

**THE UNITED REPUBLIC OF TANZANIA**



**THE PRIME MINISTER'S OFFICE  
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

**URBAN LOCAL GOVERNMENT STRENGTHENING  
PROGRAMME**

**URBAN PERFORMANCE GRANT**

**PERFORMANCE ASSESSMENT MANUAL FOR THE  
ASSESSMENT OF URBAN COUNCILS AGAINST MINIMUM  
(ACCESS) CONDITIONS AND PERFORMANCE INDICATORS  
(MEASURES)**

**The Prime Minister's Office**

**Regional Administration and Local Government**

**P.O. Box 1923**

**DODOMA**

## **LIST OF ABBREVIATIONS**

ALAT	Association of Local Authorities Tanzania
ASDG	Agriculture Sector Development Grant
A-CBG	Agricultural Capacity Building Grant
AT	Assessment Team
CAG	Controller and Auditor General
CB	Capacity Building
CBG	Capacity Building Grant
CCHP	Comprehensive Council Health Plan
CD	Council Director
CHRO	Council Human Resource Officer
CMT	Council Management Team
CSO	Civil Society Organizations
CT	Council Treasurer
CTB	Council Tender Board
DADG	District Agricultural Development Grant
DADP	District Agriculture Development Plan
DALDO	District Agriculture and Livestock Development Officer
DED	District Executive Director
DLI	Disbursement Linked Indicator
DMDP	Dar-es Salam Metropolitan Development Project
DP	Development Partners
DWSP	District Water Sanitation Plan
EBG	Extension Block Grant (Agriculture)
ESDG	Education Sector Development Grant
FY	Financial Year
GoT	Government of Tanzania

HLG	Higher Level (Local) Government
HRD	Human Resource Development
HSDG	Health Sector Development Grant
IPF	Indicative Planning Figures
LG	Local Government
LGA	Local Government Authority
LGDG	Local Government Development Grant
LAFM	Local Authorities Financial Memorandum
LGRP	Local Government Reform Programme
LGSP	Local Government Support Project
LLG	Lower Local Government
MAC	Minimum Access Condition
MC	Municipal Council
MCs	Minimum Conditions
MKUKUTA	Kiswahili acronym for National Strategy for Growth and Reduction of Poverty (NSGRP)
MLHHS	Ministry of Lands, Housing and Human Settlements Development
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
O&OD	Opportunities and Obstacles to Development
PDO	Program Development Objective
PI	Performance Indicator = Performance Measures (PMs)
PfR	Program for Results
PM	Performance Measures = Performance Indicators (PIs)
PMO	Prime Minister's Office
PMO-RALG	Prime Minister's Office- Regional Administration and Local Government
PMU	Procurement Management Unit

PPRA	Public Procurement Regulatory Authority
RAS	Regional Administrative Secretary
RS	Regional Secretariat
RWSSP	Rural Water Supply and Sanitation Project
TEC	Technical Evaluation Committee
TSCP	Tanzania Strategic Cities Project
ULGSP	Urban Local Government Strengthening Program
ULGSP	Urban Local Government Strengthening Program
UPG	Urban Performance Grant
WEO	Ward Executive Officer
WSDG	Water Sector Development Grant

## FOREWORD BY THE PERMANENT SECRETARY – PMO – RALG

1. Tanzania like many developing countries is rapidly urbanizing. The proportion of the population living in areas administered by formally classified Urban Local Government Authorities (ULGAs) has increased significantly - in mainland Tanzania from 5.7 percent of the total population in 1967 to 24 percent in 2005. The level of urbanization is even higher if “urban” is measured from a population density perspective, with more than 33 percent of the mainland population (approximately 11 million people) living in high density, “urban” areas in 2002. This rapid urbanization trend is projected to grow to 38 percent in 2030, and the urban population is expected to grow at more than twice the rate of the population as a whole, so that by 2030, it is estimated that more than 25 million Tanzanians will be living in urban areas.

2. The greatest challenge faced by all ULGAs is the inadequate institutional systems and infrastructure to cope with the rapid urbanization. Improving service delivery and management of related infrastructure in the rapidly urbanizing context therefore requires that the responsible local institutions develop sufficient capacities and systems to take on these roles effectively.

3. In line with the Government’s Decentralization by Devolution (D by D) policy which requires strengthened local governments and the need to leverage enhanced institutional performance in urban local governments, the Government of Tanzania (GoT) has been involved in the development of Local Government Authorities (LGAs) capacity to address the challenges they face including that of urbanization by improving the overall, long-term functioning of the local government system, and thereby improve the quality of investments. As a result considerable achievements have been attained in form of:

- Enhanced delivery and management capabilities, productive efficiencies and financial sustainability of local governments;
- Improved access of communities especially the poor, to local services through expanding the physical stock of new and rehabilitated infrastructure;
- Improved sustainability of local development infrastructure through ensuring proper planning and adequate operations and maintenance (O&M);
- A national system for delivery of development grants to LGAs known as LGDG.

4. The LGDG is performance based, transparent and predictable and has produced concrete results. Through this system discretionary funds, amounting to approximately \$2/capita/annum, are provided to all LGAs in the form of (i) Council Development Grant (CDG) for capital expenditure selected at the discretion of recipient LGAs using their local planning and budgeting systems and (ii) Capacity Development Grant (CBG) intended to support capacity building at the local level. The grants are based on the score of each LGA against a set of *conditions or performance measures* which are similar for all LGAs and therefore there is no differentiation between the needs of Urban and non-urban LGAs.

5. While the LGDG system appears to have leveraged aggregate LGA performance, a “performance plateau” seems to have been reached. The performance assessment system as it exists therefore no longer appears to be providing much of an incentive for LGA institutional systems enhancement. In addition experience has shown that due to Tanzania’s high population growth and urbanization rate, the country’s urban LGAs have significantly higher institutional and infrastructure needs than non-urban LGAs, particularly in areas like transport, sanitation, and so on. As such the grants provided are too little to address the infrastructure needs and the Institutional capacity of the Urban LGAs.

6. In this context, GoT has secured a loan from the World Bank for an Urban Local Government Strengthening Programme (ULGSP) that aims at enhancing the performance of 18 ULGAs such that they can face the challenges posed by rapid urbanization within a decentralized institutional environment. The key areas targeted for enhancement are; (i) Urban planning systems (ii) Own source revenues (iii) Fiduciary systems (iv) Infrastructure implementation and operations & maintenance (O&M) systems and (v) Accountability and oversight systems.

7. Out of the loan additional funding will be directed to improving the delivery of urban services through sizeable investments that would increase the productivity of the participating ULGAs economies.

8. The World Bank funding will be provided through a new Lending Instrument known as ***Programme for Results (PforR)*** and GoT has introduced a new window within the LGDG, to be known as the ***Urban Performance Grant (UPG)***, through which the funds will be disbursed to the participating ULGAs.

9. Disbursement of the UPG allocations will be done after ULGAs undergo an independent annual assessment that will measure their performance against two sets of indicators namely: (i) minimum access conditions; and (ii) performance indicators. Before LGAs access the UPG, they will be required to meet the LGDG conditions which in this programme are regarded as minimum conditions (MC). This requirement is to ensure that funds transferred to LGAs are used effectively, efficiently, sustainably and with integrity. The minimum conditions are derived from laws, regulations and guidelines including, the Local Governments Act, Local Authority Financial Memorandum, Public Procurement Regulations, the Local Government Authorities Tender Boards Regulations, the Environmental Management Act, and the Land Act. Those LGAs which fulfill all the minimum access conditions will receive their allocation based on the score they obtain against the performance measures/indicators. The intention is to leverage institutional strengthening and support local capacity building. The key areas on which the annual performance assessment will focus are those targeted for enhancement namely; (i) Urban planning systems (ii) Own source revenues (iii) Fiduciary systems (iv) Infrastructure implementation and operations & maintenance (O&M) systems and (v) Accountability and oversight systems.

10. The UPG funds will primarily be used by ULGAs to meet their infrastructure needs laid out in the Program's investment menu. The UPG window will have an associated set of implementation activities which will include capacity building needed for ULGAs to be able to respond to the performance incentive mechanism, as well as the independent annual performance assessment which will determine the disbursements for each ULGA in a year. The first phase of the programme is expected to run for a period of five years – from 2013/14 to 2017/18 after which the Government is committed to expanding the Program to include other ULGAs.

11. This document provides details of the Performance Assessment to be carried out annually on the Programme implementation with a view to guiding the financial allocations to PMO-RALG and the ULGAs. It is the Government's expectation that all the actors will play their roles dedicatedly to ensure the much needed financial resources is fully tapped to enhance public service delivery.

12. On behalf of the Government I would like to thank the World Bank for its continued support to our development efforts and also assure them of our total commitment to this programme as together we embark on resolving the challenges the ULGAs are facing in service delivery.

Jumanne A. Sagini  
Acting Permanent Secretary  
PMO-RALG

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# 1. INTRODUCTION

## 1.1 Introduction

This Performance Assessment Manual (PAM) has been produced to facilitate the efficient and effective operation of the Urban Performance Grant System and the assessment process and to ensure that all involved urban councils are aware in advance of the process and are able to focus their efforts on improved institutional performance and effective use of the grants from the Program.

The Urban Performance Grants (UPG) supplements the existing grants such as the LGDG, the sector grant windows etc., but provides significant higher allocations to the involved urban local authorities against a stronger need for investments as well as stronger system of performance enhancement.

The targeted users of the manual are:

- The management and staff of the urban councils, so that they are fully informed as to the assessment process and the criteria against which they will be judged;
- The councilors, so that they are aware of the assessment process and criteria and can ensure that management actively works to improve institutional performance and efficient use of the grants;
- Councilors and officers at all levels so that they may carry out their roles effectively;
- The citizens, so that they may hold their councilors and Council Management Teams (CMT) accountable for failure to meet assessment criteria and for the overall performance as assessed;
- Officers from Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) and the Regional Secretariats so that they can support the ULGAs in the process of improving performance and capacity building;
- Officers in other ministries, so that they may support ULGAs in areas where gaps are identified;
- Those contracted companies who are carrying out the assessment, so that a uniform approach is applied out across the urban local government authorities (ULGAs).

This Performance Assessment Manual (PAM) will be refined regularly, to reflect experiences achieved and ensure that ULGAs have continued incentives to improve institutional performance, effective use of resource and local service delivery/infrastructure. The first major review is planned after 2-3 years of operations of the UPG during the MTR of the Urban Local Government Strengthening Program ULGSP<sup>1</sup>. It is also planned to include results from the Value-For-Money-Audit, conducted under PPRA in the Performance Assessment Manual to promote enhanced quality in the investments.

## 1.2 Background to the Performance Assessment

The Government of Tanzania (GoT), through PMO-RALG, has since 2004 implemented the LGDG System, which provides discretionary and sector-specific development funds to local government authorities and which over time is expected to become the mechanism through which all development funds will be transferred to Local Government Authorities (LGAs).

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<sup>1</sup> The calibration of the scoring in Section 4 on Performance Measures will be up-dated, based on the results from the first performance assessment and the establishment of the baselines for the Performance Measures.

The overall objectives of the LGDG system are to:

- (i) improve access of communities especially the poor, to local services through expanding the physical stock of new and rehabilitated infrastructure;
- (ii) improve the sustainability of local development infrastructure through ensuring proper planning and adequate operations and maintenance (O&M);
- (iii) enhance the delivery and management capabilities, productive efficiencies and financial sustainability of local governments; and
- (iv) provide a national system for the delivery of development grants to Local Government Authorities (LGAs).

The LGDG funds flow to local government authorities through Council Development Grants (LGDGs), and Capacity Building Grants (CBGs), as well as sector specific grants integrated into the system.

The government has established a link between the financing of LGAs and their performance in key areas of financial management, participatory planning, pro-poor budgeting, budget execution and the broader areas of local governance including gender, transparency and accountability, council functional processes and the involvement of Lower Local Governments (LLGs) and communities.

The link first and foremost, seeks to promote compliance with national policies, and legal and regulatory frameworks. Secondly, it introduces an **incentive** system that allows for adjustment of the annual grant allocations to each LGA depending on their performance against a set of performance indicators designed to encourage LGAs to comply with policy guidelines and regulations aimed at improving the quality of services and promoting good governance.

By introducing LGDG the Government created a formula-based, transparent and predictable fiscal flow mechanism to disburse funds to all 133 LGAs existing then in the country, on the basis of the institutional performance achieved. Currently, the Council Development Grant and the Capacity Building Grant are collectively known as the “LGDG core”. Overtime, new sector windows have been added as the government has rationalized and decentralized funding for development needs in particular sectors where LGAs have core responsibilities. Currently, the LGDG system consists of the following sub-programs or windows:

- ***LGDG Core***, established in 2004, as described above;
- ***Agriculture Sector Development Grant (ASDG)*** established in 2009 for agricultural extension and development;
- ***Water Sector Development Grant (WSDG)*** established in 2007 for water and sanitation infrastructure and services;
- ***Health Sector Development Grant (HSDG)*** established in 2009 for primary healthcare services.

Disbursement of the allocations is done based on the results of the LGA annual assessments. The assessment of LGA performance is done against two sets of indicators: (i) minimum access conditions<sup>2</sup> (or in brief<sup>2</sup> minimum conditions (MC)<sup>3</sup>; and (ii) performance indicators/performance measures<sup>4</sup> (PMs). Before the LGAs get full

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<sup>2</sup> In this Manual, the terms: “minimum access conditions” and “minimum conditions” will be used interchangeably.

<sup>3</sup> It should be noted that the assessment in 2013 with impact on FY 2013/14 was a transitional one, whereby an adjusted system of assessment was applied.

<sup>4</sup> In this Manual, the terms “Performance Indicators” and “Performance Measures” will be used interchangeably.

access to the LGDG system funds, they are required to meet a set of minimum conditions. This requirement is to ensure that funds transferred to LGAs are properly used and in compliance with GoT statutory and administrative requirements. These minimum conditions are derived from laws, regulations and guidelines including, the Local Governments Act, Local Authority Financial Memorandum, Public Procurement Regulations and the Local Government Authorities Tender Boards Regulations. While seeking to ensure sufficient safeguards for the utilization of the grant funds, the minimum conditions are also designed to promote compliance with the basic statutory and regulatory requirements for local government operations. They are usually in the form of yes/no questions and are simple to evaluate during an assessment process. They are necessary to ensure that the funds are used effectively, efficiently, sustainably and with integrity. Those LGAs, which fulfill all minimum access conditions, receive their allocation based on the score they obtain against the performance criteria. This performance assessment is conducted annually and the results, as well as the amount of funds to be disbursed to each LGA are made public through mass media countrywide.

The LGDG system has established a transparent and predictable system of fiscal flows from central government to LGAs and produced concrete results. By introducing the LGDG, GoT rationalized myriad ad hoc area-based programs, and showed its commitment to allocating resources for development to LGAs through a performance-based system. Prior to the introduction of LGDG, development transfers from the central government to local governments were not a function of LGA performance and were not based on an equitable formula. The LGDG system set up a transparent fiscal transfer mechanism in which allocations were driven by performance; additionally, the LGDG system makes LGA disbursements public through mass media that is accessible by ordinary citizens.

The LGDG system and the larger local government reform process have achieved a number of significant improvements in LGA performance. For example, the requirement to include communities in LGA budgeting and planning has improved participatory planning and budgeting, as well as accountability at the LGA level, the increased volume of funding channeled to LGAs has led to an increased amount of investments in LGA infrastructure and services. The performance assessment element of the LGDG system has also contributed to improving LGA systems consistent with the public opinion.

However, despite contributing to performance improvements, the LGDG system itself faces a number of challenges. First, while the system appears to have leveraged aggregate LGA performance in its early years, something of a “performance plateau” seems recently to have been reached. Under the current system, most LGAs have received the top level of performance rating, leaving limited incentives for further improvements. Second, while performance assessments under LGDG are generally completed on time, there are delays in quarterly disbursements of funds from the central government to LGAs. This delay makes it difficult to plan and execute projects at the LGA level. It also contributes to the reported poor budget execution at the local level, where undisbursed balances in LGA accounts are carried forward from year to year. The third and final challenge is that from an urban perspective the existing LGDG system does not meet the unique institutional and infrastructure needs of ULGAs. Due to Tanzania’s high population growth and urbanization rate, the country’s urban areas have significant institutional and infrastructure needs. Yet the existing LGDG system does not differentiate between urban and non-urban LGAs. The only discretionary funds within LGDG provided to ULGAs to address their infrastructure needs (which are significantly larger than those of rural LGAs) and to incentivize the performance of these institutions which require significantly more capacity than in rural areas, is through the LGDG Core (i.e. the Council Development Grant and Capacity Building Grant windows), which amounts to only approximately \$2/capita/annum.

In this context, GoT has introduced a new **urban** window within the LGDG focused specifically on meeting the investment needs and leveraging the improved institutional performance of Tanzania’s rapidly growing secondary cities. This window, known as the **Urban Performance Grant (UPG)**, added a new significant fiscal transfer to the intergovernmental fiscal system in Tanzania targeting the needs of ULGAs, which have become

both pressing and distinctive. The new system is based on the experiences from performance incentives under the LGDG and will strengthen the targeted ULGAs and focus on particular urban needs.

The targeted ULGAs have special needs to develop significantly greater institutional capacity which is required to manage rapidly growing populations and increasingly complex built environments, hence a more demanding and suitably focused annual performance assessment system is required. While, over time, the lessons learned from the implementation of this system will be incorporated into the broader LGDG assessment system, a number of the measures proposed for urban councils are not appropriate for the majority of Tanzania LGAs which are rural in nature. Second, given the urbanization pressures added to the more complex nature of service delivery systems in urban areas (where reliance on networked systems is much greater than in rural areas), the funding requirements of ULGAs in Tanzania in respect of the provision of basic municipal services is significantly greater than those in rural areas. Finally, because GoT wishes to direct additional funding to improving the delivery of municipal services through sizeable investments that increase the productivity of town/city economies (e.g. secondary road networks at the municipal level rather than smaller disaggregated sub-projects at the local or neighborhood level), the menu for this window will be less discretionary – hence will need to function under a different set of rules, more akin to the other sector windows – than the LGDG Core.

The Urban Performance Grant (UPG) currently targets **18 ULGAs** (see list of ULGAs in **Annex 1**) but it is expected that, as was the case with the LGDG, over time the UPG will be expanded to include all existing ULGAs in Tanzania. Furthermore, a number of smaller but rapidly growing Town Councils will also graduate to ULGA status and it is expected that these will become eligible for the UPG.

The overall **objective** of the UPG is to improve the **institutional performance** for urban service delivery in the participating Urban Local Authorities by strengthening the overall incentive system applicable to ULGAs. The modalities for the Urban Performance Grant are described in the Program Implementation Manual (PIM) with annexes, hence this PAM is focusing on the performance **assessment procedures** and the **minimum access conditions and performance indicators (PIs)/ measures (PMs)**<sup>5</sup> applied under the UPG/ULGSP.

The **Annual Performance Assessment (APA)** is the core operational tool to determine the performance of each ULGA, and aims (in combination with the performance-based UPG) at providing strong incentives for ULGA institutional improvements. It is also useful to identify the performance gaps, and needs for CB support, as well as provide mutual learning across ULGAs. Finally, it aims at strengthening the accountability of the various stakeholders at the ULGA level.

The performance areas targeted by the UPG incentive system are particularly relevant to urban local authorities and will focus on:

1. *Improved urban planning;*
2. *Increased own source revenue mobilization and improved administration;*
3. *Efficient fiduciary management (including procurement systems);*
4. *Improved Infrastructure, Implementation and Operations and Maintenance*
5. *Strengthened accountability and oversight systems;*

The assessment will focus on both institutional improvements (19 PMs) as well as progress of the ULGAs in achieving their planned infrastructure outputs (1 PM).

The details on the minimum conditions and performance assessments as well as of the scoring and grant adjustment system are described in the sections below. The Manual describes the MC and the PMs as well as defining specific M&E issues, which will be covered during the annual performance assessments.

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<sup>5</sup> In this Manual, the words “Performance Indicators” and “Performance Measures” are used interchangeably.

## 2. THE SYSTEM OF ASSESSMENT

As per the other grant schemes referred to above, the performance assessments will have two components – the minimum (access) conditions (MCs) and the performance measures (PMs).

### Minimum Conditions (MCs)

Before the ULGAs can get access to the ULGA system funds, they are required to meet a set of minimum requirements that ensure that ULGA has the capacity to handle funds, and that funds transferred to them are properly used and in compliance with the laid down GoT statutory and administrative requirements. The MCs are formed as basic safeguards for capacity to handle a significant amount of discretionary resources for development investments. As for the MCs for LGDG, these Minimum Conditions (MCs) are mostly derived from laws, regulations and guidelines including among others, the Local Governments Acts 1982, Local Authority Financial Memorandum, 1997, the Public Procurement Regulations, 2005 and the Local Government Authorities Tender Boards Regulations, 2007. In addition to the previous MCs from the LGDG, with a few adjustments, the UPG has a short list of additional specific requirements in the areas of handling of grievances and handling of environmental and social management systems.

These minimum conditions are quantitative (in the form of Yes/No questions) and are simple to evaluate during an assessment process. These MCs are necessary to ensure that the ULGAs have the capacity to handle funds such that the that funds are used effectively, efficiently, sustainably and with integrity and there is “no half way” in the achievement of these. The specific MCs are described in **Section 4**.

Under the ULGSP, **all MCs have to be complied with** to get access to the UPG, and an ULGA, which fails one or more of the MCs, will **not** get access to the UPG for the coming FY, but will need to build up its capacity for future assessments.

### Performance Measures (PMs)

In addition to the MCs, a set of performance measures (PMs) is used to provide incentives to ULGAs to improve performance. Unlike the MCs, the PMs are more qualitative and seek to evaluate the performance of the ULGA in key functional areas such as planning, revenue mobilization, project implementation, and accountability/environmental and social management processes and results. The results on the PMs determines the exact level of funding for each ULGA, see below. The detailed PMs are provided in Section 4. The performance measures are divided in two “windows” and each window triggers an amount depending on the relative performance of the ULGAs:

- 1) Institutional focusing PMs, and
- 2) Implementation progress on infrastructure investments, see the summary below:

Summary of the performance areas within **institutional** improvements (to be applied from FY 2014/15 with assessments in 2013):

<b>Functional Area</b>	<b>Total Maximal Score</b>
A. Urban Planning	10
B. Increased Revenues	25
C. Efficient Fiduciary System	25
D. Improved infrastructure planning, operations and maintenance	20
E. Accountability and Oversight Systems Strengthened	20
<b>Total Maximum Score</b>	<b>100<sup>6</sup></b>

Summary of the performance areas within progress on local infrastructure implementation (to be applied from FY 2015/16 with assessments in 2014):

<b>Functional Area</b>	<b>Total Maximal Score</b>
A. Local infrastructure target as set out in the annual action plans met by ULGAs utilizing the Program Funds (rate of implementation against annual plans)	100
<b>Total Maximum Score</b>	<b>100</b>

### **System of Scoring and Grant Adjustments**

The system is divided into two components/windows: *Institutional Enhancement and Local Infrastructure Execution Performance*. Whereas the MCs are similar for the two performance components and related allocations (only one set), the institutional enhancement PMs are focusing on core areas of institutional performance such as planning, financial management, revenue mobilization, infrastructure operational & maintenance and accountability and the infrastructure assessment focuses on the implementation progress of the infrastructure/service delivery projects funded by the UPG. The assessment of the infrastructure implementation performance will only be done from the **third assessment** (September 2014-December 2014) with impact on the FY 2015/16 allocations.

Whereas the ULGAs will only **receive one total UPG allocation per annum**, the calculation of the size of these allocations (provided that the MCs are complied with) is done in two parts, except for the first FY where only MCs applied. Thus:

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<sup>6</sup> Note that in the September-December 2013 assessment with MC/PM application to determine allocations for FY 2014/15, the total score is 90 as two of the PMs (i.e. PI 11 and PI 17) are only relevant after a full year of UPG allocation.

## For FY 2014/15

In addition to the disbursements related to MCs which will be approximately 3.2US\$ per capita (9,000,000 US\$/total Population of the ULGAs which is: 2,816,692) there will be disbursements related to the performance measures. The calculation of the disbursements to ULGAs related with the performance measures will be conducted in **two steps**.

### **Step one:**

This step determines the total amount to be disbursed to all ULGAs and depends on 3 factors:

- 1) the total amount predicted to be allocated to the GoT from ULGSP based on performance targets (in this FY the target is average 60 points for the ULGAs);
- 2) The compliance of the ULGAs on the MCs, and
- 3) The average performance of the ULGAs on the performance targets (which will be impacted on the compliance with the MCs, as non-compliance will be rated as zero score in the performance results).

For each year a target has been set for the average performance and the annual allocation. In FY 2014/15 this is 26,5 million US\$ provided that the average score of the ULGAs is 60 points. If the actual average score is above or below, the total amounts to be allocated to all ULGAs will increase or decrease proportionally. E.g. if the performance target is 60 points, and the average performance of all ULGAs is only 40 points, the annual allocation for this FY will be the expected amount: 26.5 million US\$ X 2/3 (40/60) = 17.8 million US\$.

### **Step 2:**

Step 2 is the distribution of the total amount for disbursement between MC compliant ULGAs. ULGAs' performance is measured on the institutional performance window on a scale from 0-90 points (maximum for FY 2014/15 is 90 points and for future years the maximum is 100 points as some few indicators are not applicable in the first assessment), and the ULGA will receive their allocation according to a formula based on the population and the performance score. This will take the amount, calculated in step one and divide it between the compliant ULGAs in accordance with their population and annual performance scores, thus ensuring full incentive compatibility of the results to be achieved. For each ULGA every score will count (every performance indicator) and have an impact on their allocation.

The formula is as follows for the disbursement to a ULGA (e.g. Morogoro Municipal Council): *(Population of Morogoro Municipality X Performance Score for Morogoro Municipality) / Sum of all, i.e. (ULGA 1...18 population X Score of ULGA 1...18) X the total amount for disbursement as calculated under step 1.*

If a ULGA scores above average (e.g. 88 points and average is 60 points) of all the other ULGAs it will also receive above the average per capita disbursement, in the system where every point counts on a continuous scale (between 0-90 points in FY 2014/15 and between 0-100 points in FY 2015/16 and following FYs<sup>7</sup>).

Please refer to Annex 2 for further details- The consultant is to prepare this as part of the Inception report for discussion and agreement with the Client.

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<sup>7</sup> In the first year of the PI assessment, the total maximum score is 90 as PIs 11 and 17 only kick in from FY 2015/16.

## **For FY 2015/16 and following FYs**

The same procedures as for FY 2014/15 will apply, but in FY 2015/16 and following years, the ULGA performance on the infrastructure execution (second dimension/window) is also measured (*see Section 4*). The score on this performance area can also range from 0-100 points, and funds will be allocated according to the performance using the principles outlined above.

### **Step 1.**

A) Re. the institutional dimension (window), i.e. similar calculations as per step 1 and 2 from above are applied. However, in step 1, the annual targets for average performance are adjusted up-wards in accordance with improved ULGA capacity, see the table below.

B) Similar for the allocation from the infrastructure window, where the average score of the ULGAs will be compared with the target score and the overall amount from this window then be adjusted accordingly. If the target is complied with, the allocation for this FY is 16,7 million US\$.

### **Step 2:**

Step 2 is using the formula above, the annual allocation is distributed based on the score of each ULGA on the Institutional performance.

Similarly the method is applied, for the second window (achievement of **infrastructure** targets against annual plan), where step 1 and 2 are calculated as above, see the simulations in Annex 2. In the calculations of the allocations for each ULGA the formula above is used.

### **Total amounts to be allocated to the ULGAs:**

**FY 2014/15:** Amounts from MC allocation and from PM on institutional performance added and allocated.

**FY 2015/16, 2016/17 and 2017/18:** Amounts i) from MC allocation, ii) from PM on institutional performance and iii) from the achievement of infrastructure targets against plan added and allocated as one amount to each ULGA.

The scoring and performance system means that:

- Higher performance leads to higher allocation, e.g. 85 points will provide more funds than 80 points, with 100 points<sup>8</sup> as the maximum allocation;
- Each PM counts, and every point has an impact on the allocation of grants to the ULGA;
- The system is reviewing institutional performance as well as infrastructure implementation performance (impact from FY 2015/16 allocations).

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<sup>8</sup> The maximum score in FY 2014/15 is 90 points.



The performance targets applied to impact on the total pool of resource to be allocated is as follows:

Table: Target average scores for the 18 ULGAs in the assessments (points as determined in the annual assessments):

Performance area	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Institutional Performance	60	70	80	90
Local Infrastructure Execution		70	80	90

Please refer to **Annex 2** for an overview of the simulations to be conducted when the results are completed.

### Transitional arrangements

As the UPG is introduced from FY 2013/14, there will be some transitional arrangements in place to make the MCs and PMs relevant at the point of time of the assessments, *see Section 3* on the timing of the assessments. In the assessment (carried out in March – April 2013) for FY 2013/14 allocations, only MCs were applied, but PMs were also assessed to establish a performance baseline. In the assessment to be conducted from September to December 2013 for FY 2014/15 allocations, MCs and most of the PMs will be applied (some few PMs will only be relevant from the 2014 assessment<sup>9</sup> with impact on FY 2015/16). In the assessment conducted at the end of 2014 for FY 2015/16 the full set of MCs/PMs will be applied except the Value for Money assessment which will be conducted at the end of 2015 for FY 2016/17.

## 3. THE ASSESSMENT PROCESS

### 3.1 Organisation of the UPG Assessment Process

The credibility and quality of the annual performance assessment is key for the success in promoting ULGA performance.

The LGDG Assessment includes both a prior “**internal assessment**” exercise by the ULGA itself and an **external assessment** exercise of the ULGA (the external will be decisive). The internal and external assessment exercises both undertake an assessment of the ULGA capacity to meet the UPG minimum conditions and to measure the ULGA performance against the UPG performance measures. The internal and external assessment exercises apply the minimum conditions and performance measures as contained in this UPG Performance Assessment Manual (PAM), *see Section 4*.

**The internal assessment** is conducted annually under the auspices of the Council Management Team (CMT), with the encouragement of the respective RS, to review the key areas elaborated in the UPG PAM. This internal assessment, which focuses on both the minimum conditions and the performance measures, should be

<sup>9</sup> These are related with the performance issues on use of funds and progress reporting on the use of funds, which will need a full implementation year prior to meaningful assessments.

undertaken in August each year. The objective of the internal assessment is to have an annual self-check by the ULGA on their compliance with the UPG minimum conditions and performance measures and ensure internal learning on own capacity and performance and to be prepared for the subsequent external assessment.

The internal assessment report should be tabled to the full council, which should take all necessary actions to ensure ULGA compliance to the minimum conditions and to maximize ULGA performance. The internal assessment report, along with the supporting documentation, will facilitate the external assessment process.

**The external assessment** The external assessment is conducted annually from September- December.

The objective of the external assessment is to evaluate each ULGA in terms of its ability to meet both the minimum conditions and the performance measures defined in this Manual. The performance evaluation results will determine the level of UPG funding to be received in the following Fiscal Year by each ULGA.

PMO-RALG, with the Regional Secretariat, will support and facilitate the UPG Performance Assessment Teams (PATs) by providing all centrally/regionally-available information on each ULGA such as the ULGA manpower, financial, budget and audit reports.

The contracted company will provide a number of assessment teams (4) to ensure timely assessment of all 18 ULGAs. The company will divide the teams to ensure efficient and timely completion of the results from all 18 ULGAs within a three-months period.

Each of the external performance assessment teams (PAT) (4 teams will cover the 18 ULGAs) will consist of 6 experts covering the following skills: i) Urban/Town Planning, ii) Procurement; iii) Local Government Financial Management and Revenue Mobilization; iv) Civil/Infrastructure Engineering, v) Environmental and Social Management systems and vi) Institutional strengthening/Capacity building. One of the team members will lead the team. In addition the contracted company will have an overall team leader who will be responsible for quality assurance as well as production of the synthesis report and the calculation of funds applying the annual performance scores. Please refer to the TOR for the assessments, enclosed in **Annex 3**.

### 3.2 The External Assessment Process

#### ***Start-up***

The external assessment process begins with a 2 days orientation / induction of the Performance Assessment Teams (PATs) (private company) to brief them on the assessment manual, methodology and reporting guidelines. During the training, PMO-RALG and the Word Bank explains the minimum conditions and performance measures emphasizing the difference between the two sets of indicators. They discuss the sources of information to verify each indicator, and outline the assessment procedures and the scoring system and the report format. This is done to ensure a standardized approach in carrying out the assessment, interpreting the manual, using the scoring system and reporting the results. The facilitators also take this opportunity to alert the PAT members on problems/challenges inherent in the assessment process.

PMO-RALG and the Regional Secretariats (RS) will provide a set of available information to the PAT. This information would include those on the functional areas of financial management, fiscal capacity, urban planning and budgeting, procurement and council's functional processes needed to support assessing the minimum conditions for the UPG funding and information on capacity building plan and urban performance grant and capacity building reporting and accountability needed for complying with the minimum conditions. The PATs will verify all this information during the assessment fieldwork to each ULGA.

As the **audit reports** from previous FY may only be available 9 months after the FY, and not at the point of time for the assessments (which will be conducted from September – December), these results will be included in the final results in March /April each year, see below under reporting.

### ***Field Work***

The company in charge of the PATs should prepare a checklist from the manual to be used at the introductory meeting, of all the documents that would be needed for the exercise and people to be met to facilitate the availability of the documents and officers required.

The fieldwork in each ULGA starts with an introductory meeting with the Council Management Team (CMT), who has been notified in advance of the date of the assessment (minimum two weeks before). The purpose of the meeting is to present the programme for the visit and agree on the list of people to be interviewed and confirm appointments and present the list of documents that the team is going to review so that they are assembled on time and to give the Council team an overview of the assessment, purpose, procedures and outputs. A sampling of field level projects to visit will also be organized. The Council should also at this meeting present a full update of the follow up taken to the previous year's assessment report recommendations.

In conducting the assessment the PAT is required to review various documents, reports and conduct interviews with key informants. The PAT will be responsible for verifying the council information received from PMO-RALG and the RS as well as gathering the first hand information needed to complete the assessment process.

The PATs will spend at least 5 days in each LGA conducting interviews and reviewing documentation. Within this period, the PAT will also visit a number of sample projects to verify issues in the PAM and actual implementation on the ground. Minimum one full day will be spent on verifying projects in the field with focus on the execution rates and the procurement processes.

It is important to note that information not available, or which cannot be verified, during the field-work – the five days visit - (e.g. lack of minutes from meetings, lack of reports etc.), will be rated as zero in the assessment results, and that there is no second “chance” or grace period for ULGAs to comply with the MCs or the targets in the PMs. This is to ensure the timeliness and objectivity/integrity of the assessment.

At the end of the field-work, the PAT will give feedback on initial findings to the CMT meeting (exit conference), for transparency and to check factual accuracy, and to give feedback on any negative findings that might have a bearing on the grants before leaving the council. However, it is important to note that the PAT will not provide the results of the compliance or of the total score of the ULGA as this has to be verified and checked at the central level.

As the **final audit reports** from the ULGAs will only be available after the field-work assessments have been completed, the results from these audit reports will be incorporated in the final ULGA assessment reports and in the synthesis reports as soon as they are available (March/April).

## ***Analysis and Report Production***

The analysis of the data on the MCs and PMs and the compilation of the external assessment report is done through field visits and follows the following guidelines:

1. Information verifying each indicator for MC or PM is obtained either through document review, field level observations and verification, and interview with informants and is recorded in standardized formats.
2. At the end of each working day the team holds an internal wrap up meeting to reconcile the various pieces of information received from different sources into a consolidated finding in respect of each of the indicators.
3. The team also discusses and records any key issues or observations that need to be highlighted in the final report for each ULGA.
4. At the end of the assessment at each ULGA, the PATs hold a debriefing session with the CMT and council chairman or representative(s) to present its initial findings for transparency and to check the factual accuracy of information received. The PATs will not however indicate what the overall assessment result is likely to be, but focus on important issues for future performance improvements. Minutes of this meeting should be drawn up at the end of the meeting and signed by all parties as evidence of what was discussed.
5. On completing the cluster of ULGAs assigned to the PAT, the Team Leader compiles a council specific report, and agrees on its accuracy and completeness with the team members. All team members should initial the draft report before it is submitted to the overall Team Leader for Assessment. The overall TL for the Assessment also compiles a synthesis report with all the results from all ULGAs covered. After final quality assurance, the company contracted transmits the results, including the detailed ULGA reports and the synthesis report with a copy of the meeting minutes with ULGAs to both the PMO-RALG and to the World Bank.
6. The council specific report should include an analysis of the progress made by the council in addressing the weaknesses identified in the previous assessment (if any).
7. After availability of the final audit reports for the previous FY, the reports (ULGA specific and synthesis report) are up-dated by the company with the complete results and sent to PMO-RALG and the World Bank.

### **3.3 Approval process**

As mentioned above, following completion of the external assessment process, the assessment reports (both individual and the synthesis report) are submitted to PMO-RALG and the World Bank for review. After having checked the quality and completeness of the results, and adherence with the PAM, PMO-RALG submits the final results in December/January (excluding the audit report results, which may not be ready at this point of time) to the World Bank for review and the results are thereafter communicated to the respective ULGAs by PMO-RALG with the exception of the results from the audit reports, which may be available only in March/April. When these audit results are available, they will be incorporated by the assessment teams in the final results of the annual assessments. The company will then send these final reports to PMO-RALG and the World Bank. PMO-RALG will again review the reports for completeness and compliance and send the final results to the World Bank for final review before communication of the results to the ULGAs and the public.

### 3.4 Dissemination of results

Each assessed ULGA is provided with a copy of their council specific external assessment report, as well as a copy of the synthesis report, which they shall table before the council for discussion. A copy of the council minutes shall be sent to PMO-RALG. As the results from the audit reports may only be available in March /April, the preliminary reports (excluding the audit results) will be made available for the ULGAs as input to the local planning and budgeting process in **January** each year. PMO-RALG will send the final verified reports (see above) in April, which will include the results from the CAG audits.

PMO-RALG shall publish a summary of the final verified assessment results (which incorporate the latest available CAG audit report of the previous year) in a daily newspaper for wide dissemination and awareness creation, as well as publishing them on the PMO-RALG website, through radio and television. Councils are required to post the external assessment results on their notice boards to enable active, informed citizen participation in the planning process.

PMO-RALG shall also ensure that the final verified assessment results are disseminated and shared with all sector ministries, RS, MOFEA, ALAT, CSOs and development partners.

### 3.5 Requirements for Councils not Meeting UPG Minimum Conditions

ULGAs, which fail to meet the Minimum Conditions, will **not get access to the UPG** for the concerned FY, and shall be subject to strengthened oversight by PMO-RALG and the Regional Secretariats. PMO-RALG and the Regional Secretariats shall serve as the external monitoring agent to ensure that they improve performance and improve likelihood of accessing the funds in the subsequent years and that the CB support is targeted towards fulfilling the identified gaps. The capacity building support teams, working under the ULGSP, will also support the ULGAs to improve their performance in core areas with performance gaps.

PMO-RALG shall identify causes for noncompliance with the minimum conditions and take corrective action, as appropriate. This corrective action may include such disciplinary action against individuals as suspension, dismissal, or surcharges, as appropriate.

Councils, which fail to meet the minimum conditions, shall prepare a Compliance Action Plan, which identifies the problems, identifies the necessary remedial action to bring the ULGA into compliance, and identifies a timeline of action with clear milestones to enable the council to monitor progress towards attaining full compliance to the minimum standards the following year. The Compliance Action Plan shall include an explanation/strategy linking the use of the capacity building support to ensure compliance with ULGA minimum conditions with a view to accessing UPG funds in the next year. The ULGA Compliance Action Plan will serve as a MOU to be signed by the Council and PMO-RALG, with the RS involved in supervision of its implementation. The contracted CB support teams will assist in this process both in the planning and execution of the CB support.

PMO-RALG, through the Regional Secretariat, will monitor compliance to the compliance Action Plan on a quarterly basis. A quarterly oversight report will be prepared by the RS and submitted to the Finance Committee of the Council on a quarterly basis, with copies of the report submitted to the PS PMO-RALG. Corrective action will be taken as necessary at the RS or council level to ensure progress leading to qualification of the UPG minimum conditions in the subsequent year. Further operational details may follow regulations as issued by PMO-RALG.

### 3.6 Timing of the Assessments and Links with disbursements

The assessments will be conducted each year from September to December of the performance of the ULGAs in the previous FY. The results will impact on the UPG allocations in the subsequent FY. Therefore the assessment to be conducted in September 2013-December 2013 of the performance of ULGAs in FY 2012/13 will impact on the UPG allocations for FY 2014/15, to ensure that results can be utilized in the ULGA planning and budgeting process. Similarly the assessment to be conducted in September – December 2014 of the performance in FY 2013/14 will impact on the UPG allocations for 2015/16.

Except for the first year whereby the timing of the assessment was impacted by the start up of the program, the regular assessment process will take place such that the results are fitting into the ULGA annual planning and budgeting process<sup>10</sup>. In the first two years, there will also be a phasing in of the PMs.

The performance grant is aligned with the local planning and budgeting process and is managed in **three** phases as follows:-

***First Phase<sup>11</sup>: This is the phase-in period (Minimum Conditions)*** which was conducted in March/April 2013 to establish the grant on the basis of compliance with minimum access conditions, and to decide the allocations in FY 2013/14.

During this first period, the grant system was established in the following way: A minimum requirement assessment was conducted to measure the ULGAs' compliance with the enhanced minimum access criteria for the Program. These criteria build on the minimum conditions of the ongoing Government program with enhancement on social and environmental systems management. Namely, ULGAs had to agree to carry out the processes and procedures of a technical manual for Environmental and Social Management tailored to the Program activities. These are discussed in detail in the Program's Environmental and Social Systems Assessment Manual for the ULGSP (the manual is consistent with Tanzanian systems and bridges the gaps between those systems and the World Bank procedures). Based on the results of this basic MC assessment, allocations to ULGAs for FY 2013/14, which will be disbursed bi-annually were determined.

This first assessment of the minimum conditions also made a baseline assessment of the ULGAs' performance on the performance measures (however, this was not used for allocation purposes), and this will be applied to track the performance development from the onset of the program. The baseline assessment has also been used in the final calibration of the scoring in the current assessment manual, to be applied in the assessment of the MC and PM in September-December 2013 and September-December 2014 (*see below for the subsequent years*).

#### ***Second Phase:***

***This is the MC/PM assessment, scaled down with performance measures, which are not yet relevant for this first PM assessment<sup>12</sup>:*** Based on compliance with all minimum access conditions and the relevant performance indicators in the assessment, the disbursements will be determined by assessment results. The assessment is to determine allocations for FY 2014/15 and is expected to proceed as follows:-

#### ***FY 2014/15: Allocations***

- September 2013: First minimum conditions/performance measure assessment started
- December 2013: Assessment complete and allocations announced<sup>13</sup>

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<sup>10</sup> The assessments of the MCs in the first year started later due to the start up of the Program.

<sup>11</sup> The assessments for allocations in FY 2013/14 were made later than envisaged due to Program start up.

<sup>12</sup> Few of the performance measures, e.g. disbursements and infrastructure achievements will only be applicable a year after the first disbursement of the UPG. The MC/PM table in Section 4 shows the phasing in of PMs.

<sup>13</sup> Will apply to FY 2014/15 allocations in alignment with local and national government budget cycles.

- January 2014: Local government budgeting process starts, using the results from the assessments
- April 2014: Information provided on the audit results, final assessment, which will be used in the finalization of the ULGA planning and budgeting
- July 2014: 50% of annual allocation disbursed<sup>14</sup>
- January 2015: 50% of annual allocation disbursed<sup>15</sup>

***Third Phase:***

***This is the full MC/PM assessment period with the full number of performance measures to determine allocations for FY 2015/16 and subsequent years.*** It is based on compliance with all minimum access conditions and performance indicators in the assessment. It will begin with the assessment of MCs and then PMs and the subsequent disbursements will be determined by the full assessment results. The assessment process is expected to be as follows:

***FY 2015/16 Allocations***

- September 2014: First full assessment started
- December 2014: Assessment complete and IPFs are given
- January 2015 Local government budget process starts using the results
- April 2015: Information provided on the audit results, final results, which will be used in the finalization of the ULGA planning and budgeting
- July 2015: 50 % of the allocations disbursed<sup>16</sup>
- January 2016: 50% of annual allocation disbursed<sup>17</sup>

***FY 2016/17***

- September 2015: Second full assessment started
- December 2015: Assessment complete and IPFs are given
- January 2016: Local government budget process starts using the results
- April 2016: Information provided on the audit results, final results, which will be used in the finalization of the ULGA planning and budgeting
- July 2016: 50% of annual allocation disbursed
- January 2017: 50 % of the annual allocation disbursed

***FY 2017/18***

- September 2016: Third full assessment started
- December 2016: Assessment complete and IPFs are given
- January 2017: Local government budget process starts using the results
- April 2017: Information provided on the audit results, final results, which will be used in the finalization of the ULGA planning and budgeting
- July 2017: 50% of annual allocation disbursed
- January 2018: 50% of annual allocation disbursed
- December 2018: End of Program

The figure below shows a regular assessment process, whereby the results are fitting into the ULGA annual planning and budgeting process<sup>18</sup>.

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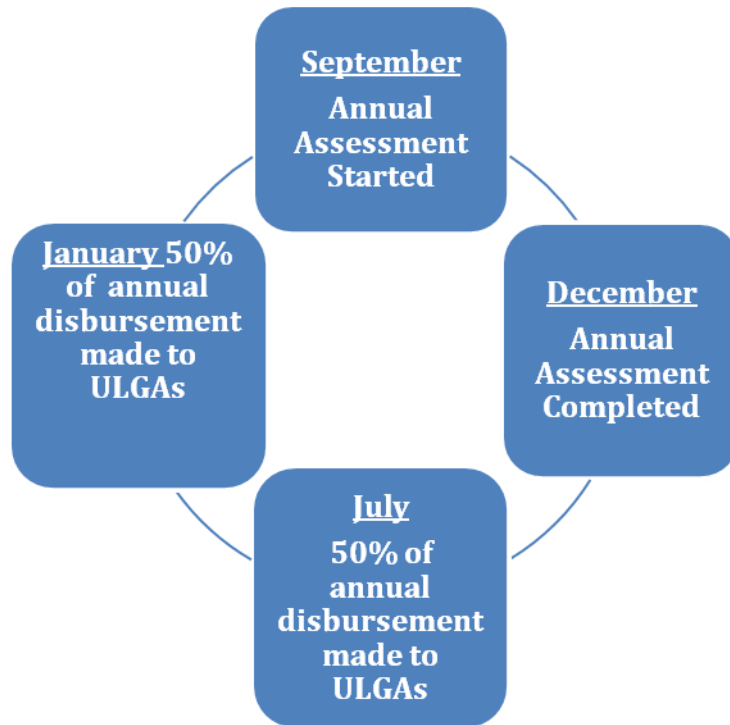
<sup>14</sup> As determined by the Sept-Dec 2013 assessment

<sup>15</sup> As determined by the Sept-Dec 2013 assessment

<sup>16</sup> As determined by the September - December 2014 assessment

<sup>17</sup> As determined by the September - December 2014 assessments.

**Regular Assessment Cycle – September 2013 to December 2018**



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<sup>18</sup> As mentioned above, the assessments of the MCs in the first year started later due to the start up of the Program.



## 4. MINIMUM CONDITIONS AND PERFORMANCE MEASURES

### 4.1 Program Minimum Access Conditions (MACs)

ULGSP MACs				
#	LG DG G	UL LG SP	Indicators of Minimum Access	Information Source and Assessment Procedures
<b>Grievance handling</b>				
1.		X	System in place for handling grievances <sup>19</sup>	<p>Systemic record kept of all grievances related to Program social and environmental management and fiduciary issues. As part of APA, records will be obtained from designated staff for handling grievances on number of grievances filed, nature of grievances, status, and resolution and the status of grievances included in overall Program reporting to PMO-RALG will be verified.</p> <p>Establishment of operational grievance &amp; dispute resolution desk at Mtaa &amp; Ward Offices.</p> <p>Establishment of a functioning and participatory Resettlement Action Plan Committee. [Year 2 and on]</p>
<b>Environmental &amp; Social Management</b>				
2.		X	LGA Environmental and Social Management System in place and operational.	<p>Council ratifies use of the Environmental and Social Management (ESM) technical manual to guide infrastructure investments. [Year 1]</p> <p>From LGAs, obtain list of staff with designated responsibilities for Environmental &amp; Social Management and Resettlement Action Plans (including compensation). [Year 1 and on].</p> <p>As part of the APA, verify all UPG projects have completed an environmental and social screening checklist per the technical manual procedures prior to start of the projects. Verify all projects requiring Environmental and Social Management Plans have included them in contracts for civil works and Securing of Environmental Impact Assessment Certificates from VPO and their associated specifications and conditions from NEMC. Where required, verify Resettlement Action Plan completed for all projects involving resettlement. [Year 2 and on]</p> <p>Resettlement Action Plans implemented prior to initiating civil works: All Project Affected People eligible for compensation are paid prior to relocation and/or initiation of civil works; and/or eligible Project Affected People relocated to alternative surveyed plots. The team will obtain records from the Council on the number of Project Affected People compensated and/or resettled; approval of compensation by Full</p>

<sup>19</sup> As the establishment of grievance systems in all 18 ULGAs will take time, this indicator will be effective in the second assessment round of the Program.

ULGSP MACs				
#	L G D G	U L G S P	Indicators of Minimum Access	Information Source and Assessment Procedures
				Council, and evidence from the accounts department and RAP Committee that compensation has been paid, and reconcile with date of initiation of civil works. <b>(Year 2 and on)</b>
<b>Implementation of UPG</b>				
3.		X	Use of the UPG in accordance with the investment menu (yes/no)	As part of the performance assessment the appropriate use of previous year grant resources will be assessed to avoid misuse of funds for other purposes than intended. <b>(Year 2 and on)</b>
<b>Financial Management</b>				
4.	X	X	Final Accounts for the previous FY produced as per section 45 (4) of the LGA 1982 and submitted to National Audit Office (NAO) within three months after the end of the FY (by September 30).	From the NAO get the names of all LGAs that submitted the final accounts of the previous FY on time noting dates of submission.
5.	X	X	Internal audit in place and functional as provided under section 45(1) of the LG Act 1982 and the LAFM 1997 orders 12-16. <i>(At least 4 Internal Audit Reports prepared during the previous 12 months and presented to Finance and Planning Committee)</i> . The Internal Audit Reports are to be produced by the end of the month following the quarter as provided for in Circular No. LH.274/680/01/56 issued by the Ministry of Finance pursuant to the amendment in Section 38(2) (a) of the Public Finance Act, 2010.	<ul style="list-style-type: none"> <li>From the Internal Auditor, obtain and review the quarterly internal audit reports to verify that Internal Audit Reports are produced.</li> <li>From the Council Director obtain and review the minutes of the Finance and Planning committee for the past 12 months to verify that Internal Audit reports are presented to the Finance and Planning Committee.</li> </ul>
<b>Planning and Budgeting</b>				
6.	X	X	LGA having annual budget for the current FY prepared as per guidelines and approved by Council three months before the start of the financial year (by March 31 <sup>st</sup> )	<p>From CT, obtain and review the budget for the current FY to establish whether:</p> <ul style="list-style-type: none"> <li>The budget was approved by the council two months before start of the FY;</li> <li>The budget was prepared as per the guidelines and LAFM regarding estimation of revenue and allocation expenditure;</li> <li>The budget is presented in the stipulated format.</li> </ul>
<b>Procurement</b>				
7.		X	<b>Tender Boards and Procurement Management</b> Units and Engineering Departments properly established and adequately staffed as per regulations	<p>Review the existence of the tender board and its composition.</p> <p>From PMO-RALG get the set up of the Procurement Management Units and Engineering Departments <b>PMU</b>.</p>
<b>Council's Functional Processes</b>				
8.	X	X	Regular meetings of the council - at least one meeting held every 3 months (quarterly).	From the Council Director obtain the minutes of the full council meetings and verify whether the council met quarterly during the previous FY.

<b>Audited Accounts - CAG Reports to be compiled by PMO-RALG.</b>				
9.	X	X	No adverse Audit Report for Audited Accounts of Council in previous FY.	From the National Audit office, get the names of all LGAs with adverse Audit Reports for Audited Accounts of Council with the CAG report for <b>Previous FY</b> .
<b>Capacity Building Planning, Reporting and Accountability</b>				
10.	X	X	LGA having a Comprehensive Capacity Building Plan for the current FY incorporating all crosscutting/generic capacity building needs of all sectors approved by Council on time (by March 31 <sup>st</sup> ).	From the CHRO obtain and review the Capacity Building Plan for the current FY to establish, whether it was approved by Council and incorporates crosscutting sector capacity building needs.
11.	X	X	LGA has prepared quarterly reports on the utilization of development grants and CBG for the previous FY indicating activities implemented and funds spent and submitted to PMO-RALG on quarterly basis ( <b>CFR and CDR reports</b> ).	From the RS obtain names of LGAs that submitted quarterly reports on utilization of development grants and CBG (CFR and CDR) reports for all the quarters for the previous FY. At the point of time of the assessment, all quarterly reports from previous FY should have been submitted to PMO-RALG. The team will check the submission by the ULGA during the field visits and also review the issue at the RS level.
<b>Additional MC on incremental performance (minimum sustainability in results achieved)</b>				
12.		X	The performance of a ULGA does not decrease by more than maximum 20 points from one assessment to another	Review the assessment results from previous FY and compare with the current results. If the score is decreasing by more than 20 points, e.g. from 90 to 67 points, the ULGA has not passed this MC.

4.2 Program Performance Indicators<sup>1</sup>

4.2.1 Performance Indicators related with Institutional Improvements

The Performance Indicators/Performance Measures in the table below will be assessed during the annual assessments. As mentioned, in the first assessment only the MCs will have impact on the UPG allocations. In the second assessment, which will encompass both MCs and PMs, few (2) of the PMs will not be applied. The few PMs (2), which will only be applied from the third assessment, which will start from September 2014 (second assessments with MC/PMs), are mentioned in the column with the Description, Information Source and Assessment Procedure). This assessment will also include progress on infrastructure achievement. In the fourth assessment conducted in September 2015 value for the money audit will also be included in the results.

Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
<b>I. Urban Planning System Improved (maximum 10 points)</b>			
1.	General Planning Scheme (GPS) for Council adopted (Max 10 points)	GPS for Council adopted by Council Management Team: Points are allocated per step of completion in the MLHHDS guidelines:  Step 1: Preparation Process: 1 point Step 2: Initiation and Mobilization: 1 point Step 3: Data collection and processing, including maps and socio-economic data: 1 point Step 4: Data analysis: 1 point Step 5: Plan conceptualization: 1 point Step 6: Plan Preparation: 1 point Step 7: Plan adoption: 3 points Step 8: Plan approval: 1 point	<ul style="list-style-type: none"> <li>• The GPS plan needs to be completed as per MLHHSD guidelines and discussed at Council Consultative meetings.</li> <li>• The Process is handled by the Council GPS Technical Committee</li> <li>• The team will review whether there is compliance with each step in the guidelines and award points per step.</li> </ul>
<b>II. Increased Revenues from Property Tax (maximum 25 points)</b>			
2.	Updated Local Government property tax system in place (Max 5 points)	Computerized Property Register in place and updated. Yes: score 1 point; No: score 0 point	<ul style="list-style-type: none"> <li>• Since the project is targeting Urban LGA the priority is to get computerized systems, which will help them to handle larger data bases.</li> </ul>
		Computerized billing and invoice delivery system in place. Yes: score 2 point; No: score 0 point	<ul style="list-style-type: none"> <li>• Sound databases must be followed up by effective billing and invoice delivery systems to ensure full coverage and inclusion of the entire tax base.</li> <li>• Review of the billing system and the level of computerization.</li> </ul>

Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
		Multiple channels for property tax payment (collection) system in place. Yes: score 2 point; No: score 0 point	<ul style="list-style-type: none"> <li>Multiple channels refer to different options for tax payer to make payment such as regular bank, mobile payment system, etc.</li> <li>Strengthened collection systems will lead to higher revenues.</li> </ul>
3.	Increase in the number of properties in the property register (Max 5 points)	Increase in the number of properties in the property register, measured in percentage By more than 30 %: score 5 points By 21% - 30 %: score 4 points By 11% - 20% score 3 points By 6% - 10 %: score 2 points By 1% - 5% score 1 point Note: if the coverage is 100 %, then maximum points is given.	<ul style="list-style-type: none"> <li>Widening of the property tax base and maintaining pace with the physical growth of the ULGA is important for sustained growth of revenues from property tax. The team will review the property registered for the last two years.</li> </ul>
4.	Increase in taxable properties valued (Max 5 points)	Percentage of taxable properties valued as compared to the total taxable properties in the property register: Between 10 and 30%: score 1 point Between 31 and 50%: score 2 points Between 51 and 60%: score 3 points Between 60% and 70%:score 4 points More than 70%: score 5 points	<ul style="list-style-type: none"> <li>Property taxation is based on valuation as prescribed in relevant Acts and government guidelines.</li> <li>Review of the share of the taxable properties valued in the register.</li> </ul>
5.	Billing collection ratio of property taxes (Max 5 points)	Billing collection ratio of property taxes (%) Between 20 and 39%: score 1 point Between 40 and 59%:score 2 points Between 60 and 70%:score 3 points Between 71 and 80%:score 4 points More than 80%: score 5 points	<ul style="list-style-type: none"> <li>Measurement of collection ratio (actual collection / total of all invoices distributed)</li> </ul>
6.	Increase in property tax collected (Max 5 points)	If the ULGA has increased collected revenue from property tax in the previous FY <u>as compared to the previous year but one</u> : By more than 10 %: score 5 points By 7% - 10 %: score 3 points By 4% - 6% score 2 points By 1% - 3 %: score 1 point Less than 1% score 0	<ul style="list-style-type: none"> <li>Measurement of real collection growth from the previous year but one to the previous FY.</li> </ul>
<b>III. Efficient Fiduciary System (maximum 25 points)</b>			

Performance indicators and scoring guide for the Annual Performance Assessment							
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure				
7.	Average score on the PPRA for targeted ULGAs (Max 10 points)	<p>Application of the PPRA scoring system with the following implications on the points:</p> <p>PPRA: Score 95-100: 10 points            Score 90-94: 9 points            Score 85-89: 8 points            Score 80-84: 7 points            Score 75-79: 6 points            Score 70-74: 5 points            Score 65-69: 4 points            Score 60-64: 3 points</p> <p>Below benchmark: 60: 0 points.</p>	<p>The Public Procurement Regulatory Authority (PPRA) uses a standardized assessment tool. The assessment manual contains the exact definition of each element and scoring guidelines. PPRA determines an annual target score which is used to benchmark MDAs and LGAs. PPRA indicators include:</p> <ol style="list-style-type: none"> <li>1. Existence of a Tender Board in accordance with the requirements of the Act and Regulations</li> <li>2. Existence of a PMU in accordance with the requirement of the Act and Regulations</li> <li>3. Percentage of tenders in which there was no interference between individual functions</li> <li>4. Prepared annual Procurement Plan</li> <li>5. Percentages of tenders/ contracts which received compulsory approvals in various processes</li> <li>6. Percentage of open bidding procedures publicly advertised</li> <li>7. Percentage of contract awards disclosed to the public</li> <li>8. Percentage of tenders complying with the stipulated time in the Act and Regulations</li> <li>9. Percentage of tenders using authorized methods of procurement in accordance with their limits of application</li> <li>10. Percentage of tender using standard/approved tender documents</li> <li>11. Percentage of tenders with complete Records</li> <li>12. Formation and Function of inspection committees (goods) and project managers</li> <li>13. Percentage of contracts which have been implemented as per the terms of contract</li> </ol>				
8.	Efficient FM system in place (Max 15 points)	<table border="1"> <tr> <td>Audit committee in place and operational Yes: score 2 point; No: score 0 point</td> <td rowspan="4"> <ul style="list-style-type: none"> <li>• Review composition of the audit committee and ensure that it has had regular meetings (quarterly) with minutes for the proceedings.</li> <li>• Review the accounts and letters to the departments, meet with departments and check the communication to ascertain that they have been informed about funds received.</li> <li>• Review budgets and actual accounts from previous year as well as budget from this year, and minutes from decision-making on budget allocations to see if the carried forward funds have been properly budgeted for.</li> <li>• Review cash-flow and procurement plans.</li> </ul> </td> </tr> <tr> <td>Timely reconciled accounts in place and Communication to Implementing Departments of funds received documented Yes: score 2 point; No: score 0 point</td> </tr> <tr> <td>Unspent balances from previous FY are included in the budget (as supplementary) for the on-going FY Yes: score 3 point; No: score 0 point</td> </tr> <tr> <td>Cash flow and procurement plans for following FY in place with clear prediction of revenue and expenditures Yes: score 2 point; No: score 0 point</td> </tr> </table>	Audit committee in place and operational Yes: score 2 point; No: score 0 point	<ul style="list-style-type: none"> <li>• Review composition of the audit committee and ensure that it has had regular meetings (quarterly) with minutes for the proceedings.</li> <li>• Review the accounts and letters to the departments, meet with departments and check the communication to ascertain that they have been informed about funds received.</li> <li>• Review budgets and actual accounts from previous year as well as budget from this year, and minutes from decision-making on budget allocations to see if the carried forward funds have been properly budgeted for.</li> <li>• Review cash-flow and procurement plans.</li> </ul>	Timely reconciled accounts in place and Communication to Implementing Departments of funds received documented Yes: score 2 point; No: score 0 point	Unspent balances from previous FY are included in the budget (as supplementary) for the on-going FY Yes: score 3 point; No: score 0 point	Cash flow and procurement plans for following FY in place with clear prediction of revenue and expenditures Yes: score 2 point; No: score 0 point
Audit committee in place and operational Yes: score 2 point; No: score 0 point	<ul style="list-style-type: none"> <li>• Review composition of the audit committee and ensure that it has had regular meetings (quarterly) with minutes for the proceedings.</li> <li>• Review the accounts and letters to the departments, meet with departments and check the communication to ascertain that they have been informed about funds received.</li> <li>• Review budgets and actual accounts from previous year as well as budget from this year, and minutes from decision-making on budget allocations to see if the carried forward funds have been properly budgeted for.</li> <li>• Review cash-flow and procurement plans.</li> </ul>						
Timely reconciled accounts in place and Communication to Implementing Departments of funds received documented Yes: score 2 point; No: score 0 point							
Unspent balances from previous FY are included in the budget (as supplementary) for the on-going FY Yes: score 3 point; No: score 0 point							
Cash flow and procurement plans for following FY in place with clear prediction of revenue and expenditures Yes: score 2 point; No: score 0 point							

Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
		<p><b>Clean audit</b> report from previous audit. If yes: Score 6</p> <p>All Issues from previous audit report rectified (yes/no). If Yes: score 4 point; No: score 0 point</p> <p>(note that if there was a clean audit report the points are provided above and not under this sub-indicator)</p>	<ul style="list-style-type: none"> <li>Review audit report from previous FY.</li> <li>Review audit report and ascertain that all queries have been addressed, review minutes from meetings, etc.</li> </ul>
<b>I.V Improved Infrastructure, Implementation and Operations &amp; Maintenance (Maximum 20 points)</b>			
9.	Up-dated annual plan including investments from UPG is in place (Max 5 points)	Annual Plan for Development Budget, including investments financed by the Performance Grant developed, and up-to-date with Annual Action Plan for all UPG funded activities with clearly identifiable project targets. Yes: point 5 No: point 0	<ul style="list-style-type: none"> <li>This is a measure for the planning process and for the utilization of the UPG. The annual plan preparation process has to be consultative and must involve the relevant departments as well as the CMT including elected members of the Council.</li> <li>Review of the annual action plan and ascertain that all UPG projects are included, with full budget, and clearly identifiable targets for achievements.</li> </ul>
10.	Increase in amount of OSR transferred to the development account (Max 5 points)	Increase in amount of OSR transferred to the development account  More than 10% over last year amount = score 5 More than 7 %: score 4 point More than 5 %: score 3 points More than 3 %: score 2 points 3 % and below: score 0 points.	<ul style="list-style-type: none"> <li>Review the level of transfers from OSR to development account (account number 2 ULGA level) for the last two FY. Note that only one score can be obtained, e.g. 4 points (not 2 +4 points).</li> </ul>
11.	Annual utilization of UPG (Max 5 points)	Use of the annual UPG compared to plan: More than 85 %: Score 5 More than 75 %: Score 4 More than 65 %: Score 3 More than 55 %: Score 2 55 and below: Score 0  (Note if there are no options to ascertain the planning and use of the grants, the score is also rated as 0.)	<ul style="list-style-type: none"> <li>Review the development plan including the planned investments from UPG, and compare with the actual spending by the end of the FY.</li> </ul> <p><b>This will only be applied from the third annual assessment, starting September 2014, as only then will there be a FY with UPG spending to review.</b></p>
12.	O & M plan in place and executed  (Max 5 points)	ULGA has Operations and Maintenance Plan including budgeting in place and the budget is minimum 5 % of the total development budget. Yes: score 2 points	<ul style="list-style-type: none"> <li>Review the plan and budgets and compare the total development budget with the budget for O&amp;M.</li> </ul>

Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
		No: score 0 point ULGA actual expenditure on O&M higher than 90% compared with annual O&M budget. Higher than 90 %: score 3 Higher than 80 %: Score 2 Higher than 70 %: Score 1 70 % or below: score 0 point	<ul style="list-style-type: none"> <li>Review the actual use of the funds on O&amp;M for projects planned and budgeted for against the budget. (note only one score, e.g. 2 points (not 3 +2 points) can be obtained for this indicator)</li> </ul>
<b>V. Accountability and Oversight Systems Strengthened (Maximum 20 points)</b>			
13.	Consultative process for the development plan in place.  <i>(Max 2 points)</i>	The development plan is developed and discussed by (a) Full Council; (b) respective Ward Development Committees; and (c) the respective Regional Secretariat and with public consultations. Yes in compliance will all: score 2 points No: score 0 point	<ul style="list-style-type: none"> <li>Review minutes from meetings in council, committees and from the meetings with the public. Cross-check information with various sources.</li> </ul>
14.	Annual progress reporting and disseminating systems in place.  <i>(Max 3 points)</i>	Annual and quarterly financial and physical progress report presented to and discussed by the Council. Yes: score 2 points; No: score 0 point	<ul style="list-style-type: none"> <li>Review minutes from the council and discuss the issues with administration and councilors.</li> </ul>
		Annual financial and physical progress report disseminated to the general public via suitable (newspapers, local radio stations, web pages etc.) commonly available media. Yes: score 1 point; No: score 0 point	<ul style="list-style-type: none"> <li>This refers to the Councils overall financial and physical progress. Not only restricted to performance grant utilization.</li> </ul>
15.	Information on use of OSR publicly disclosed  <i>(Max 3 points)</i>	Information on use of OSR publicly disclosed (e.g. newspaper, notice boards, radio etc.). Yes: score 3 point; No: score 0 points	<ul style="list-style-type: none"> <li>Information disclosed on use of OSR could be part of annual budget report or other implementation reports. Review the documentation for disclosure of information.</li> </ul>
16.	ULGA Service Charters with standards in place  <i>(Max 2 points)</i>	Service Charter including service delivery improvement plan and targets adopted by the Council and disseminated to and made available to the general public. Yes: score 2 points; No: score 0 point	<ul style="list-style-type: none"> <li>Review Service Charter and ascertain that it complies with the scoring guide.</li> </ul>
17.	Systematic records maintained on all environment and social activities implemented by ULGAs <i>(max. 5 points)</i>	Environmental and Social Performance Reports sent to PMO-RALG quarterly. Yes: score 5 points; No: score 0 point	<ul style="list-style-type: none"> <li>As part of overall Program reporting from LGAs to PMO-RALG, staff with designated responsibilities for environmental &amp; social management and Resettlement Action Plans (including Compensation) report on a quarterly basis according to guidelines and manuals provided by PMO-RALG.</li> </ul> <p><b>This will only be applied from the third annual assessment, starting September 2014, as only then will there be a FY with UPG spending to review.</b></p>



Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
18.	All participatory consultative processes on ULGA program activities address relevant environmental and social considerations <i>(Max 5 points)</i>	Procedures for public participation in Environmental and Social Impact Assessment and Resettlement Action Plans followed.  Yes: score 5 points; No: score 0 point	<ul style="list-style-type: none"> <li>• Verify in meeting minutes that at least one public meeting for infrastructure projects included environmental and social issues.</li> <li>• Verify from LGA that projects requiring environmental and social impact assessment has made document publicly available, including dates for local disclosure and comment period, media outlets and location of documents.</li> <li>• For projects requiring resettlement and compensation, verify that public sensitization meeting was held and that affected people have been involved in the consultations.</li> <li>• <i>(this indicator should be applied already from the September 2013 assessment as the plans and budgets for FY 2013/14, should apply this new system).</i></li> </ul>
		<b>TOTAL Maximum Points: 100</b>	

**4.2.2 Physical Progress on Local UPG Funded Investments**

As a second component of the annual performance assessment, the following is assessed.

**Physical Progress on Local UPG Funded Investments – Second Component in the Annual Performance Assessment for DLI 3 (Assessment in September 2014 with impact on FY 2015/16)**

<b>Performance indicators and scoring guide for the Annual Performance Assessment</b>			
<b>#</b>	<b>Performance Indicators</b>	<b>Scoring Guide</b>	<b>Description, Information Source and Assessment Procedure</b>
1.	Local infrastructure targets as set out in the annual action plans met by ULGAs utilizing the Program Funds. <i>(Max 100 points)</i>	Physical targets as included in the annual action plan implemented.  The % of implementation will be reflected directly in the score, i.e. 80 % = 80 points.  The score on this indicator will be between 0-100. <sup>20</sup>	Achievement under this indicator will be measured on the basis of actual delivery of infrastructure against targets laid out in the action plan for the previous year using UPG funds. The means for verification are: <ul style="list-style-type: none"> <li>• Measurement of the utilization of the UPG and ensure timely implementation of projects. Review all planned projects and the degree to which they have been implemented by the end of the FY.</li> <li>• Review annual and quarterly action plans and reports</li> <li>• Check sample projects from the field-work (on-the-spot of implementation rates)</li> <li>• Check the contract implementation progress and contract completions through the review of bills of quantities, see the description below.</li> </ul> <p>Implementation rate of each project will be assessed and there will a weighting of these to get a total score. The weight of each project will depend on the budgeted size of the projects.</p> <p><i>This will only be applied from the third annual assessment, starting September 2014 (impact on the FY 2015/16 allocations), as only then will there be a full previous FY with UPG spending to assess.</i></p>
	Total Score	<b>Maximum Score is 100 points</b>	

<sup>20</sup> See means of verification below in the notes.

**Physical Progress on Local UPG Funded Investments – Second Component in the Annual Performance Assessment for DLI 3 (Assessment in September 2015 and following years)**

This will only be applied from the fourth annual assessment, starting September 2015 (impact on the FY 2016/17 allocations), which will now include results on the value for the money audit.

<b>Performance indicators and scoring guide for the Annual Performance Assessment</b>			
<b>#</b>	<b>Performance Indicators</b>	<b>Scoring Guide</b>	<b>Description, Information Source and Assessment Procedure</b>
1.	Local infrastructure targets as set out in the annual action plans met by ULGAs utilizing the Program Funds. <i>(Max 50 points)</i>	Physical targets as included in the annual action plan implemented.  The % of implementation will be reflected directly in the score multiplied by 50 % (weight of this indicator), i.e. 100 % = 50 points, 70 % = 35 points.  The score on this indicator will be between 0-50.	Achievement under this indicator will be measured on the basis of actual delivery of infrastructure against targets laid out in the action plan for the previous year using UPG funds. The means for verification are: <ul style="list-style-type: none"> <li>• Measurement of the utilization of the UPG and ensure timely implementation of projects. Review all planned projects and the degree to which they have been implemented by the end of the FY.</li> <li>• Review annual and quarterly action plans and reports</li> <li>• Check sample projects from the field-work (on-the-spot of implementation rates)</li> <li>• Check the contract implementation progress and contract completions through the review of bills of quantities, see the description below.</li> </ul> Implementation rate of each project will be assessed and there will a weighting of these to get a total score. The weight of each project will depend on the budgeted size of the projects.  <i>Assessed by the performance assessment teams.</i>
2.	Value for the money in the infrastructure investments funded by the Program	% of projects implemented with a satisfactory level of value for the money, calibrated in the value for the money assessment tool.  The % of projects with a satisfactory level of value for the money will be reflected in the score multiplied by 0.5 (which is the weight of this indicator), i.e. 80 % satisfactory projects= 40 points, 70 % = 35 points.  The score on this indicator will be between 0-50 (max).	The value for the money of each project (level of satisfactory value for the money) will be assessed and there will a weighting of these to get a total score. The weight of each project will depend on the budgeted size of the projects.  <i>The input from this will be provided by the PPRA (value for the money audits) to the assessment teams to include in the calibration and in the final calculation of the size of the allocations.</i>

Performance indicators and scoring guide for the Annual Performance Assessment			
#	Performance Indicators	Scoring Guide	Description, Information Source and Assessment Procedure
		Total Maximum Score = sum of indicator 1 and 2 = 100 points.	

\* Note: Verification of the indicators: *“Local infrastructure as set out in the annual action plans met by ULGAs utilizing the Program Funds”*.

The verification of this will be through a comparison of the ULGA annual action plans for UPG utilization with the **actual execution rate** of the (sub)-projects, funded under the UPG.

The “execution rate” will be determined by a review of the **bills of quantities**, and verified by the physical progress against planned targets. Hence, for projects not yet fully completed, e.g. a road project, the team will review the progress on the major items in the *bills of quantities*<sup>21</sup>, both in the regular reports from the engineer, as well as through field trip verification of the actual implementation rate. The % (rate), of completion measured by the bills of quantities against planned annual target will be determined for each project as the status was in the situation at the end of each Fiscal Year.<sup>22</sup>

The completion rate (%) of each project, when determined, will then be weighted with the relative contracted size of the projects to get an aggregate result, see the example below.

**Table: Weighting of the Completion Rates.**

<b>Projects</b>	<b>Contract amount</b>	<b>Implementation rate against planned completion *</b>	<b>Weighted</b>	<b>Result</b>
Project 1	100,000	70%	70,000	
Project 2	500,000	80%	400,000	
Project 3	50,000	90%	45,000	
Total Plan	650,000	100%	515,000	
Weighted implementation rate for this ULGA			0.79	<b>79%</b>

\*Progress of projects monitored through bills of quantities and field verification.

<sup>21</sup> This will be done e.g. for roads by reviewing the bills of quantities on earthworks, sub-base, base, wearing course asphalt, etc used, other inputs compared to the full project amount.

<sup>22</sup> It should be noted that the assessments are conducted from September, hence the projects may have moved ahead since, and this will be considered in final verification process, which will review end of FY year project reports, minutes and actual progress at point of time for the assessment

### 4.3 Other Issues to be reviewed by the Assessment Team

The Annual Performance Assessments will also review the staffing situation in the ULGAs<sup>23</sup>, in the following areas:

#### ULGA Core Positions Filled

<b>Core Positions and requirements</b>	<b>Positions filled in: If Yes: tick (X)</b>	<b>Level of formal education /qualifications</b>	<b>Compliance with the schemes of service</b>	<b>Comments (e.g. if gaps and if plans to fill)</b>	<b>Means of Verification</b>
Council Director: (Degree in social science or any related subject with at least seven years experience)					
Council Treasurer: (BA Accountancy holder with ten years of experience or CPA holder with at least seven years of experience)**					
Council Economist: (Degree in Economic, Statistics, Agriculture Economics or Agribusiness with at least seven years of experience)**					
Council Town Planner (Degree in Town Planning with at least 7 years of experience)**					
Council Internal auditor: (BA accountancy with at least 10 years experience or Certified Internal Auditor (CIA) qualification holder from IIA (Tanzania) with at least seven years of experience)**					
Council supplies office: (In charge of procurement). Degree in Materials Management/Procurement or Advanced Diploma in Materials Management with at least 7 years of experience. )					
Council assistant supplies officer: (Diploma in Materials					

<sup>23</sup> This will not impact on the allocation of UPG to each ULGA, but on the overall disbursement of funds from the World Bank to the GoT.

\*\*According to the scheme of service Post Graduate Diploma is equivalent to a Degree for qualification as Head of Department.

<b>Core Positions and requirements</b>	<b>Positions filled in: If Yes: tick (X)</b>	<b>Level of formal education /qualifications</b>	<b>Compliance with the schemes of service</b>	<b>Comments (e.g. if gaps and if plans to fill)</b>	<b>Means of Verification</b>
Management or Diploma in Procurement)					
Council HR officer: (BA in Public Administration, Human Resource, Law or Sociology with at least seven years of experience)**					
Council Engineer: (Degree in Civil Engineering with at least 7 years of experience)					
Council Community Development Officer: (In charge of environmental and social systems management), Degree in Community Development, Sociology, Rural Development or Advanced Diploma in Community Development with at least 7 years of experience)					

\*\*According to the scheme of service Post Graduate Diploma is equivalent to a Degree for qualification as Head of Department

## 5. ANNEXES

Annex 1: List of ULGAs covered by the ULGSP

**Table: The 18 Urban Local Governments targeted for UPG allocations and population**

ULGA		Population	
		2002 Census	2012 Census
1	Tabora MC	188,005	226,999
2	Morogoro MC	227,921	315,866
3	Shinyanga MC	134,523	161,391
4	Sumbawanga MC	146,842	209,793
5	Moshi MC	143,799	184,292
6	Musoma MC	107,855	134,327
7	Songea MC	130,860	203,309
8	Singida MC	114,853	150,379
9	Iringa MC	106,371	151,345
10	Bukoba MC	80,868	128,796
11	Kibaha TC	77,831	128,488
12	Geita TC	72,482	192,707
13	Babati TC	64,652	93,108
14	Korogwe TC	53,986	68,308
15	Mpanda TC	47,272	102,900
16	Lindi MC	41,075	78,841
17	Njombe TC	34,630	130,223
18	Bariadi TC	15,462	155,620
<b>Total</b>		<b>1,789,287</b>	<b>2,816,692</b>

Annex 2: Simulation Excel Sheet for Allocations of UPG to ULGAs under ULGSP  
 – (To be prepared by the Consultant as part of the Inception report)

Annex 3: Terms of Reference for the Annual Performance Assessments  
 - Separate document – DLI linked Allocation.