (per 5.7 above) will be retained by the DDGG to support the DTG to oversee the management of the basket fund. The independent financial adviser will forward any request for release of funds (after verifying that such

requests are within an approved programme and budget) from the recipient to the DDGG Chair who may approve the disbursement request on behalf of the Donors.

- 5.13 Any unspent funds and accumulated interest will be returned to the Donors in proportions to their initial deposits not later than the termination of this MoU.

Article 6
Bilaterally Financed Activities

- 6.1 Donors who, for legal, administrative or other bilateral reasons, are unable to participate in the joint financing basket account arrangements, may choose to contribute to projects by direct bilateral funding of agreed activities. These activities should normally be from those agreed within the framework of the programme defined in Article 3.
- 6.2 In order to enhance co-operation and promote synergy between donor activities in the field of democracy and governance DDGG members will provide each other with copies of agreed project documents, reports and other material related to the implementation and impact of the activity. Where appropriate DDGG members will invite other members to take part in related programme design and evaluation missions.

Article 7
Entry into Force and duration

- 7.1 This MoU will enter into force upon signature by all Parties.
- 7.2 This MoU will remain in force for a period of two years and, subject to agreement of the parties may be renewed for a further period to the end of 2006.
- 7.3 The MoU may be terminated at any time by the agreement of the Parties
- 7.4 Any Party may withdraw from the agreement at any time
- 7.5 Original copies of the text from this MoU written in the English language have been signed on the date stipulated below, in Kampala.

[signed]

Heads of Missions	Signature	Date
Austria

Belgium	.....	.....
Denmark	.....	.....
France	.....	.....
Germany	.....	.....
Ireland	.....	.....
Italy	.....	.....
Japan	.....	.....
Netherlands	.....	.....
Norway	.....	.....
Sweden	.....	.....
UK	.....	.....
US	.....	.....
European Commission	.....	.....
UNDP	.....	.....