

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**Ministry of Urban Development &Construction**

**URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM**

**(UIIDP)**

**EFY 2012-2015**

**2019/20 to 2022/23**

|  |  |
| --- | --- |
| roads | Cobblestone layer |
| **Annual Performance Assessment Guideline** |
| addis_ababa_city_view b |

Urban Revenue Enhancement, Fund Mobilization and   
Finance Bureau,

P.O. Box 24134/1000  **REVISED FINAL**

**Addis Ababa September 29, 2020**

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**The UIIDP Program Operations Manual is made up of a number of documents including:**

1. UIIDP Program Operations Manual Volume I: Main Text & Annexes
2. UIIDP Program Operations Manual Volume II: Additional Annexes
3. UIIDP Monitoring, Evaluation and Reporting System and Guidelines
   1. Federal (Volume 1)
   2. Regions (Volume 2)
   3. ULGs (Volume 3)
4. UIIDP Environmental and Social Management System Guideline
5. UIIDP Resettlement System Guideline
6. Gender Mainstreaming Guideline
7. UIIDP Annual Performance Assessment Guideline
8. Capital Investment Plan Guide for Ethiopian Cities
9. Asset Management Plan Manual
10. Asset Management Model Plan
11. Revenue Enhancement Plan Manual

**Exchange rates used (as at December 31, 2017)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Currency Unit |  | = | Ethiopian Birr (ETB) |
| ETB 27.40 |  | = | US$1 |
| US$1.42413 |  | = | SDR 1 |
| US$1.102 |  | = | Euro 1 |
| Currency |  |  | US$1 |

# ABBREVIATIONS AND ACRONYMS

AFD *Agence Française de Développement*(French Development Agency)

AMP Asset Management Plan

APA Annual Performance Assessment

APACRC Annual Performance Assessment Complaints Resolution Committee

APAG Annual Performance Assessment Guidelines

ARAP Abbreviated Resettlement Action Plan

BoFED Bureau of Finance and Economic Development (Regional)

BoLSA Bureau of Labour& Social Affairs

BUDCo Bureau of Urban Development and Construction (part of regional governments)

CBP Capacity Building Plan

CIP Capital Investment Plan

CPF Country Partnership Framework

CSA Central Statistics Agency

DRM Disaster risk management

EFY Ethiopia financial year

EMP Environmental Management Plan

EOI Expression of Interest

ECSPG Ethiopian Cities Sustainable Prosperity Goals

EFCCC Environment, Forest & Climate Change Commission

ESMF Environmental and Social Management Framework

ETB Ethiopian birr

FEACC Federal Ethics and Anti-Corruption Commission

FMT Federal Mobile Team

FSC Federal Steering Committee

FTC Federal Technical Committee

FPPPAA Federal Public Procurement and Property Administration Agency

FUJCFSA Federal Urban Job Creation & Food Security Agency

FY Financial Year

GC Gregorian Calendar

GoE Government of Ethiopia

GRS Grievance Redress Service

GTP Growth and Transformation Plan

IBEX Integrated Budget and Expenditure

ICB International Competitive Bidding

IDA International Development Association

IDA SUF IDA Scale Up Facility

IPF Investment Project Financing

LED Local economic development

MoF Ministry of Finance

MoLSA Ministry of Labour& Social Affairs

MoR Ministry of Revenues

MoTI Ministry of Trade & Industry

MOWCY Ministry of Women, Children and Youth

MSE Micro and small Enterprise

MTR Midterm review

MUDCo Ministry of Urban Development and Construction

NBE National Bank of Ethiopia

NDRMC National Disaster Risk Management Commission

NUDSP National Urban Development Spatial Plan

O&M Operations and maintenance

OFAG Office of Federal Auditor General

OFED Office of Finance and Economic Development (city level)

ORAG Office of Regional Auditor General

PAP Program Action Plan

PDO Program Development Objective

PEFA Public Expenditure Financial Assessment

PforR Performance for Results

PM Performance Measure

POM Program Operational Manual

PPA Participation and Performance Agreement

PPD Policy & Planning Bureau in MUDCo

PPSD Project Procurement Strategy Document

PR & AB Policy, Research & Advisory Bureau

QCBS Quality and Cost Based Selection

RAP Resettlement Action Plan

REACC Regional Ethics and Anti-Corruption Commission

REFCCC Regional Environmental, Forest and Climate Change Commission

REOI Request for Expressions of Interest

REP Revenue Enhancement Plan

RMT Regional Mobile Team

RRB Regional Revenue Bureau

RPF Resettlement Policy Framework

RSC Regional Steering Committee

RTC Regional Technical Committee

RUJCFSA Regional Urban Job Creation and Food Security Agency

SNNPRS Southern Nations, Nationalities, and People’s Regional State

SoE Statement of Expenditure

TA Technical Assistance

TAC Tender Award Committee

ToRs Terms of Reference

ToT Training of trainers

UDS Urban Development Sector

UGCBB Urban Governance and Capacity Building Bureau

UIIDP Urban Institutional and Infrastructure Development Program

ULG Urban Local Government

ULGDP Urban Local Government Development Project (or ULGDP I)

ULGDP II Second Urban Local Government Development Program

UREFMFB Urban Revenue, Fund Mobilization and Finance Bureau in MUDCo

WCO Women and Children Affairs Office

WMP Waste Management Plan

ZOFED Zonal Office of Finance and Economic Development

# Introduction

## Background

The Government of Ethiopia (GoE) as part of its efforts to improve the performance of the urban local governments (ULGs) in terms of efficiency, accountability and delivery of urban infrastructure and services has introduced a performance grant system for capital investments and capacity building. Under the system, the ULGs and regional implementing agencies[[1]](#footnote-2) (RIAs) in the National Regional States (NRSs) are assessed on agreed performance measures (PMs) indicators on a yearly basis using the Annual Performance Assessment Guideline (APAG).

The ULGs and RIAs that perform well in the APA will receive transfers of funds from Government of Ethiopia’s (GoE) each year as performance grants. The objectives of the APA are to:

* Provide incentives for performance in terms of: a) GoE policies, strategies, laws, regulations and procedures; and b) the objectives, and implementation framework and procedures for the UIIDP – as described in the UIIDP Program Operations Manual (POM);
* Identify performance capacity gaps of the ULGs; and
* Establish a link between performance assessments, investments in infrastructure and services, and capacity building support.

## The Purpose and Users of this Guideline

This APA Guideline seeks to ensure an efficient, consistent, objective and transparent assessment of the performance of the ULGs and RIAs by providing operational guidance for the management, implementation and administration of the APA. It outlines the principles, processes and (disbursement linked) indicators of the assessment.

The target groups for this manual are:

* 117 ULGs (including Dire Dawa City Administration) in all nine NRSs who will receive transfers of funds for capital investments in infrastructure and services, and for capacity building – see the table at the end of this section;
* 6 regional implementing agencies (RIAs) (see footnote 1) in each of the 9 NRSs who can receive funds for capacity building – of their own capacity to provide services to ULGs and to help build the capacity of the 117 ULGs to carry out their own mandates and meet regional and national legal and regulatory requirements; and
* The Ministry of Urban Development & Construction who will receive transfers of funds under the IPF Component of UIIDP for capacity building – of their own capacity as a federal Ministry and to help build the capacity of the nine regions and 117 ULGs.
* Staff of federal ministries and agencies involved with the management of the UIIDP – MUDCo, Ministry of Finance (MoF), Ministry of Revenues (MoR), Ministry of Peace (MoP), Ministry of Labour & Social Affairs (MoLSA), Ministry of Women, Children and Youth (MOWCY), Ministry of Trade & Industry (MoTI), Environment, Forest & Climate Change Commission (EFCCC), , Office of Federal Auditor General(OFAG), Federal Ethics and Anti-Corruption Commission(FEACC), Federal Public Procurement and Property Administration Agency (FPPPAA), Federal Urban Job Creation & Food Security Agency (FUJCFSA).
* Staff of the regional Bureaus of Urban Development & Construction involved with the management of the UIIDP.
* Staff and consultants of the World Bank who are contributing to the UIIDP II through an International Development Association (IDA) grant and credit.
* Staff and consultants of the Agence Francaise de Developpement (AFD) who are contributing to the UIIDP II through a grant.
* Members of civil society and the general public interested in the performance of the ULGs and regional/federal implementing agencies.
* Consultants contracted by MUDCo to carry out the APA of ULGs and RIAs.

# UIIDP Designand Framework

The Ministry of Urban Development & Construction, Federal Democratic Republic of Ethiopia, with support from the World Bank and the Agence Francaise de Developpement (AFD is implementing the Urban Institutional and Infrastructure Development Program (UIIDP) during the period from March 2018 to December 2023.

The UIIDP will provide Performance Grants (PGs) for investments in infrastructure and services and in capacity building for 117 urban local governments (ULGs) and capacity building in all nine Regional Governments (RGs), MUDCo and several federal Ministries/Agencies.

The UIIDP is being financed through World Bank & AFD Program-for-Results (PforR) financing instrument at the regional and ULG levels and an Investment Project Financing (IPF) instrument at the federal level. The regional governments and urban local governments are expected to provide matching funds (counterpart contributions) as per the percentages agreed between MUDCo and the World Bank which are stated in the IIDP Program Operations Manual.

Funding available under the UIIDP will depend on the performance of each city and Regional Government assessed annually against verifiable results described in the Program Operations Manual (POM) and in the Annual Performance Assessment Guideline (APAG) which is a standalone Annex of the POM.

Program Development Objective

The Program Development Objective (PDO) of the UIIDP **is to enhance the institutional performance of participating urban local governments to develop and sustain urban infrastructure, services, and local economic development**.

Figure 1. PDO & Key Result Areas

Key Result Areas

It is expected that the institutional performance improvements and the infrastructure delivered by cities will result in: -

* + - 1. enhanced citizen participation and engagement in ULG planning and budgeting;
      2. increased own source revenue at the ULG level;
      3. improved infrastructure, service delivery, O&M systems;
      4. improved efficiency and effectiveness in fiduciary management;
      5. Improved environmental and social management and safeguards; and
      6. strengthened accountability and oversight systems; and
      7. strengthened ULG resilience, improved local economic development (LED) and enhanced gender equity in the ULG operations.

Key Result Indicators

The key results indicators are:

1. People provided with improved urban living conditions under the UIIDP [corporate indicator].
2. Cities with improved livability, sustainability, and management [corporate indicator].
3. Composite institutional performance of participating ULGs, averaged across all cities.[[2]](#footnote-3)
4. Composite performance for achievement of urban infrastructure and service targets, maintenance performance and value for money in investments by ULGs, averaged across all cities.
5. Composite performance for achievement of LED targets, averaged across all cities

The complete table on the results framework and monitoring is provided in the Annex 1.

Program Scope and Coverage of Urban Centres

The UIIDP will have an additional 73 cities to the existing 44 cities making a total of 117 cities that will participate in the program. This substantial scale-up to 117 cities will bring about greater impact in terms of population coverage and size of the Program (increasing beneficiaries from 4.36 million under UGLDP II to an estimated 6.62 million in UIIDP) and result in exponentially larger positive impact for the country. The scale-up allows strengthening of the overall programmatic and performance-based approach to support sustainable urban development and leverages on economies of scale for program management and implementation. In addition, the scale-up is built on the solid foundations and tried-and-tested overall successful experiences of ULGDP I and II. Timely support to improve institutional performance in the planning, delivery, and sustained provision of urban services and infrastructure by local governments is critical especially for these rapidly growing cities.

Figure 2. Cities Participating in UIIDP

Table 1. List of Participating Cities & Allocations

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **MINISTRY OF URBAN DEVELOPMENT &CONSTRUCTION** | | | | | | |
| **URBAN REVENUE ENHANCEMENT, FUND MOBILIZATION AND FINANCE BUREAU** | | | | | | |
| **LIST OF 117 UIIDP CITIES APPROVED BY H. E THE MINISTER ON SEPTEMBER 12, 2017 AS PER MINISTRY UIIDP POLICY PAPER** | | | | | | |
|  | |  |  |  | |  |
| **ULG Contributions** | | |  | **Regional Contributions** | | |
| Old 16 ULGDP I ULGs in Major regions | | 40% |  | Harari Region |  | 25% |
| New ULGs in non - DRS regions | | 20% |  | Major Regions |  | 30% |
| New ULGs in DRS | | 10% |  | DRS |  | 20% |
| Dire Dawa | | 50% |  |  |  |  |
| Harar | | 25% |  |  |  |  |
|  | | | | | | |
| **S/N** | **Name of ULG** | **Population CSA 2013 Estimates** | **Total estimated IDA Allocation for 4 financial years in USD** | **ULG Contribution in USD** | **Region Contribution in USD** | **Total estimated UIIDP contribution to CIP for 4 years in USD** |
|  |  |  |  |  |  |  |
| **AMHARA REGION** | |  |  |  |  |  |
| **Previous ULGDP II Cities (10)** | | |  |  |  |  |
| 1 | Bahir Dar | 198,909 | 14,066,844 | 5,626,738 | 4,220,053 | 23,913,636 |
| 2 | Dessie | 153,691 | 10,869,028 | 4,347,611 | 3,260,708 | 18,477,347 |
| 3 | Gondar | 264,964 | 18,738,254 | 7,495,302 | 5,621,476 | 31,855,032 |
| 4 | Kombolcha | 75,078 | 5,309,516 | 2,123,806 | 1,592,855 | 9,026,177 |
| 5 | Debre Brehan | 83,479 | 5,903,635 | 1,180,727 | 1,771,090 | 8,855,452 |
| 6 | Debre Markos | 79,980 | 5,656,186 | 1,131,237 | 1,696,856 | 8,484,278 |
| 7 | Debre Tabor | 71,149 | 5,031,657 | 1,006,331 | 1,509,497 | 7,547,486 |
| 8 | Finote Selam | 33,162 | 2,345,217 | 469,043 | 703,565 | 3,517,825 |
| 9 | Mota | 33,500 | 2,369,120 | 473,824 | 710,736 | 3,553,680 |
| 10 | Woldiya | 59,046 | 4,175,733 | 835,147 | 1,252,720 | 6,263,600 |
| **New Cities (22)** | |  |  |  |  |  |
| 1 | Adet | 24,532 | 1,451,558 | 290,312 | 435,468 | 2,177,338 |
| 2 | Adis Zemen | 20,620 | 1,220,085 | 244,017 | 366,026 | 1,830,128 |
| 3 | Ayikel | 21,105 | 1,248,783 | 249,757 | 374,635 | 1,873,174 |
| 4 | Bati | 21,385 | 1,265,350 | 253,070 | 379,605 | 1,898,026 |
| 5 | Bichena | 20,739 | 1,227,127 | 245,425 | 368,138 | 1,840,690 |
| 6 | Buri | 26,120 | 1,545,520 | 309,104 | 463,656 | 2,318,281 |
| 7 | Chagni | 29,731 | 1,759,183 | 351,837 | 527,755 | 2,638,775 |
| 8 | Dangila | 31,773 | 1,880,008 | 376,002 | 564,003 | 2,820,013 |
| 9 | Debark | 29,068 | 1,719,954 | 343,991 | 515,986 | 2,579,930 |
| 10 | Dejen | 27,682 | 1,637,944 | 327,589 | 491,383 | 2,456,916 |
| 11 | Gendawuha | 36,403 | 2,153,966 | 430,793 | 646,190 | 3,230,948 |
| 12 | Hayik | 49,389 | 2,922,347 | 584,469 | 876,704 | 4,383,521 |
| 13 | Injebara | 26,958 | 1,595,105 | 319,021 | 478,531 | 2,392,657 |
| 14 | Kemise | 24,852 | 1,470,493 | 294,099 | 441,148 | 2,205,739 |
| 15 | Kobo | 31,824 | 1,883,026 | 376,605 | 564,908 | 2,824,539 |
| 16 | Lalibela | 22,225 | 1,315,053 | 263,011 | 394,516 | 1,972,580 |
| 17 | Merawi | 23,909 | 1,414,696 | 282,939 | 424,409 | 2,122,043 |
| 18 | Mersa | 20,632 | 1,220,795 | 244,159 | 366,239 | 1,831,193 |
| 19 | Nefas Mewicha | 25,108 | 1,485,640 | 297,128 | 445,692 | 2,228,461 |
| 20 | Sekota | 28,597 | 1,692,084 | 338,417 | 507,625 | 2,538,127 |
| 21 | Shewa Robit | 22,491 | 1,330,792 | 266,158 | 399,238 | 1,996,189 |
| 22 | Wereta | 27,159 | 1,606,998 | 321,400 | 482,099 | 2,410,497 |
| **Total Amhara (32 cities)** | | **1,645,260** | **109,511,699** | **31,699,068** | **32,853,510** | **174,064,277** |
| **OROMIA REGION** | |  |  |  |  |  |
| **Previous ULGDP II Cities (11)** | | |  |  |  |  |
| 1 | Adama | 282,974 | 20,011,921 | 8,004,769 | 6,003,576 | 34,020,266 |
| 2 | Bishoftu | 128,408 | 9,081,014 | 3,632,406 | 2,724,304 | 15,437,723 |
| 3 | Jimma | 155,434 | 10,992,292 | 4,396,917 | 3,297,688 | 18,686,897 |
| 4 | Shashemane | 129,084 | 9,128,820 | 3,651,528 | 2,738,646 | 15,518,995 |
| 5 | Nekemte | 96,657 | 6,835,583 | 1,367,117 | 2,050,675 | 10,253,375 |
| 6 | Assela | 86,441 | 6,113,108 | 1,222,622 | 1,833,932 | 9,169,661 |
| 7 | Sebeta | 63,391 | 4,483,012 | 896,602 | 1,344,903 | 6,724,517 |
| 8 | Burayu | 62,806 | 4,441,640 | 888,328 | 1,332,492 | 6,662,460 |
| 9 | Ambo | 61,900 | 4,377,568 | 875,514 | 1,313,270 | 6,566,352 |
| 10 | Robe | 57,031 | 4,033,232 | 806,646 | 1,209,970 | 6,049,848 |
| 11 | Ziway/ Batu | 56,104 | 3,967,675 | 793,535 | 1,190,302 | 5,951,512 |
| **New Cities (27)** | |  |  |  |  |  |
| 1 | Adola | 29,475 | 1,744,036 | 348,807 | 523,211 | 2,616,054 |
| 2 | Agaro | 32,714 | 1,935,687 | 387,137 | 580,706 | 2,903,531 |
| 3 | ArsiNegele | 60,770 | 3,595,761 | 719,152 | 1,078,728 | 5,393,641 |
| 4 | Babile | 22,760 | 1,346,709 | 269,342 | 404,013 | 2,020,064 |
| 5 | Bedele | 25,080 | 1,483,984 | 296,797 | 445,195 | 2,225,975 |
| 6 | Bedesa | 23,371 | 1,382,862 | 276,572 | 414,859 | 2,074,293 |
| 7 | Bokoji | 22,797 | 1,348,898 | 269,780 | 404,670 | 2,023,348 |
| 8 | Chiro | 43,266 | 2,560,049 | 512,010 | 768,015 | 3,840,074 |
| 9 | DembiDolo | 37,841 | 2,239,052 | 447,810 | 671,716 | 3,358,578 |
| 10 | Dodola | 26,766 | 1,583,744 | 316,749 | 475,123 | 2,375,616 |
| 11 | Fiche | 35,329 | 2,090,417 | 418,083 | 627,125 | 3,135,625 |
| 12 | Gimbi | 39,811 | 2,355,617 | 471,123 | 706,685 | 3,533,425 |
| 13 | Ginir | 21,976 | 1,300,320 | 260,064 | 390,096 | 1,950,480 |
| 14 | Goba | 41,152 | 2,434,964 | 486,993 | 730,489 | 3,652,446 |
| 15 | Hagere Mariyam (Bule Hora) | 35,749 | 2,115,268 | 423,054 | 634,580 | 3,172,902 |
| 16 | Haromaya | 39,486 | 2,336,387 | 467,277 | 700,916 | 3,504,580 |
| 17 | Holeta | 29,936 | 1,771,313 | 354,263 | 531,394 | 2,656,970 |
| 18 | LagaTafo | 20,284 | 1,200,204 | 240,041 | 360,061 | 1,800,306 |
| 19 | Metu | 36,985 | 2,188,402 | 437,680 | 656,521 | 3,282,604 |
| 20 | Mojo | 37,968 | 2,246,567 | 449,313 | 673,970 | 3,369,850 |
| 21 | Negele | 45,314 | 2,681,229 | 536,246 | 804,369 | 4,021,844 |
| 22 | Nejo | 24,412 | 1,444,458 | 288,892 | 433,337 | 2,166,687 |
| 23 | Shakiso | 29,466 | 1,743,503 | 348,701 | 523,051 | 2,615,255 |
| 24 | Shambu | 35,136 | 2,078,997 | 415,799 | 623,699 | 3,118,496 |
| 25 | Suluita | 37,492 | 2,218,402 | 443,680 | 665,520 | 3,327,602 |
| 26 | Weliso | 48,674 | 2,880,041 | 576,008 | 864,012 | 4,320,061 |
| 27 | Yabelo | 22,483 | 1,330,319 | 266,064 | 399,096 | 1,995,479 |
| **Total Oromia (38 cities)** | | **2,086,723** | **137,103,056** | **37,263,421** | **41,130,917** | **215,497,394** |
| **SNNPRS** | |  |  |  |  |  |
| **Previous ULGDP II Cities (9)** | | |  |  |  |  |
| 1 | Hawassa | 225,686 | 15,960,514 | 6,384,206 | 4,788,154 | 27,132,874 |
| 2 | Arbaminch | 107,542 | 7,605,370 | 3,042,148 | 2,281,611 | 12,929,129 |
| 3 | Dilla | 84,952 | 6,007,805 | 2,403,122 | 1,802,342 | 10,213,269 |
| 4 | Sodo | 109,225 | 7,724,392 | 3,089,757 | 2,317,318 | 13,131,466 |
| 5 | Areka | 45,109 | 3,190,108 | 638,022 | 957,033 | 4,785,163 |
| 6 | Butajira | 47,978 | 3,393,004 | 678,601 | 1,017,901 | 5,089,506 |
| 7 | Hosaena | 100,528 | 7,109,340 | 1,421,868 | 2,132,802 | 10,664,010 |
| 8 | Mizanaman | 48,946 | 3,461,461 | 692,292 | 1,038,438 | 5,192,192 |
| 9 | Yirga Alem | 43,586 | 3,082,402 | 616,480 | 924,721 | 4,623,603 |
| **New Cities (14)** | |  |  |  |  |  |
| 1 | Welkite | 41,458 | 2,453,070 | 490,614 | 735,921 | 3,679,605 |
| 2 | Durame | 35,147 | 2,079,648 | 415,930 | 623,894 | 3,119,472 |
| 3 | Aleta Wondo | 31,730 | 1,877,464 | 375,493 | 563,239 | 2,816,196 |
| 4 | Bodite | 34,661 | 2,050,891 | 410,178 | 615,267 | 3,076,337 |
| 5 | Jinka | 29,108 | 1,722,320 | 344,464 | 516,696 | 2,583,481 |
| 6 | Tapi | 35,660 | 2,110,002 | 422,000 | 633,001 | 3,165,003 |
| 7 | Bonga | 29,956 | 1,772,497 | 354,499 | 531,749 | 2,658,745 |
| 8 | Sawula | 32,608 | 1,929,415 | 385,883 | 578,825 | 2,894,123 |
| 9 | Halaba (AlabaKulito) | 38,587 | 2,283,193 | 456,639 | 684,958 | 3,424,789 |
| 10 | Shone | 22,428 | 1,327,065 | 265,413 | 398,119 | 1,990,597 |
| 11 | ShinShicho | 20,517 | 1,213,991 | 242,798 | 364,197 | 1,820,986 |
| 12 | Hadero | 25,609 | 1,515,285 | 303,057 | 454,585 | 2,272,927 |
| 13 | YirgaChefe | 21,713 | 1,284,758 | 256,952 | 385,427 | 1,927,137 |
| 14 | Worabe | 65,199 | 3,857,825 | 771,565 | 1,157,347 | 5,786,737 |
| **Total SNNPRS (23 cities)** | | **1,277,933** | **85,011,821** | **24,461,981** | **25,503,546** | **134,977,348** |
| **TIGRAY REGION** | |  |  |  |  |  |
| **Previous ULGDP II Cities (8)** | | |  |  |  |  |
| 1 | Mekelle | 286,624 | 20,270,049 | 8,108,020 | 6,081,015 | 34,459,084 |
| 2 | Adigrat | 76,447 | 5,406,332 | 2,162,533 | 1,621,900 | 9,190,764 |
| 3 | Axum | 59,269 | 4,191,504 | 1,676,601 | 1,257,451 | 7,125,556 |
| 4 | Shire Endaselassie | 62,769 | 4,439,024 | 1,775,609 | 1,331,707 | 7,546,340 |
| 5 | Adwa | 53,763 | 3,802,119 | 760,424 | 1,140,636 | 5,703,179 |
| 6 | Alamata | 44,092 | 3,118,186 | 623,637 | 935,456 | 4,677,279 |
| 7 | Humera | 28,744 | 2,032,776 | 406,555 | 609,833 | 3,049,164 |
| 8 | Wukro | 40,103 | 2,836,084 | 567,217 | 850,825 | 4,254,126 |
| **New Cities (4)** | |  |  |  |  |  |
| 1 | AblylAdl | 21,393 | 1,265,824 | 253,165 | 379,747 | 1,898,736 |
| 2 | Korem | 22,377 | 1,324,047 | 264,809 | 397,214 | 1,986,071 |
| 3 | Maychew | 31,088 | 1,839,477 | 367,895 | 551,843 | 2,759,215 |
| 4 | Shiraro | 23,013 | 1,361,679 | 272,336 | 408,504 | 2,042,519 |
| **Total Tigray (12 cities)** | | **749,682** | **51,887,101** | **17,238,802** | **15,566,130** | **84,692,033** |
| **SOMALI REGION** | |  |  |  |  |  |
| **Previous ULGDP II Cities (1)** | | |  |  |  |  |
| 1 | Jijiga (Somali) | 152,674 | 10,797,105 | 1,079,711 | 2,159,421 | 14,036,237 |
| **New Cities (3)** | |  |  |  |  |  |
| 1 | Degehabur | 36,419 | 2,154,912 | 215,491 | 430,982 | 2,801,386 |
| 2 | Kebridehar | 35,466 | 2,098,523 | 209,852 | 419,705 | 2,728,080 |
| 3 | Gode | 52,438 | 3,102,756 | 310,276 | 620,551 | 4,033,583 |
| **Total Somali (4 cities)** | | **276,997** | **18,153,297** | **1,815,330** | **3,630,659** | **23,599,286** |
| **AFAR REGION** | |  |  |  |  |  |
| **Previous ULGDP II Cities (1)** | | |  |  |  |  |
| 1 | Samera/ Logiya (Afar) | 25,209 | 1,782,780 | 178,278 | 356,556 | 2,317,615 |
| **New Cities (3)** | |  |  |  |  |  |
| 1 | Dubti | 22,263 | 1,317,302 | 131,730 | 263,460 | 1,712,492 |
| 2 | Asayta | 24,286 | 1,437,003 | 143,700 | 287,401 | 1,868,103 |
| 3 | Awash Sebat Kilo | 22,513 | 1,332,094 | 133,209 | 266,419 | 1,731,722 |
| **Total Afar (4 cities)** | | **94,271** | **5,869,179** | **586,918** | **1,173,836** | **7,629,933** |
| 1 | Assosa (B. Gumuz) | 40,686 | 2,877,314 | 287,731 | 575,463 | 3,740,508 |
| 2 | Gambella (Gambella) | 64,499 | 4,561,369 | 456,137 | 912,274 | 5,929,780 |
| 3 | Harar (Harari) | 112,781 | 7,975,872 | 1,993,968 | 1,993,968 | 11,963,808 |
| 4 | Dire Dawa | 269,134 | 19,033,156 | 9,516,578 |  | 28,549,735 |
| **Grand Total for 117 ULGs** | | **6,617,966.00** | **441,983,865.92** | **125,319,933.87** | **123,340,303.28** | **690,644,103.06** |

Key Features and Financing Modalities

The total IDA funding envelope for the UIIDP is US$600 million (of which USS273 million is from IDA Grant, US$127 million is from IDA Credit and US$200 million is from the IDA Scale-Up Funding (SUF)). In addition, AFD will contribute co-financing of euro 9.8 million (US$10.8 million equivalent). The GoE (from regions and cities) will contribute around US$248.7 million.[[3]](#footnote-4) This brings the total Operation Budget envelope to around US$859.5 million.

Table 1. Program Financing (US$ million)

|  |  |  |
| --- | --- | --- |
| **Source** | **Amount** | **Percent of Total** |
| Government[[4]](#footnote-5) | US$248.7 | 29 |
| International Development Association (IDA) | US$400.0 | 47 |
| IDA Scale Up Facility (IDA-SUF) | US$200.0 | 23 |
| *Agence Française de Développement* (AFD) | US$10.8 | 1 |
| **Total Program Financing** | **US$859.5** | **100** |

The main expenditure items are:

**Window 1 for PforR**:

* + - * ***US$691.11 million (ULG level).*** Performance-based grants to 117 ULGs for infrastructure investments as listed under the Program investment menu *(US$248.66 million from regions and ULGs; around US$433.65 million from IDA; and around US$8.8 million from AFD)*.
      * ***US$70.04 million (regional level).*** Support for regional government to strengthen its capacity to support and guide the ULGs in core areas such as financial audit, environmental audit, procurement audit, revenue enhancement, and others *(IDA funding*)
      * ***US$63.74 million (prior results).*** Allocation against prior results on institutional performance, service delivery, maintenance, and job creation for 44 ULGs as determined in the APA conducted in FY2017/18 for FY 2018/19 allocations*(IDA funding.* This is to fill a financing gap under the ULGDP II that has arisen due to overachievement of performance results during FY2018/19*(IDA funding).*

**Window 2 for IPF**:

* + - * ***US$34.57 million (federal level)*.**Enable MUDCo to support and guide the regions and ULGs and also to administer and coordinate the Operation (*US$32.57 from IDA; and about US$2.0 million from AFD).*

Figure 3. UIIDP Windows & Main Expenditure Items

UIIDP funding to ULGs will be allocated using a simple formula, based on population size and the performance of the ULGs. An approximate US$16–18 per capita per year (with phasing in of the new ULGs in the first FY) has been assessed to be the optimal level of funding.[[5]](#footnote-6) As a core principle, the per capita amount would at least maintain the similar level as at the start of the ULGDP II to ensure minimum level of incentives and meaningful infrastructure and services investments. The size of this performance grant has been determined considering various factors such as international good practice (from an expanding number of countries with performance-based grant allocations), the costs of investments, expenditure needs and current level of investments, as well as generation of sufficiently strong incentive to drive the performance. This has been informed by a comprehensive review of ULG fiscal and revenue positions.

Figure 4. ULG & Regional Contributions (Matching Funds) to UIIDP

Institutional Arrangements

The MUDCo will be the lead implementing agency, with a Federal Mobile Team (FMT) in the Urban Revenue Enhancement, Fund Mobilization and Finance Bureau (UREFMFB) responsible for daily coordination of the Operation.



*Federal Level*

Figure 5. Organizational Structure for Federal Level

*Regional Level*

Figure 6. Organizational Structure for Regional Level

*ULG Level*

Figure 7. Organizational Structure for ULG Level

Eligible Investment and Capacity Building Areas

ULGs will use the Program funds to finance urban infrastructure works as well as capacity building activities, in compliance with the Program’s investment menu and capacity building manual. Eligible infrastructure investments fall under eight groups including: (a) urban roads, (b) integrated infrastructure and land services, (c) sanitation (liquid waste), (d) solid waste management, (e) urban drainage, (f) urban disaster risk management and urban resilience, (g) built facilities, and (h) urban green infrastructure. Ineligible investments include any World Bank environment and social impact assessment Category A projects. Compliance with the investment menu is a minimum condition for receiving funds. In addition, ULGs will be required to prepare the project in a participatory manner, and consider: (a) social inclusion requirements, including gender and disability considerations; (b) climate change and disaster adaptation; and (c) contribution to LED and long-term job creation.[[6]](#footnote-7) ULGs could also spend up to 5 percent of investment grants and regional/city contributions on capacity building support. For regional government entities, the grants will mainly be used for capacity building, operations and management expenses, subject to the eligible capacity building areas, similar to the ULGs.

The following are the investment areas that ULGs may invest the IDA performance grants:-

Table 2. Investment Menu for ULGs - Eligible Areas in Infrastructure & Services

| **Infrastructure/Service** | **Type** |
| --- | --- |
| **Roads** | Expenditure group 1*:* Cobblestone, gravel, red ash and earthen roads. (asphalt roads are not eligible) |
|  | Expenditure group 2*:* Rehabilitation of roads (except asphalt), bridges, fords and culverts, pedestrian walkways or footpath, cycle path, paved area, roundabout, street lighting, road signs and traffic lights, bus terminals, bus stop/station. |
|  | Note: *Note: Road works outside of existing rights-of-way or require significant resettlement of people (more than 200 people, project-specific) will not be eligible for funding under the UIIDP.* |
| **Integrated multiple infrastructure and land services (residential, micro and small enterprises, industrial zones, tourism sites)** | Expenditure group 3*:* Servicing of land with utilities (water supply, electricity, telecommunications, roads and drains (within planned right of way, as per the structural plan/local development plan)), solid and liquid waste collection and disposal. |
| **Sanitation (liquid waste)** | Expenditure group 4*:* Sewer reticulation systems (no large canals[[7]](#footnote-8)), wastewater treatment ponds/treatment plants, sludge ponds, community soak away pit and septic tanks, public and communal toilets, ventilated improved pit, Ecosan, biogas and vacuum trucks, vacuum handcart. (in planning and implementation cities must follow manual and standard from Urban Water Supply and Sanitation Project.) |
| **Solid waste management** | Expenditure group 5*:* Collection trucks and other collection tools, collection bins, transfer stations, recycling center/sorting facilities, collection points; skips and skip loaders, hand push carts, landfills[[8]](#footnote-9) (*of the size of maximum 10 hectares and minimum design criteria as per the solid waste management manual*), biogas and composting plants; and landfill site equipment including compaction vehicles, garbage truck, grader, dozer, loader, dump truck and excavator |
| **Urban drainage** | Expenditure group 6*:* Drainage systems (follow the guideline developed by the MUDCo), flood control systems. |
| **Urban disaster risk management and initiatives to enhance resilience[[9]](#footnote-10)** | Expenditure group 7: Fire brigade equipment, trucks, facilities, fire stations, non-grid renewable energy supply (e.g. solar, wind), landslide protection structures |
| **Built facilities** | Expenditure group 8*:* Markets for small businesses *not exceedingground floor* with associated services (water supply, drainage, access roads, sanitation facilities), upgrading the existing markets, one-stop shops, slaughter houses (abattoirs)[[10]](#footnote-11)(*not exceeding size of 2 ha and the category of level B, C, and D)* with by-products and processing facilities, abattoir trucks, production and premises, sales and display centers for MSEs, community center, youth center, cultural centers |
| **Urban green infrastructure** | Expenditure group 9*:* Urban parks, public spaces and greenery development projects. |
| **Consultancy services for design, studies and contract management** | Expenditure group 10*:* For studies relating to preliminary and detailed design, contract documentation and supervision relating to the above infrastructure and services. |
| **Capacity Building Support** | Expenditure group 11*:* Up to 5 percent of investment grants and regional/city contributions can be utilized on capacity building support. It also includes some expenditures forconsultancies, studies, and related operating costs managed by MUDCo limited to the legacy activities carried over by ULGDP 2.See menu for capacity building support below. |

***Notes for investments:***

1. Current **maintenance and operational costs, including salaries,** should not be funded by the UIIDP grant. Other ULG sources, including OSR should be used for these expenditures. The performance system will promote planning and actual provision for this to ensure longer-term sustainability.
2. **The investment menu above explicitly excludes possible high-risk activities and Category “A” types of activities.** Investments, which according to the WB Operational Manual for Environmental Assessment (OP 4.01) are classified in Category A are explicitly excluded from the Program. These “…*are projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect and area broader than the sites or facilities subject to physical works”.* Category A projects are not supported by PforR operations and ULGs cannot use the UIIDP grants for these types investments.
3. **While the scope and scale of works under the Program are not expected to cause significant adverse environment and social impacts, the current EIA procedures in Ethiopia require that all investments are screened** for negative impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people.
4. **Siting, design, construction and implementation of all physical infrastructure must consider risk map/disaster risk management plan and integrate measures to make them resilient to climate change and disaster impacts.** 
   * + Siting and construction: Steps should be taken screen location of physical infrastructure to minimize exposure to disasters (flood, earthquake, drought, fire, landslides)
     + Design and implementation: Design and operation of infrastructure and services need to consider climate and disaster impacts. Additionally, sanitation and solid waste management facility to consider waste segregation, treatment and reduce contamination of water sources in the event of flooding or other disasters.
5. **In addition to screening for significant negative impacts, the following works will be ineligible for financing under the UIIDP:**
   * + Road works outside of existing rights-of-way;
     + Infrastructure works that require significant resettlement of people (more than 200 people, project-specific)
     + Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

**the following works have conditions under the UIIDP:**

* + - Canals (Sewer reticulation systems canals (primary canals)) should not exceed in diameter 1,000 millimetres or 10 kilometres
    - All landfills should comply with minimum design criteria as per the solid waste management manual, not exceeding 10ha. ULGs, in the design of sanitary landfills, will be required to demonstrate a system of waste segregation, collection, transportation, treatment, and disposal of leachates, before they start landfill constructions.
    - Slaughter houses (abattoirs) should not exceed size of 2 ha, within the category of level B, C, and D.

The following are the eligible capacity building areas in which the ULGs & Regions will be able to use the IDA performance grants.

Table 3. Eligible Capacity Building Areas for ULGs and NRS

|  |  |
| --- | --- |
| **Capacity Building Area** | **Capacity Building activity** |
| **Training, seminar, and conferences** | 1. Short-term local training and related operating expenses 2. Selected short-term training/courses (up to three months’ duration) 3. Peer to peer support across ULGs 4. Study tours as planned by the ULGs, with clearly defined learning objectives and follow-up action plan   (study tours by ULGs must be coordinated by the region/ MUDCo as part of the planning process)   1. Seminars/conferences/workshops/meetings expenses 2. Training materials, trainers/resource person fees 3. Hire of venue /hotel accommodation 4. Refreshments |
| **Organizational and System Development** | 1. Training needs assessment 2. Assessment of IT system needs 3. Organizational culture change – one stop shop, client orientation, contracting out, etc. 4. Social accountability and behavior change 5. Organizational structure 6. Filing and archive system 7. Land management and administration systems 8. Disaster detection, response and risk reduction systems 9. Financial systems (IBEX, etc.) 10. Management information and decision-making systems 11. Public consultation and engagement platforms |
| **Technical assistance** | 1. Consultancy fees and related operating expenses (for studies related to ULG service delivery operations, and institutional policies, laws, bye-laws, regulations, procedures) and organizational development (see above). This includes technical assistance, consultancies, training and related operating expenses procured by the federal level (MUDCo) to support old (44) and new (73 )ULGs and regions 2. Printed material and stationery |
| **Equipment** | Equipment related with the capacity building support (not buildings) including:   1. Motor bikes (up to 1 percent of investment grants and regional/city contributions)[[11]](#footnote-12) 2. Office and field equipment including surveying equipment procured by the federal to support the regions and ULGs |

# Disbursement Linked Indicators, Minimum Conditions, Performance Measures and Verification Protocols

Almost 96 percent (or around US$576 million) of the Operation’s funds will be disbursed against disbursement linked indicators (DLIs). The DLIs are structured to provide incentives to participating ULGs and regional governments for improved management and development of urban areas. (More details on the DLIs, MCs, PMs, performance assessments, verification protocols and disbursement arrangements are provided in the UIIDP Annual Performance Assessment Guideline (APAG) which is a part of this POM and is a standalone Annex of the POM

**DLIs 1 to 4 focus on ULGs to strengthen ULG institutional roles in the delivery of infrastructure and services, and enhance local economic development**. Each of these DLIs is a composite index of defined MCs and PMs.

**The disbursement system for DLI 1, 2, 3, and 4 is scalable based on actual performance of ULGs**. It is particularly important to note that if the ULGs perform better (or poorer) than expected (as set out in the disbursement related targets in the DLI matrix), disbursements will be adjusted accordingly. This means that if ULGs perform higher than expected they will receive higher than expected disbursements. If this continues throughout the Program, additional financing may be needed.

**DLIs 5 to 9 focus on regional government entities to enhance their abilities in fulfilling their mandates to support ULGs.** These DLIs will disburse based on results achieved by regional government entities in providing support to ULGs (DLI 5) as well as focusing on their performance in conducting essential audits for ULGs such as on fiduciary and environmental and social management.

**DLI 10 is a legacy DLI disbursing against prior results achieved under the ULGDP II** that has arisen due to overachievement of performance results. This DLI will be disbursed upon verification in FY 2018/19, when the fifth APA of the ULGDP II has been completed in February 2018.

**Collectively the DLIs address the PDO and key result areas**. The DLIs are designed to address the challenges of ULGs’ and regional governments’ institutional performance and, in turn, ULGs’ ability to deliver, operate, and manage infrastructure and services, and expand LED. They provide incentives to address the core issues such as on timely audit, social and environmental management, own-source revenue generation, and strengthen the system and procedures for capacity building. In addition, there is enhanced focus to strengthen urban resilience, promote LED and job creation, and enhance gender equality. The PMs have a direct link to the key result areas and the GoE’s program intended outcomes.

Table 4. Program DLIs

| **Results area** | **DLIs** | **Approximate disbursement amount**  **(US$ million)** | **Percent of total IDA (PforR) amount** |
| --- | --- | --- | --- |
| **ULGs deliver infrastructure and services** | **DLI 1**: Eligible ULGs have achieved Program MCs.[[12]](#footnote-13)  **DLI 2**: Eligible ULGs have strengthened institutional performance.  **DLI 3**: Eligible ULGs have implemented quality infrastructure and maintenance activities and ensured value for money.  **DLI 4**: Eligible ULGs have strengthened performance on LED, urban resilience and gender mainstreaming. | 109.33  190.09  90.09  52.94 | 18.97  32.99  15.63  9.19 |
| **Regional government entities support ULGs to strengthen institutions and enable them to deliver infrastructure and services.** | **DLI 5**: Regional support teams have delivered effective capacity building services to Eligible ULGs in urban institutional and infrastructure development.  **DLI 6**: Regional Government Audit Agencies (ORAGs) have carried out timely audits of Eligible ULGs’ financial reports.  **DLI 7**: Regional Environment Protection, Forest and Climate Change Authorities (REFAs) have completed timely review of Eligible ULGs’ environmental and social safeguards compliance.  **DLI 8**: Regional Revenue Authorities (RRAs) have supported Eligible ULG revenue mobilization.  **DLI 9**: Regional Public Procurement & Property Administration Agencies (RPPPAAs) conduct timely and quality procurement audit of Eligible ULG’s accounts and performance. | 27.88  14.96  13.12  7.04  7.04 | 4.84  2.60  2.28  1.22  1.22 |
| **Prior results: overachievement in performance.** | **DLI 10**: Strengthening institutional performance,infrastructure and service delivery, maintenance, and job creation for 44 ULGDP II ULGs. | 63.74 | 11.06 |
|  | **Total** | **575.76** | **100.0** |

**Verification Protocol for UIIDP – PforR Window**

The DLIs related to performance of the ULGs and regions will be verified by an independent firm which will be hired to conduct annual assessments of the performances of ULGs using the verification protocol instrument this Guideline. In addition, the verification will be reinforced by other technical assessment reports such as value for money audit and regular WB supervision missions, reviews by the Technical Committee, and finally the Steering Committee and the World Bank.

The verification Protocol for the UIIDP is based on the ULGDP II with a few improvements in terms of the system of verification and clarification of the steps in the process, timing and institutional arrangements.

The details of the Verification Protocol include three areas and are further elaborated below:

1) Overview of **schedule and timeframe for verification**;

2) Narrative of the **process** and institutional **arrangements**.

3) Means of verification DLIs 1-10

**A) Overview of the schedule and timeframe for verification**

For **DLIs 1-4,** focusing on ULGs’ performance and for **DLIs 5-9**, focusing on regions’ performance, the system of verification will be conducted as described in the tables below. For means of verification and actual calibration, please see the DLI Verification Protocol Table.

Table 5. Schedule for 3rd APA for 56 Cities

|  |  |
| --- | --- |
| **Date  (Gregorian Calendar)** | **Activity** |
| By October 20, 2020 | Independent APA consultants engaged and onboard |
| November 9, 2020 | APA commences – data collection in the field. |
| By January 15 | Complete all field assessments, including minimum conditions and performance measures (DLIs 1–4), The APA also assesses the result against **DLI 5**–**9.** |
| By January 31 | APA consultant completes and submits **first draft Preliminary** APA reports and draft Preliminary Synthesis Report (excluding the audit results for the ULGs) to MUDCo as well as to the World Bank. |
| February 1, 2021- February 28, 2021 | Conduct Quality Assurance Review (World Bank); Quality Assurance Review comments and findings to inform APA ready by no later than February 28 |
| February 28, 2021 | Deadline date for approval by regions of revised CIPs for EFY 2013 (2020/21) |
| By March 15 | APA team completes and submits **second draft Preliminary** APA reports and draft preliminary synthesis report (including the audit results/scores) and share with MUDCo and World Bank. |
| By March 29 | Review by MUDCo and Bank, and APA team reconcile comments received, into the **third draft report produced by the APA team**. |
| By March 30 | MUDCo shares the third draft report with ULGs /Regions which have 14 days for submitting complaints, if any |
| By April 13 | ULGs/Regions submit their complaints |
| By April 27 | Review by the APA Complaints Resolution Committee of ULG/Regions’ complaints  Reconciliation between complaints and APA findings (Complaints Committee)  Recommendations from the Complaints Committee to Chairman of the UIIDP Federal Technical Committee (Bureau Head of Urban Revenue Enhancement, Fund Mobilization and Finance Bureau) on determination of complaint cases and on changes to be made.  Report on changes made and not made (with justification) by APA Consultants |
| By May 11 | **Final draft APA report** for each ULG/region and the Final Draft Synthesis Report as well as report on changes made and not made (with justification) by APA team, submitted to World Bank and MUDCo |
| **By May 27** | **Indicative allocations based on Final Draft communicated to regions and ULGs by UIIDP Team** |
| In May | ULG budgeting process for EFY 2014 (2021/22) starts, based on indicative allocations |
| By May 31 | Final Verification of the APA results by **the UIIDP Federal Technical Committee (FTC)** |
| **By June 7** | **Formal review and approval of results by the FSC; review and endorsement by World Bank (for the coming FY’s allocations to ULGs)** |
| By June 14 | Final APA report for each ULG/region and the Final Draft Synthesis Report incorporating changes and endorsement by the World Bank, submitted to World Bank and MUDCo. |
| By June 21 | Final Approved Allocations announced by the Bureau and workshop with regions and ULGs held. |
| In June | ULG budgeting process for EFY 2014 (2021/22) continues, based on actual allocations |
| By August 31 | Submission of CIPs, REPs and AMPs by ULGs to regions for approval |
| By September 15 | Approval of CIPs, REPs and AMPs by regions |
| September 16 | Start of implementation of CIPs by ULGs |
| **By June 14** | **World Bank disburse to MoF the full amount** |
| By September 30 | 50 percent of the allocations disbursed to Regions and ULGs |
| In January 2022 | 50 percent of annual allocation disbursed to Regions and ULGs |
| February 28, 2022 | Deadline date for approval by regions of revised CIPs for EFY 2014 (2021/22) |

Table 6. Schedule for 3rd APA for 61 Cities

|  |  |
| --- | --- |
| **Date  (Gregorian Calendar)** | **Activity** |
| By November 25, 2020 | Independent APA consultants engaged and onboard |
| December 15, 2020 | APA commences – data collection in the field. |
| By February 15 | Complete all field assessments, including minimum conditions and performance measures (DLIs 1–4), The APA also assesses the result against **DLI 5**–**9.** |
| By February 28 | APA consultant completes and submits **first draft Preliminary** APA reports and draft Preliminary Synthesis Report (excluding the audit results for the ULGs) to MUDCo as well as to the World Bank. |
| March 1, 2021- March 31, 2021 | Conduct Quality Assurance Review (World Bank); Quality Assurance Review comments and findings to inform APA ready by no later than March 31 |
| February 28, 2021 | Deadline date for approval by regions of revised CIPs for EFY 2013 (2020/21) |
| By April 15 | APA team completes and submits **second draft Preliminary** APA reports and draft preliminary synthesis report (including the audit results/scores) and share with MUDCo and World Bank. |
| By April 29 | Review by MUDCo and Bank, and APA team reconcile comments received, into the **third draft report produced by the APA team**. |
| By April 30 | MUDCo shares the third draft report with ULGs /Regions which have 14 days for submitting complaints, if any |
| By May 13 | ULGs/Regions submit their complaints |
| By May 19 | Review by the APA Complaints Resolution Committee of ULG/Regions’ complaints  Reconciliation between complaints and APA findings (Complaints Committee)  Recommendations from the Complaints Committee to Chairman of the UIIDP Federal Technical Committee (Bureau Head of Urban Revenue Enhancement, Fund Mobilization and Finance Bureau) on determination of complaint cases and on changes to be made.  Report on changes made and not made (with justification) by APA Consultants |
| By May 26 | **Final draft APA report** for each ULG/region and the Final Draft Synthesis Report as well as report on changes made and not made (with justification) by APA team, submitted to World Bank and MUDCo |
| **By May 27** | **Indicative allocations based on Final Draft communicated to regions and ULGs by UIIDP Team** |
| In May | ULG budgeting process for EFY 2014 (2021/22) starts, based on indicative allocations |
| By May 31 | Final Verification of the APA results by **the UIIDP Federal Technical Committee (FTC)** |
| **By June 7** | **Formal review and approval of results by the FSC; review and endorsement by World Bank (for the coming FY’s allocations to ULGs)** |
| By June 14 | Final APA report for each ULG/region and the Final Draft Synthesis Report incorporating changes and endorsement by the World Bank. |
| By June 21 | Final Approved Allocations announced by the Bureau and workshop with regions and ULGs held. |
| In June | ULG budgeting process for EFY 2014 (2021/22) continues, based on actual allocations |
| By August 31 | Submission of CIPs, REPs and AMPs by ULGs to regions for approval |
| By September 15 | Approval of CIPs, REPs and AMPs by regions |
| September 16 | Start of implementation of CIPs by ULGs |
| **By June 14** | **World Bank disburse to MoF the full amount** |
| By September 30 | 50 percent of the allocations disbursed to Regions and ULGs |
| In January 2022 | 50 percent of annual allocation disbursed to Regions and ULGs |
| February 28, 2022 | Deadline date for approval by regions of revised CIPs for EFY 2014 (2021/22) |

**B) Verification Process and Institutional Framework**

Below are further details on the verification process.

**DLIs 1**–**4 – MCs and PMs**

**Future APAs**

**Submission of First Draft Preliminary APA reports (without audit results/scores)**

Field visits and the APA assessment will start in October/November and all be completed by January/February, the Consultant’s Team Leader will prepare and submit the first draft Preliminary APA Report (without audit results/scores) for each ULG and the first draft Preliminary Synthesis Report simultaneously to the World Bank and to MUDCo not later than twelve weeks after commencement of the assignment, using the formats provided (in the POM, APAG). The APA (preliminary/draft) Report Forms must be signed by the ULG Mayor and City Manager and the Consultant’s Team Leader irrespective of the outcome of the assessment. The Assessment Reports will include an explicit reference to the nature and substance of any disagreement as per the format in this APAG.

**Quality Assurance Review**

The World Bank will carry out a Quality Assurance Review in February/March, based on the first draft preliminary APA report, or once the report has been received, whichever is earlier. The QAR will communicate its findings to MUDCo. MUDCo will communicate to the Consultant the QAR findings.

**Submission of Second Draft APA reports to MUDCo and World Bank**

Based on the QAR (conducted in February/March), MUDCo and World Bank will provide feedback on the first draft Preliminary APA reports. The consultants will address and incorporate necessary amendments and will prepare and submit simultaneously to MUDCo and World Bank the revised and high quality second draft individual city reports for all the cities and the second draft synthesis report (all with audit results/scores). The Second Draft Reports are then reviewed jointly by the World Bank and MUDCo to check whether all comments have been incorporated. If not, additional comments will be sent to the APA Consultant to be incorporated in the Final (3rd) Draft reports.

**Complaints handling procedures**

The **(third) draft final** reports are also provided to ULGs and regions for review and, if there are disagreement with the results, they may submit their complaints within 14 days of the date of the letter from MUDCo. The TC will also consider recommendations from the APA complaints resolution committee in regard to any complaints received from cities/regions on the APA and review inconsistent findings (APA team may be asked to provide further evidence for the conclusions reached as well as the complainants).

The ULGs/regions have 14 days for complaints which will be reviewed by the complaints committee.

Based upon the report from the Complaints Resolution Committee provided to the APA Consultants by the Chairperson of the Federal Technical Committee, the APA Consultants will either incorporate changes which they are convinced are justified and provide reasons on those changes they do not accept.

**Submission of Final Draft APA reports to MUDCo and World Bank**

The APA Consultants will submit simultaneously to MUDCo and World Bank, the Final Draft Reports incorporating changes which they consider justified and provide a report on changes made and not made (with justification).

**Post-assessment activities**

***Verification of the assessment reports submitted by consultants conducted by the Federal Technical Committee (FTC) and approval by Federal Steering Committee (FSC) and confirmation by the World Bank.***

The MUDCo and World Bank will review whether the Final APA report is complete and consistent. The final reports are then submitted to the UIIDP FTC for **verification** of the accuracy and consistency of the reports and scores on the indicators. The UIIDP FTC will finally verify and then submit the agreed final revised reports and its summary of the results of the APA and its recommendations on complaints and for allocation of UIIDP DLI related funds for the forthcoming EFY to the UIIDP FSC (copy to the World Bank).

Following approval by FSC, the summary of results (and how the complaints have been handled) and recommendations will be submitted to World Bank for formal confirmation of results and fund allocations.

***Notification of assessment score.*** Following World Bank confirmation in May/June, MUDCo will provide official notification of assessment scores and allocations to all ULGs and regions. A Workshop will be held in June with regions and ULGs to share results of the APA and the allocations for the coming financial year. Each of the assessed ULGs will also receive a copy of their city’s final assessment report – as approved by the UIIDPFSC and World Bank.

**Details on the processing of complaints from ULGs by the MUDCo**

Where a ULG or Region is not satisfied with the outcome of the assessment, a complaint should be submitted to the UREFMFB, MUDCo not later than two weeks following receipt of notification of official scores. When submitting the complaint, the ULG/Region must enclose any relevant documentation in support of the issues in question. A UIIDP APA Complaints Resolution Committee will review and examine the complaint and recommend action to be taken on the complaints.

The examination of the complaint will lead to one of the following results:

1. Correction of errors
2. Re-assessment in case of laxity by the assessment team
3. Rejection of the complaint

**Composition of Complaints Resolution Committee:**

* Representative from MUDCo, Chairperson
* Representative of MoF, Member
* Representative of Ethiopian Cities Association, Member
* Independent Expert in the area of concern, from MUDCo; and the
* UIIDP Program Coordinator, Secretary

Based upon the report from the Complaints Resolution Committee provided to them by the Chairperson of the Federal Technical Committee, the APA Consultants will either incorporate changes which they are convinced are justified and provide reasons on those changes they do not accept.

The APA Consultants will submit simultaneously to MUDCo and World Bank, the Final Draft Reports incorporating changes which they consider justified and provide a report on changes made and not made (with justification).

The UIIDP Federal Technical Subcommittee (FTSC) will verify the APA results and complaints resolution and submit its recommendations to the UIIDP Federal Steering Committee (FSC).

The APA results will be formally reviewed and approved by the FSC, reviewed and confirmed by the World Bank.

The APA Consultant will incorporate the final changes and confirmation of the World Bank of the APA results and allocations and produce the **Final** ULG and Synthesis APA Reports. MUDCo will distribute the Final ULG and Synthesis APA Reports to all regions and will also officially notify them of the final allocations approved by the World Bank.

# The UIIDP APA Process

## Guiding Principles

The following principles apply to the APA processes:

* The ULGs are strictly assessed against their legal obligations and issues that fall within their direct span of control; consequently, all PMs are anchored in existing legal, regulatory and policy frameworks;
* The PMs acknowledge the specific legal, political, administrative and fiscal environment in which ULGs operate;
* The PMs capture both the administrators and the elected representatives in the ULG structure;
* In order to minimize discretion in the assessment process, the PMs are objectively verifiable and simple to assess;
* The APA process facilitates a clear translation of identified capacity building needs into corresponding institutional strengthening requirements; and
* The assessment process ensures that capacity building is fully integrated into the budgeting cycle of the ULGs (see Annexes 1 and 2).

## The Processes

Because the Urban Institutional and Infrastructure Development Program (UIIDP) performance grants (PGs) are funded by International Development Association (IDA) – or World Bank – through their Program for Results funding instrument, the APA is necessary to identify performance of any ULG or regional agency receiving funds in achievement of Disbursement Linked Indicators (DLIs). There are ten (10) DLIs and these are broken down into:

* DLIs 1, 2, 3 and 4 which identify performance of ULGs.
* DLIs 5 , 6, 7, 8 and 9 which identify performance of RIAs, and
* DLI 10 is a legacy DLI disbursing against prior results achieved under the ULGDP II that has arisen due to overachievement of performance results. This was already assessed in the 1st APA and all funds disbursed. It will not be assessed in the 3rd and 4th APAs

The assessment for ULGs is broken down into DLI 1 - Minimum Conditions (MCs) and DLIs 2, 3 and 4 Performance Measures.

#### DLI 1 - ULG Minimum Conditions (MCs)

The MCs are those conditions that a ULG needs to fulfil in order to qualify for access to the basic grant component of the UIIDP Performance Grants and to qualify for funds through performance in DLIs 2, 3 and 4 performance measures.

The MCs are formulated under eight heads; the ULG has:

1. A rolling three-year capital investment plan (CIP) with Annual Action Plan (AAP), Annual Budget, and Annual Procurement Plan;
2. Submitted financial statements for the last EFY on time;
3. Received an external audit report from previous EFY that is not adverse or has a disclaimer opinion;
4. Provided for its UIIDP co-funding requirements;
5. Staff in place in ten (10) key positions required for UIIDP implementation,;
6. A fully operational environmental and social management safeguard system in place;
7. A fully operational procurement system in place; and
8. A fully operational complaint handling system in place.

Assessment of the 8 MC performance measures is made by reaching a “yes” or “no” decision as to whether the MC has been achieved by the ULG. Some of the MCs are only applicable from the second assessments to provide ULGs sufficient time to comply.

See Section 6 for the details.

#### DLIs 2, 3 and 4 - ULG Performance Measures (PMs)

The PMs are those conditions that will be used to determine each ULG’s allocation of the UIIDP’s PG funds. The PMs involve detailed indicators to measure performance and are classified under **three DLIs** and **14performance measures** as follows:

**DLI 2 - Institutional Performance**

|  |  |
| --- | --- |
| 1. Planning and Budgeting | Maximum 10 points |
| 1. Assets Management | Maximum 10 points |
| 1. Public Financial Management | Maximum 16 points |
| 1. Procurement | Maximum 15 points |
| 1. Own-source Revenue Enhancement | Maximum 10 points |
| 1. Accountability and Transparency | Maximum 14 points |
| 1. Environment and Social Safeguards | Maximum 10 points |
| 1. Land Management and Urban Planning | Maximum 15 points |
| Total maximum possible | 100 points |

An average of 70 points in Year 1, rising to an average of 85 points in year 5 of the UIIDP period is the reference point for the targeted level of funding. Less than this average will lead to less-than-targeted funding, and opposite, a score above the average will lead to allocations above the average targets.

See Section 7 for more details.

**DLI 3 - Infrastructure Investment Performance**

|  |  |
| --- | --- |
|  |  |
| 1. Urban Infrastructure Targets | Maximum 20 points |
| 1. Maintenance Performance | Maximum 30 points |
| 1. Quality of Infrastructure 2. **Timely completion and operation of infrastructure** | Maximum 30 points  Maximum 20 points |
| Total maximum possible | 100 points |

An average of 70 points in Year 1, rising to an average of 85 points in year 5 of the UIIDP period is the reference point for the average targeted level of funding (less than average will lead to reduced funding level, as stated above).

See Section 8 for more details.

**DLI 4 –Local Economic Development, Urban Resilience and Gender Mainstreaming**

|  |  |
| --- | --- |
|  |  |
| 1. Local Economic Development | Maximum 40 points |
| 1. Urban Resilience | Maximum 30 points |
| 1. Gender Mainstreaming | Maximum 30 points |
| Total maximum possible | 100 points |

An average of 70 points in Year 3, rising to an average of 80 points in year 5 of the UIIDP period is the reference point for the average targeted level of funding (less than average will lead to reduced funding level, as stated above).

See Section 9 for more details.

#### DLIs 5, 6, 7, 8 and 9- RIA Performance Measures (PMs)

|  |  |
| --- | --- |
| 1. BUDs | Provide implementation support, capacity building to ULGs in the NRS and support the Regional Ethics and Anti-Corruption Commission. |
| 1. ORAGs | Timely execution of external audits of UIIDP ULGs in the NRS |
| 1. REFCCCs | Timely review of safeguards compliance by UIIDP ULGs in the NRS |
| 1. RRAs | Support to UIIDP ULG in the NRS in municipal revenue enhancement |
| 1. RPPPAAs | Timely execution of procurement audits of UIIDP ULGs in the NRS |

See Section 10 for more details.

## The Assessment Process

There are three main activities in the assessment processes, and they can be classified as follows:

* Pre-assessment activities,
* The actual assessment activities, and
* Post-assessment activities.

### The Pre-assessment Activities

Activities to be done include:

* Procurement of the Consultants through a competitive bidding process in accordance with the World Bank’s Procurement Regulations for IPF Borrowers, **“Procurement in Investment Project Financing, Goods, Works, Non-Consulting, and Consulting Services,” dated July 2016, Revised November 2017 and August 2018** and “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,” revised as of July 1, 2016; and the provisions stipulated in the Financing Agreement.
* Orientation of the Consultants on the DLIs, performance measures, scoring and reporting formats.
* Orientation of the ULGs on the DLIs, performance measures, and scoring.
* Communicate to ULGs on the timing of the assessment, the specific documents / evidence required for the assessment and the indicators at least a month before the Consultants start the assessment.

**Note**: Procurement of the APA consultant will normally take place between beginning February (Yekatit) and end July (Hamle) each year, and the assessments will be conducted from August – October each year, with incorporation of the audit results in January in the year prior to the allocation year. For the 3rd APA, procurement is delayed and will be completed by end of September 2020 and the assessments will be conducted from October 15, 2020- December 15, 2021.

### The Actual Assessment Activities

The assessment is conducted on the agreed DLIs, performance measures and indicators in the 8 MCs and 14 PM areas indicated above for ULGs and the five PMs indicated for RIAs. Details of the PMs and indicators are described in Sections 6, 7, 8, 9 and 10. Activities to be done for the actual assessment include:

* Consultants undertake minimally four (4) day assessments in each of the 117 participating ULGs.
* Consultants undertake two day assessments (as required) in each of the 9 participating RIAs – note: in some cases it is possible to determine RIA performance from evidence in ULGs, for instance evidence of the existence in the ULG of external audit reports produced by the ORAG.
* Consultants will hold introductory meetings with key ULG officials including at least the ULG Mayor and City Manager at the beginning and end of the assessment of the ULG. The purpose of the meetings is: a) to set the agenda and agree on the time schedule for the assessment, and b) sign-off on the (preliminary) assessment results.
* Monitoring by the UIIDP Federal Technical Committee (FTC) and Regional BUDs to conduct quality verification as part of quality assurance of the work of the consultants.
* Identification of Capacity Building Needs. Identifying the capacity building needs of the ULGs and the RIAs is a key element of the APA exercise for the UIIDP (see Annexes 1 and 2 for APA reporting formats). As part of the assessment of the DLIs and performance measures the APA Consultants will assist the ULGs and RIAs to determine their capacity building (CB) needs for inclusion by ULGs and RIAs in their Capacity Building Plans (CBPs) through the following steps:
  + - 1. Identify logistics, skills and organizational gaps based on the APA,
      2. Explore further to establish the specific capacity implications,
      3. Identify CB needs in relation to specific performance measures and indicators,
      4. Record in the appropriate performance measures and indicator column,
      5. Document all the capacity needs in the format provided (see Annexes 1 and 2),
      6. Debrief ULG & BUDCo leadership on the outcome of the assessment.

Note: Following the annual APA assessment, each ULG and the Regional BUD will ensure that the demand driven capacity building needs form an integral part of the UIIDP Capacity Building Plan for implementation the following year when the allocations are communicated to them by MUDCo. This process implies that demand driven capacity building needs identified by the assessment of any particular year will be planned for implementation in the following year (see Annexes 1 and 2).

# DLI 1 Guideline – Minimum Conditions for ULGs

## Introduction

Unlike DLIs 2, 3 and 4, DLI 1 relates to minimum conditions to be met by ULGs and does not involve award of points for performance indicators but a simple “yes” or “no” verification of each minimum condition.

## Entry-level condition – Prior to release of funds for the year

Participatory performance agreement (PPA) signed with MUDCo. Show commitment by all parties and defines the rules of the system. The format for PPA is included in the UIIDP II Program Operations Manual. The Entry-Level Condition will be verified by the MUDCo FTC and NOT by the APA Consultant.

## DLI: Minimum Conditions Guideline

| **No.** | **Minimum Condition** | **Justification for Minimum Condition** | **Evidences to be Produced** | **Comments, phasing in and others** |
| --- | --- | --- | --- | --- |
| 1.1 | ULG has produced and the council approved a:   * Rolling three-year CIP with * Annual action plan; * Annual budget; * Annual procurement plan * **The planned use of the performance-based grants from UIIDP/ULGDP II follows investment menu (***only from assessment in 2019 of the performance in FY2018/19).* | Document minimum capacity in planning and project handling.  Implementation readiness. | 1. A consolidated CIP document prepared as per CIP manual 2. Annual Action Plan 3. Annual Budget 4. Annual Procurement Plan. 5. Minutes of meeting of city councils showing the approval of CIP or published newsletter/newspaper that reports approval of CIP, AAP, annual budget and APP by the council 6. IBEX report on Capital Expenditures to verify actual use of grants as per the investment menu | The subject for review is the plans developed in the previous year for the year where assessments are conducted, for example, if assessment is conducted in September 2018, it is the plans for FY 2018/19 /EFY 2011), which are typically developed from March – June 2018.  The plans to be reviewed are as follows: -  1st APA (September 2018) for EFY 2012 Allocations: Plans for EFY 2011 (2018/19);  2nd APA (September 2019) for EFY 2013 Allocations: Plans for EFY 2012 (2019/20);  3rd APA (September 2020) for EFY 2014 Allocations: Plans for EFY 2013 (2020/21);  4th APA (September 2021) for EFY 2015 Allocations: Plans for EFY 2014 (2021/22);  APA reviews refer to the latest version of the CIP Manual  To make this effective it is important that the APAs are conducted timely in the future, see Section on APA procedures.  *Transitional arrangements. For new ULGs, the investment menu will only be assessed from the second assessment where there has been the first planning/budgeting on the use of the performance-based grants. From the third assessment, the actual utilization of grants in the previous year will also be assessed.* |
| 1.2. | Submission of financial statements prepared from IBEX for the last FY(closure of the EFY accounts on time) within three Ethiopian calendar months after the end of the EFY. | Show evidence on minimum capacity in PFM | (a) Financial statements folder with   1. Statement of Financial position 2. Statement of Financial performance. 3. Post-closing trial balance. of the last EFY.   (b) Official Letters submitting the financial statements to Council and external auditor. This can also be verified or double checked with ORAG. | For the external audits to start as early as possible cities should close their accounts) within three Ethiopian calendar months after the end of the EFY.. This will be applied from the first APA for all ULGs. The financial statements should be consolidated by the ULGs to include all sources (income) and uses (expenditure) of the ULG  It is advisable to also include as part of the financial statements the following:  Notes or schedules supporting the financial statement which could include Revenue Summary of the last EFY, Recurrent Expenditure Summary of the last EFY, Capital Expenditure Summary of the last EFY, Transfer Report, Receivable Report, Payable Report |
| 1.3. | Audit report from previous fiscal year must be issued within six Ethiopian calendar months after the end of the EFY and must not be adverse or with a disclaimer opinion. | To reduce fiduciary risks | 1. Audit report of ORAG for previous EFY. If done by an external private or government audit firms*;* letter of endorsement by ORAG for the clearance of the TOR and endorsement of the audit findings*.* 2. *Official Letter from ORAG to the ULG submitting the Audit Report before the deadline* | Audit Report - consolidated audit report for the ULG should be issued which review all sources and expenditure of the ULG.  It should be ensured that audit quality continues, and there is need to combine with other minimum conditions to ensure sufficient safeguards on PFM. Compared to the previous system, this is a strengthening of the requirements, as it is reviewing the audit report from previous financial year.  If the ORAG cannot conduct the audit in time, external audit firms must be contracted, and their results applied. (ORAG should clear the TOR and makes QA/endorsement of the results).  *Transitional arrangements:*  *In the first APA the audit report is a waiver for the new ULGs.*  *Second and subsequent years (2nd- 4th APAs): All should be on time, that is,* within six Ethiopian calendar months after the end of the EFY*.*  *The deadlines for audit reports are as follows:*  *2nd APA (September 2019): Audit Report for EFY 2011 (2018/19,* within six Ethiopian calendar months after the end of the EFY  *3rd APA (September 2020): Audit Report for EFY 2012 (2019/20), deadline* within six Ethiopian calendar months after the end of the EFY*;*  *4th APA (September 2021): Audit Report for EFY 2013 (2020/21, deadline* within six Ethiopian calendar months after the end of the EFY  *The audit report is the last “trigger” in the assessment process, and will be checked after the fieldwork, but before the consolidation of the results.* |
| 1.4. | Co-funding requirements (defined with various rates of co-funding depending on the type of ULG).  The co-funding requirements are the following:  10 percent for ALL ULGs in the DRS (Afar, Benishangul Gumuz, Gambella, Somali)  20 percent for the new ULGs (i.e. ALL cities which are not part of the old 16 ULGDP I ULGs) in the non-DRS regions (Amhara, Oromia, SNNPRS, Tigray).  40 percent for the “old” 16 ULGs. (ULGDP 1) in the non-DRS regions (Amhara, Oromia, SNNPRS, Tigray).  50 percent for Dire Dawa and Harar.  A higher level of co-funding is promoted in the performance measures. | Reflect sustainability of the program and ensure that the rule on counterpart funding is adhered with. The co-funding is set at a realistic level and further contributions are promoted through the performance measures.  Promote improved revenue mobilization and incentives to focus on longer-term sustainable urban finance. | Budget Plan documents:   1. Budget for own Revenue 2. Budget for recurrent expenditure 3. Budget (surplus) for Capital Expenditure from own Revenue 4. Budget from (IDA) Performance Grant (as approved by the UIIDP Federal SC) 5. Budget for ‘Capital Investment Projects’ 6. % of co-funding from ULG calculated from the approved CIP and the proclaimed Annual Budget. 7. Bank statement to show actual co-funding contributed for the prior year | Is combined with performance measures so that contribution above the minimum level is rewarded.  Co-funding should be budgeted for before the start of the fiscal year, and by the end of a fiscal year ULGs should have contributed with the specific percentage, measured by actual use of funding on capital investments on areas defined in the investment menu and source of funding (IBEX coding).  *Transitional arrangements/Phasing in: ULGs can only budget for this in the second assessment, as they do not know the level for this coming financial year. The assessment of actual utilization of funds can only be done in the assessment following a year of actual disbursements of UIIDP funds, that is, from the September 2020 assessments. (after a full year of spending in EFY2012 /FY2019/20*  *The % of co-funding to be assessed will be as follows:*  2nd APA (September 2019) for EFY 2013 Allocations: Budgeted co-funding for EFY 2012 (2019/20);  3rd APA (September 2020) for EFY 2014 Allocations: Budgeted co-funding for EFY 2013 (2020/21) and Actual co-funding applied for EFY 2012 (2019/20), that is, year before assessment.  4th APA (September 2021) for EFY 2015 Allocations: Budgeted co-funding for EFY 2014 (2021/22) and Actual co-funding applied for EFY 2013 (2020/21), that is, year before assessment.  Note: As the first APA is in Sep. 2018, and as the first grant allocation is for **EFY 2012/FY2019/20**, the ULGs cannot budget fully for the co-funding at the point of time for this first APA, but must revise their budgets and allocations when results are known. |
| 1.5. | Key staff in place/coordination team (as per POM TOR qualifications and experience) with the following staff under the coordination of the city manager: full-time focal persons from relevant departments for revenue, procurement, environmental, social management, M&E, PFM, and civil engineering, AMP expert, Urban planning and land management, plus an internal auditor. | To ensure that there is minimum capacity to handle the entire program implementation process at the ULG level. | 1. Box file with personnel assignment letters signed by City Mayor and copied to the City Manager and operational office of the staff. 2. *Besides the appointment letter, the incumbents’ professional qualification and work experience has to be clearly documented in the APA report and compared with POM TOR.* 3. The ULG must provide evidence and the APA Consultant must document how each POSITION was filled throughout the previous EFY (i.e. not only quote the latest appointment letter). | The position should be filled for more than six months within a year  The key staff should be in the position at the time of assessment for all 117 cities for 2nd APA onwards. The APA Consultant will however take into consideration and justify positions that have recently fallen vacant for which the ULGs have not had time to take action to fill the vacant posts. Clear facts should be provided by APA Consultants in this justification. The **POSITION** should have been filled for at least six months within the previous financial year0)  *Transitional arrangement/phasing in (first year only): The minimum period of position being filled is waived for new ULGs*  *The minimum period of position being filled is waived for the 44 ULGDP II cities in regard to new positions that came with UIIDP.* |
| 1.6. | Safeguards: ULGs have demonstrated that they have established a functional system for environmental and social management including full time dedicated one environmental person (as per POM TOR) and one social safeguards person (as per POM TOR) and updated ESMSG and RSG endorsed by City Councils | To ensure that there is a mechanism and capacity to screen environmental and social risks of the CIP before implementation. | 1. A letter of appointment or assignment of focal person signed by City Mayor and copied to the City Manager and host office of the staff. 2. *Besides the appointment letter, the incumbents’ professional qualification and work experience has to be clearly documented in the APA report and compared with POM TOR.* 3. Minutes of meeting of city council for endorsing city level ESMSG and RSG documents 4. A folder containing endorsed city level ESMSG and RSG documents that includes:    1. ESMSG provides procedures for due diligence; ESIAs, EMPs, RAPs, SMP, WMP    2. institutional procedures for complaints handling, environmental management, resettlement and land acquisition processes | Defined by:  Appointment/assignment of environmental and social safeguards focal person at the city level;  Endorsement of city level ESMSG and RSG documents that includes procedures for due diligence; institutional procedures for grievance management (see below under number 8) and management of environmental risks, managing resettlement/land take processes and environmental social mitigation and monitoring plan.  The minimum period for the position being filled (review past year’s performance) is: 06 months*. Transitional arrangement/phasing in: In the first assessment conducted from September 2018, it is sufficient for the new ULGs that the positions are in place.* |
| 1.7. | Functional institutional set-up for procurement system in place according to public procurement proclamation including:  Procurement function and minimum core or assigned staff in place – at least two procurement experts within procurement unit in ULG with; first degree and experience in procurement at least for two years   1. Functional tender award committee/TAC or procurement endorsing committee/PEC at ULG level in place; 2. Participating cities all the program documents (such as Financing Agreement, POM, APA Guideline and all the applicable Manuals) and their respective region’s procurement law, directives, manuals and standard procurement documents and staffs are familiar with these legal documents 3. Establishment of procurement performance monitoring and measurement using Public Procurement Key Performance Indicators Guideline, format or equivalent. \*\* | Procurement is a high-risk area, hence need to ensure that basic systems, and functioning of this is in place before transfer of PB grant installments.  The existence and functionality of the procurement system is basic to make sure that Program systems coupled with the mitigation measures provide reasonable assurance that the financing proceeds will be used for intended purposes with due consideration of economy, efficiency, transparency and fairness. | Functional unit is one recognized by the city’s organizational structure, having defined mandate, working procedures, with defined responsibilities, accountability and decision matrix, and the like.  1. Box file with letters of assignment of procurement expert, signed by City Mayor or authorized government officials  2. *Besides the appointment letter, the incumbents’ professional qualification and work experience has to be clearly documented in the APA report and compared with POM TOR.*  3. Box file with letters of assignment, signed by City Mayor or authorized government officials copied to the host office of the staff to be a member of tender award committee/ TAC or procurement endorsing committee/PEC.  4. Box file with minutes of TAC or PEC for recent procurements  5. A folder containing copies of all the program documents (such as Financing Agreement, POM, APA Guideline and all the applicable Manuals) and their respective region’s procurement law, directives, manuals and standard procurement documents in secured space for Procurement Records  6. Training report/plan: with ‘pre and post-test’ to ensure staffs are familiar with these program and legal documents. Plus, ULG staff involved are conversant with the program and RGs procurement law, directives, manuals and standard procurement documents if asked by APA assessors.  7. A record or spreadsheet containing data on procurement performance for the year being assessed for the agreed KPIs [[13]](#footnote-14) as per the agreed format issued to regions and ULGs | None  The minimum period for the position being filled (review past year’s performance being assessed) is: 06 months  The minimum period for the position being filled (review past year’s performance) is: 06 months should be for previous financial year. The functioning of TAC /PEC (minutes of TAC/PEC for recent procurements) which is a performance related issue is for previous financial year.  If the current person(s) appointment letter shows that the person (s) existed on the position for less than six (6) months, the APA Consultant should check whether there was (were) previous person(s) who filled the position, and if not the condition is not fulfilled.  *\* Transitional arrangement/phasing in: 1st APA: For new ULGs it is sufficient that the positions are in place.*  *\*\* Transitional arrangement/phasing in: For new ULGs, it is applicable from the 2nd APA* |
| 1.8. | Complaints handling system related to corrupt practice, environment and social aspect as well as related to procurement in place and functional. The system at least consists of legal base, existence of permanent structure with sufficient manpower, recording and consolidated reporting mechanism through the ethics unit and addressing the complaints.  Note:  The assessment of “in place” and “functionality” will be based on the evidences stated herein (a). the three persons should be “in place” at point of assessment; (b) their “performance” and evidences stated herein in regard to handling and reporting on complaints for the previous financial year | Receiving, reviewing and addressing complaints within core areas such as fraud and corruption; related to environmental and social impact; loss of livelihood, income or assets is an important aspect of any grievance redress mechanism. The system will encompass a system for complaints received, registration of these, description of where to send the various types of complaints, to whom, and how and description of the procedures. The information about these procedures should be published. | 1. The existence of legal base (Proclamation, regulation or Minutes of meeting of city cabinet for endorsing city level complaints handling system in core areas that is fraud and corruption, procurement and grievance related to environment and social impact); 2. Existence of permanent structure with at least a person in each structure to handle complaints related to the core areas (Fraud and corruption, procurement and grievance related to environment and social impact); 3. Existence of recording on received complaints and the follow-up measures undertaken; 4. Existence of reporting system this include a consolidated report on the complaint cases and measures taken (in all areas through the Ethic officers to REACC), and reports on the respective areas to the mayor and city council as appropriate. | The UIIDP Program Operations Manual defines further the requirements within this area.  Note: The existence of the permanent structure shall be assessed assuming that the ethics officer is responsible for fraud and corruption and for consolidating all complaints. The structure shall also have separate persons to handle procurement related complaints as per the regional procurement laws and complaints on environment and social impact as per the ESMSG. |

# DLI 2 Guideline – ULG Institutional Performance

## Introduction

Main changes compared to ULGDP II performance assessment system are on:-

* planning and budgeting where new performance indicators have been added on capacity building performance and implementation of capacity building;
* public financial management with the addition of new performance indicators on ULG level Fixed Asset and Inventory (stock) management;
* procurement management where the indicators have been streamlined (reorganized and grouped) and with new indicators on competitiveness, fairness, transparency and controls, land management:
* accountability and transparency with a new sub-indicator requiring ULGs to announce the APA results to the public.
* Land management and urban planning with ne performance indicator on “Proportion of land plots released through competitive auction/ bidding process (and not through direct allocation)”. The land inventory indicator has been changed from “all vacant and occupied land” to only “vacant land” take into account the stage at which the roll out of the land inventory system by the MUDCo Urban Land Information Agency is at and in order to treat all cities fairly and equally.

## DLI 2, ULG Performance Measures, Institutional Performance

##### *. DLI 2 - Institutional Performance (ULG Performance Measures)*

| **No.** | | | **Performance Measure/Indicators** | **Year Assessed** | **Maximum points** | | | **Evidence to be Produced** | **Objective** | **Waivers/Exceptions/ Clarifications** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2.1.** |  |  | **Planning and Budgeting** |  | **10** |  |  |  |  |  |
|  | 1. |  | CIP with linkages among the annual budget, annual action plan, annual procurement plan, asset management plan and REP | current |  | 3 |  | 1. A consolidated CIP document with rolling three- year Capital Investment Projects, annual budget, annual action plan, and annual procurement plan 2. REP 3. AMP   1st APA (September 2018 for EFY 2012 Allocations: Plans for EFY 2011 (2018/19);  2nd APA (September 2019) for EFY 2013 Allocations: Plans for EFY 2012 (2019/120);  3rd APA (September 2020) for EFY 2014 Allocations: Plans for EFY 2013 (2020/21);  4th APA (September 2021) for EFY 2015 Allocations: Plans for EFY 2014 (2021/22);  APA consultants are required to review and apply the latest CIP Manual (applicable for the year being reviewed) in their assessment. | To promote efficient planning, budgeting and procurement for effective infrastructure development | The IDA, ULG and Region contribution should be easily identified in the Budget Proclamation and in IBEX (UIIDP account). Additional State, City and Community contribution to the CIP both in the Budget Proclamation and IBEX should be clearly identified  Note: IBEX will only show the contributions deposited from the different sources but will not show the actual expenditures separately by source, but these will be grouped. |
|  |  | 1. | Quality, consistency, and alignment  In rolling three 3-year CIP, to ensure effective rolling in the planning process  All projects considered for final selection in the CIP are mapped in GIS | current |  |  | 2 | 1. CIP should include: expenditure framework for 3 years, source of finance ,REP and AMP  2. Consistency of figures on all tables (summary, yearly budget, budget source, annual procurement plan and annual action plan)  3. Alignment with REP and AMP forecast of three years    .  If all satisfied, then point 2. Otherwise 0. | To promote the rolling nature should not be fictitious and encourage ULGs to rely on the five-year strategic plan to derive the three-year rolling plan |  |
|  |  | 2. | Capturing infrastructure, O&M, including using the appropriate IBEX code in the annual budget | current |  |  | 1 | 1. Check the IBEX code in the annual budget applied is capturing the correct code of infrastructure, O&M.  2. Total O&M budget for infrastructure should be captured in IBEX (excluding Road Fund).  3. O&M expenses estimated for projects completed in the last FY CIP are accounted for in the current FY (operations & maintenance) budget |  |  |
|  | 2. |  | Participation of citizens in the planning process to meet service delivery priorities identified by citizens |  |  | 2 |  | . | To ensure citizens’ involvement and promote good governance |  |
|  |  | 1. | No. of public consultations  (lower level and city level) | current |  |  | 1 | Invitation letters or call-for- meeting notices posted in public places or through mass media for the public to attend consultation meetings, indicating, time, place, and purpose of each meeting.  Public consultations should be held at least two times:  (a) for initial consultation, organized separately for women and men, and (b) for the final choice of investments, organized jointly for both women and men. |  | Due to COVID-19 restrictions on gathering of persons (social distancing), ULGs can alternatively use various forms of public consultations and these alternatives will be acceptable for the 3rd APA. |
|  |  | 2. | 1. Increase in no. of people involved  2. Evidence of agenda and issues discussed | current &prior |  |  | 1 | 1. Signed attendance sheets of the meeting participants indicating sex of participants, and community or citizens/social groups they represent, for each consultation meeting individually. – The increase in number of people is based on a comparison of current and prior year.  2. Minutes of each consultation meeting individually, documenting: a) time and place of the meeting, b) meeting agenda c) additional issues raised by the participants, d) course of the discussion incl. points raised, proposals made, and arguments put forward by the participants, e) conclusions, voting results, and prioritized proposals, and f) photographs and/or audio/video records. |  | Waiver for all 117 ULGs for 3rd APAs due to COVID-19 restrictions on gathering of persons (social distancing). The indicator will only be assessed to confirm the record of persons, but no scores will be awarded and the DLI 2 score obtained for other indicators will be proportionately raised to 100. |
|  | 3. |  | Budget appropriation |  |  | 2 |  |  | To promote effective political leadership and good urban governance |  |
|  |  | 1 | Budget approved by Council  (Yes/No Indicator) | current |  |  | 2 | 1. Minutes of meeting of councils or published newsletter/newspaper that reported approval of the budget by the council AND 2. Budget proclamation or notification to the citizens using public notice board and/or mass media showing the budget following the standard charts of accounts   **Scoring**: (Yes/No indicator)  If all satisfied, point 2. Otherwise 0. |  | The annual budget notification to finance should be signed off by the Council represented by Speaker of the Council and issued from the office of the city council. |
|  | 4. |  | Budget Reliability |  |  | 1 |  | 1. Consolidated capital and recurrent budget vs. expenditure for all city’s funds (including state, municipal services, ULG program, and so on) as generated by IBEX, for the last year | To promote proper budgeting and implementation | Breakdown of budget figures should be provided in addition to percentages. (as an annex of the APA report). |
|  |  | 1 | Variance between overall city budget and actual expenditure for previous EFY less than 10%. Yes/No | prior |  |  | 1 | Consolidated budget vs. expenditure for all city’s funds (including state, municipal services, UIIDP, UIF, Road Fund) as generated from the IBEX (for state, municipal services, UIIDP, and UIF) and from manual reports (for Road Fund, if any) for the previous EFY |  |  |
|  | 5 |  | Capacity building performance |  |  | 2 |  |  |  |  |
|  |  | 1 | Capacity building planning:   1. The capacity building plan has been produced through a systematic assessment and gap analysis in the main thematic focus areas. 2. The capacity building plan includes activities covering at least two capacity building modalities. 3. The capacity building activities are clearly traceable to the identified capacity building gaps   If all above satisfied, then 1 point. | current |  |  | 1 | 1. The documented assessment reports clearly identifying and prioritizing capacity gaps in each of the thematic focus areas through participatory community involvement, internal self-assessment, and APA report. 2. The capacity building plan prepared in the format detailed in the capacity building manual. | To help ULGs positively respond to institutional performance gaps and access fund | Review the capacity building and check the planning.  The capacity gap assessment and gap analysis should cover all thematic areas.  The capacity building plan may not cover all identified gaps and all thematic areas due to shortage of budget. It should cover some of , and only, the issues/gaps identified in the capacity gap assessment  Revised capacity building plan in the revised CIP accepted provided it was approved **on or before April 30, 2020.** Only applies to 3rd APA.  . |
|  |  | 2 | Implementation of capacity building activities:   1. More than 80% of capacity building activities included in the capacity building plan successfully completed 2. More than 80% of the funds budgeted in the capacity building plan are utilized   If all above satisfied, then 1 point. | Prior |  |  | 1 | 1. Capacity building plans.  2. Execution and reporting on capacity building  3. Annual financial statements. | To ensure that planning is realistic, and activities are implemented. | Revised capacity building plan in the revised CIP accepted provided it was approved **on or before April 30, 2020**. Only applies to 3rd APA |
| **2.2.** |  |  | **Asset Management** |  | **110** |  |  |  |  |  |
|  | 1 |  | Asset Management Plan prepared and updated[[14]](#footnote-15) |  |  | **10** |  |  | To strengthen the management of ULG assets - infrastructure and facilities. |  |
|  |  | 1 | Asset inventory[[15]](#footnote-16) updated as per Asset Management Manual featuring a tabular and spatial database of all infrastructure, with specification and characteristics, for all categories of assets of the cities as listed in the AMM [[16]](#footnote-17) | prior |  |  | 4 | , Consolidated Asset Inventory updated, for all infrastructure categories of assets of the city  for the last EFY as per the Asset Management Manual.  1st APA: EFY 2010 asset inventory (conducted during EFY 2010);  2nd APA: EFY 2011 asset inventory;  3rd APA: EFY 2012 asset inventory;  4th APA: EFY 2013 asset inventory;  APA consultants are required to review and apply the latest Asset Management Manual (applicable for the year being reviewed) in their assessment.  Parameters to be assessed.  (i) Realistic asset inventory baseline document of the ULG (This can be asset inventory baseline prepared by a consultant or ULGs own force);  (ii) A complete inventory of assets is conducted and recorded in backup sheets (hard copy);  (iii) The inventoried assets are correctly updated in the tabular data base (the updates in the inventory backup sheets, tabular data base and AMP should be in full harmony).  (iv) All infrastructure assets are correctly updated in the spatial database (on the GIS Map).  Evidences/documents to be assessed.  (i) Asset inventory baseline;  (ii) AMP of the previous year;  (iii) AMP of the year assessed;  (iv) Tabular and spatial data base;  (v) Asset inventory backup sheets.  (vi) M&E reports and CIP of the ULG.  If four out of four satisfied, then 4 points.  If three out of four satisfied, then 3 points.  If two out of four satisfied, then 2 points.  If one out of four satisfied, then 1 point.  If less: 0 point. |  |  |
|  |  | 2 | Asset conditions correctly reflected in inventories as per procedures in Asset Management Manual | prior |  |  | 3 | Consolidated Asset Inventory updated, for at least five categories of municipal assets, for the last EFY as per the Asset Management Manual.  Evidence from selective field checks by APA team  APA Consultant to provide/state in the city reports the names of the sampled infrastructure used in the field checks.  APA consultants are required to review and apply the latest Asset Management Manual (applicable for the year being reviewed) in their assessment.  Parameters to be assessed.  (i) The AMP includes a condition indicator table for all infrastructure assets as per the AMM;  (ii) Asset condition indicators are correct and prepared as per the AMM;  (iii) Asset conditions of infrastructures on the ground are correctly reflected (site verification on sample sub-projects).  If three out of three satisfied, then 3 points.  If two out of three satisfied, then 2 points.  If one out of three satisfied, then 1 point.  If less: 0 point.  NB: If the ULG loses one, two or three points in 2.2.1.1 above, one, two or three points will respectively be deducted at this indicator as well. If the ULG scores zero in 2.2.1.1 above this step will be automatically be zero. |  |  |
|  |  | 3 | Asset inventory shows an asset value and deficit, which calculates the remaining asset value, maintenance and rehabilitation deficit based on annual depreciation rates as per procedures in Asset Management Manual. | prior |  |  | 3 | Consolidated Asset Inventory updated, for at least five categories of municipal assets, for the last EFY as per the Asset Management Manual.  APA consultants are required to review and apply the latest Asset Management Manual (applicable for the year being reviewed) in their assessment.  Parameters to be assessed.  (i) Existence of recently approved unit rate (by the respective departments such as Road, Water and Sanitation, etc) for valuation of the assets;  (ii) Calculations of the remaining asset value, maintenance and rehabilitation deficit and incorporation of the same in the tabular database and alignment with the AMP.  (iii) The AMP with a) A comprehensive maintenance budget, and a detailed maintenance deficit; (b)The replacement cost and the current value of all assets; (c)A detailed cost estimates for the list of proposed New Works set out in order of priority; (d)A detailed plan for ongoing maintenance, together with a plan to address the maintenance deficit.  If three out of three satisfied, then 3 points.  If two out of three satisfied, then 2 points.  If one out of three satisfied, then 1 point.  If less: 0 point.  NB: If the ULG loses one, two or three points in 2.2.1.1 above, one, two or three points will respectively be deducted at this indicator as well. If the ULG scores zero in 2.2.1.1. above, this indicator will be automatically be zero. |  |  |
| **2.3.** |  |  | **Public Financial Management** |  | **16** |  |  |  |  |  |
|  | 1 |  | Accounting and timely reporting |  |  | 4 |  |  | To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information. |  |
|  |  | 1. | Use of IBEX for all operations except Road Fund and other specialist projects done by ULGs that are not part of Budget coding system for IBEX | prior |  |  | 1 | 1.Statement of Financial position and Statement of Financial performance  2.Consolidated Capital Budget versus expenditure and recurrent budget versus expenditure of last EFY generated from IBEX, (budget vs. Expenditure as per the budget proclamation and as generated by IBEX, for the last year).  3. Revenue and Expenditure Summary of the last EFY, as generated by IBEX | As above |  |
|  |  | 2. | Timely financial reporting | prior |  |  | 1 | Quarterly financial reports formally submitted to the regional office with registered cover letter by deadline in accordance with regional FM manual and regulations  The date on the cover letter can be crosschecked with date of the IBEX print out to ensure the reports are submitted within the deadline. | As above |  |
|  |  | 3. | Monthly cash & bank reconciliation reports submitted to BoFED timely as per regional regulations and manuals | prior |  |  | 2 | *Cash Count: Monthly cash count report and bank reconciliation formally submitted with cover letter to BoFED timely as per regional regulations and manuals by registered mail. In addition: -*  *(i) For any differences between cash count balance and ledger balance, the cash count report should provide valid justifications and explanations. Furthermore, it should recommend specific actions to address the difference. The difference amount should be disclosed.*  *(ii) For bank reconciliation, proper monthly bank reconciliation should be prepared.*  *- Break down for reconciling items with reference number and dates*  *-At the year end for the month of June, payments made by the bank but not recorded in the IBEX should not be shown in the reconciling items or should be recorded in the IBEX. If shown, the amount should be disclosed*  *- At the year end for the month of June deposits by the bank but not recorded in the IBEX should not be shown as reconciling items especially at the year end (should be identified and recorded in the IBEX). If shown, the amount should be disclosed.*  *If both (i) and (ii) are satisfied, then score 2 points, otherwise 0 point*”.  MUDCo: accepted with changes. | As above |  |
|  | 2 |  | Audit Opinion |  |  | 3 |  |  | As above |  |
|  |  | 1. | The external financial audit report of the previous audit has a clean opinion | prior |  |  | 3 | External audit report for the previous financial year |  |  |
|  | 3 |  | Audit Compliance |  |  | 2 |  |  | As above |  |
|  |  | 1. | Evidence that audit queries raised in the external audit report have been acted on – 80% minimum | prior |  |  | 2 | 1. External audit reports for the pervious FYs, both the short and long form reports 2. Audit findings rectification plan to address audit queries raised in the previous year external audit report 3. Status report on audit findings rectification plan . 4. Supporting documents such as letters, accounting records, count sheets, registers, vouchers, documents showing evidences such as refunds and internal control procedures adopted as per the recommendations of the auditors. |  | For example, the requirement by the ULGs in EFY 2010 is acting on audit queries for EFY 2009 raised in the external audit report. Therefore, the 1st APA Consultant refers the audit queries for EFY 2009, and the actions taken in EFY 2010. The 2nd APA assesses the audit queries for EFY 2010, and the actions taken in EFY 2011. The 3rd APA assesses the audit queries for EFY 2011and the actions taken in EFY 2012. The 4th APA assesses the audit queries for EFY 2012 and the actions taken in EFY 2013 |
|  | 4 |  | Internal Audit –functioning and adherence to procedures with good practices, reflected by: |  |  | 3 |  |  | As above |  |
|  |  | 1 | Adequate staffing (80%) with required number and qualifications of internal auditors as per the structure and production of quarterly reports | prior |  |  | 1 | The names of staff and their professional qualifications have to be clearly documented in the APA report and compared with the structure.  Quarterly internal audit reports produced by internal audit unit |  |  |
|  |  | 2 | Reports submitted to BoFED/ Zonal Office of Finance and Economic Development and copied to the Mayor | prior |  |  | 1 | Formal submission of Quarterly internal audit reports produced by internal audit unit to BoFED/ Zonal Office of Finance and Economic Development and copied to Mayor with cover letter |  |  |
|  |  | 3 | Evidence of follow-up of audit findings | prior |  |  | 1 | Status report on internal audit findings rectification |  |  |
|  | 5 |  | ULG level Fixed asset and inventory (stock) management weaknesses are addressed | prior |  | 4 |  |  | As above |  |
|  |  | 1 | Record keeping- maintain fixed asset register, stock card and bin card | prior & current |  |  | 1 | (i)Fixed assert register which includes as a minimum asset name, type, cost, date of purchase, location, user or custodianship, identification number and condition  (ii) stock card kept with finance department – that includes as a minimum the movement and balance of inventory items, goods receiving vouchers and goods issuing vouchers  (iii) Bin cards kept at store -includes as a minimum the movement and balance of inventory items, goods receiving vouchers and goods issuing vouchers  If all satisfied, then 1 point, otherwise 0 point. |  | This is a continuous activity and is both prior year and current.  It is preferable if the person who handles stock card is from finance. However, if this is not possible and if both functions (are with the property management case team) then there should be different personnel assigned to handle the stock card and bin cards |
|  |  | 2 | Count and Reconciliation | prior |  |  | 2 | There should be a minimum of annual fixed asset and stock/inventory count -The evidence for this is (a) cover letter by the inventory/count team; (b) detail listing of both fixed assets and stocks with quantities counted and quantities in records (stock cards for inventories or stocks and fixed asset register for fixed assets) and differences there of; (c) final summary report with recommendation for action on discrepancies, obsolete stocks, damaged items, and so on.  If all satisfied 2 points, otherwise 0 point. |  | This is prior year (count as at July 7, 2018 for 1st APA; count as at July 7, 2019 for 2nd APA; count as at July 7, 2020 for 3rd APA and count as at July 7, 2011 for 4th APA) |
|  |  | 3 | Segregation of duties | prior & current |  |  | 1 | Placement of separate individuals one responsible for stock cards at finance department and one person at stores responsible for the inventory custodianship and bin card. |  | This is continuous and is therefore both prior year and current  It is preferable if the person who handles stock card is from finance. However, if this is not possible and if both functions (are with the property management case team) then there should be different personnel assigned to handle the stock card and bin cards. The person who handle stock card can be from property management section but should have no custodian ship responsibility |
| **2.4.** |  |  | **Procurement** |  | **15** |  |  |  |  |  |
|  |  |  | **Procurement Performance** |  |  |  |  | *Proportional scores will be provided based on level of compliance on the parameters to be assessed.* |  | New ULGs will be assessed based on performance starting from the second APA. |
|  | 1 |  | **Annual Procurement Planning, Oversight and Controls** | Prior |  | **2** | 2 | ***Parameters to be assessed.***   1. Annual procurement plans are prepared and updated/revised together with the CIP; 2. Internal procurement audits are conducted by September 30 by the ULG internal audit department and their quality is acceptable; General internal financial audit does not qualify for Procurement Audit 3. Follow up and update was done on the action plan for implementation of internal and external audit findings.   ***Evidences/documents to be assessed.***  (i) Comprehensive and complete annual procurement plan was prepared for the financial year as part of the CIP in accordance with the requirements of the program documents and regional procurement proclamation, directive, manual and prescribed templates and approved by tender award committee or procurement endorsing committee and management.  1. Procurement plan was updated/revised together with the CIP with justifications.  2. Internal procurement audit reports (submitted by 30stSeptemberand the audit planning, execution and reporting are as per accepted internal audit standards)   1. Updated action plan for implementation and follow up of internal and external audit findings.   If two out of three completed: 2 points, otherwise 0 point. |  |  |
|  | 2 |  | **Individual Procurement Transactions** |  |  | **8** |  | 1. The assessment and scoring for individual procurement transactions will be based on a reasonable sample (minimum 25% of all contracts) with a good mixture of low risk-high value, high risk-low value, high risk-high value contracts and different procurement methods and categories.   NB. The APA Consultant will record and present in all the city reports, the particulars of the reviewed contracts including contract description, contract reference numbers, name and address of awardee, contract amount and implementation status of the contracts that were sampled and reviewed.   1. The APA Consultants, in carrying out the procurement performance assessment, are required to also use the Procedures for selection of sample contracts in annex   ***For the samples taken, average of the individual score should be calculated. If decimal, round it to the nearest whole number.*** | To ensure that each individual procurement transaction is carried out following the set-out procurement rules in a way that assures VfM to the ULG and fairness to eligible bidders. | The APAG states minimum of 25% of all contracts. This is a PforR for ULGs and no distinction is made between funding sources. The CIP contains ALL city administration projects, irrespective of funding source. The procurement plan covers ALL the city projects in the CIP irrespective of funding source. The minimum 25% sample is taken from all projects/contracts appearing in the approved annual procurement plan, irrespective of funding source. |
|  |  | 1. | Procurement Planning and Bidding | Prior |  |  | 2 | ***Parameters to be assessed.***  (i)The procurement item is included in the approved original annual procurement plan. This should be done by comparing the Expenditure Summary with the approved original annual procurement plan;  (ii) Advertisements were made as required by the law;  (iii) Correct standard bidding documents are used, and the bidding documents are complete. Bidding documents have provisions to exclude bidders suspended or debarred by the World Bank.;  (iv) Bid floating periods are as provided in the law;  (v) Bid openings are conducted immediately after bid submission and minutes are acceptable  ***Evidences/documents to be assessed.***  1. Annual Expenditure summary and Annual Procurement Plan for the prior year and contract registers  2. Extracts of adverts (as it was advertised) of invitation for bid or request for expression of interest using appropriate public media  3. Standard Bidding Documents issued by RPPPAAs/FPPA  4. Folders for specific bidding documents issued consisting: invitation for bids, invitation to bid, BDS, Evaluation and Qualifications criteria, Schedule of requirements (specifications and bill of quantities), bidding forms, General Conditions of Contract, Special Conditions of Contract and other necessary formats for all items procured. Similar documents for Consultancy services selection. Bidding documents have provisions to exclude bidders suspended or debarred by the World Bank.  5. Bid opening records/minutes signed by the bid opening committee and bid opening attendance sheet.  If all 5 completed: 2 points,  If 3 or 4 completed: 1 point,  If less than 3 completed: zero. |  |  |
|  |  | 2. | Bid Evaluation and Contract Award | Prior |  |  | 3 | ***Parameters to be assessed.***  (i) Bid evaluations are consistent with bidding documents;  (ii) Contract was awarded to the legitimate bidder within bid validity period;  (iii) Bid evaluation results are announced to bidders and public;  (iv) Contract document contents are complete  ***Evidences/documents to be assessed.***  1. Folders for bid evaluation report and verify if only those selection and qualification criteria stipulated in the issued Bidding Document are applied during bid evaluation for the sampled contract;  2. Check whether the legitimate bidder is awarded the contract  3. (i) Issued bidding document containing the required bid validity and submitted bids containing the same.  (ii) Any requests for extension(s) of bid validity and subsequent extension(s) including bid securities.  (iii) Letter of Contract Award  (iv) Folders for bid evaluation results announcement to bidders and to the general public for all items procured (extracts of advertisements, signed letters issued to bidders)  4. Contract documents containing all the relevant sections included in the bidding document to be part of the contract. Check for example, form of contract, special conditions of contract, general conditions of contract, priced schedule items /scope of works, specifications, drawings, securities, and so on.  If three out of four satisfied, then 3 points.  If two out of four satisfied, then 2 points.  If less: 0 point. | Procurement audit findings/recommendations follow up is waived for new ULGs for the second year |  |
|  |  | 3. | Contract implementation and procurement recording | Prior |  |  | 3 | ***Parameters to be assessed.***  (i) Contracts implemented within planned time  (ii) Contracts implemented as per contract price  (iii) Payments are effected as per the contract and inspection and acceptance is done correctly before acceptance or delivery  (iv) Availability of adequate auditable procurement records in a secured space.  ***Evidences/documents to be assessed***  1. Approved annual procurement plan with monitoring report, procurement and contract management file, commencement orders, provisional and final acceptance letters, agreed delivery/work program, timelines, variation orders, and so on.  2. Approved annual procurement plan with monitoring report, procurement and contract management file , t, variation orders, cost overruns…)  3. Invoices and Payment certificates, payment deposit or transfer slips, delivery, inspection and acceptance reports.  4. Procurement documents (transactions records) are kept in a secured space and available and evidenced (procurements documents for current year all key documents from Advertisement up to contract closure or hand over)  If 3 or 4 completed: 3 points,  If 2 completed: 2 points,  If less than 2 completed: zero |  |  |
|  | 3 | 5. | Procurement Outcomes |  |  | **5** |  | The assessment will be done based on the data available in the procurement performance monitoring and measurement database/sheet whose format is included in Section 11, Annex 1. The APA consultant shall verify the consistency of the records/sheet to rely upon the data provided in the records/sheet as measured below.  All procurements included in the CIP Plan (both original and revised) shall be included in the KPI table. The dates and values to be entered shall be based on the original procurement plan except for new procurement items included in the revised procurement plan. Nevertheless, only rolled and new procurements completed as of 7th July of the year of performance shall be computed for performance assessment/analysis. |  | It is not expected that APA Consultants will go through all procurement files in regard to the verification as time does not allow for this. Accordingly, a sample shall be taken. As Assessor, it is up to the APA Consultant to take reasonable sample to get reasonable assurance that the data given by the ULGs can be relied upon. However, in the interest of time and practicality, the same 25% sample considered for assessing individual procurement transactions will be used to spot check/verify the information/data contained in the KPI Table. Nevertheless, in addition to using the sample, the APA Consultants will also use other procurement files/contracts to spot check specific KPIs which by their nature (not common/routine processes) may not have been covered by the sample e.g. KPI on “Complaints resolved within the standard time frame is 100%;” |
|  |  | 111 | Procurement efficiency and effectiveness | Prior |  |  | 3 | ***Parameters to be assessed.***  (i) Percentage (by no. and value) of procurement items not included in the original annual procurement plan should not exceed 5%. This should be done by comparing the original approved Procurement Plan with the Expenditure Summary of the CIP;  (ii) Average deviation between original Planned and Actual Procurement cycle time (procurement initiation-contract completion) should not exceed 5%;  (iii) deviation between the price in the original procurement plan and award price should not exceed(+) or (-) 20%;  (iv) deviation between the original contract price and completion price (turnout cost) should not exceed 25%.  ***Evidences/documents to be assessed.***  Procurement Performance Monitoring and Measurement records/spreadsheet and procurement files/records, for spot verification.  If one out of four satisfied, then 1 points.  If two out of four satisfied, then 2 points.  If three out of four or all four satisfied, then 3 points. |  |
|  |  | 2 | Competitiveness, Fairness and Transparency and Controls | Prior |  |  | 2 | ***Parameters to be assessed.***  (i) Percentage (by no. and value) of procurements conducted through open bidding procedure equals or exceeds 85%;  (ii) Complaints resolved within the standard time frame is 100%;  (iii) the percentage of action taken from the previous internal and external procurement audit qualifications/ recommendations equals or exceeds 90%. The fiscal year for procurement audit findings/recommendations of the ULGs is the year before the year of Performance being assessed.  ***Evidences/documents to be assessed.***  Procurement Performance Monitoring and Measurement database/spreadsheet and procurement files/records, for spot verification.  If two satisfied, then 1 point.  If all satisfied, then 2 points. |  | Open bidding is defined as ICB or NCB. RCB/LCB can be considered as open bidding procedures as far as non-MSE firms or individuals of similar size and capacity are permitted to participate in the bidding process transparently and evaluation criteria are non-discriminatory.  The advertisements and evaluation criteria shall not specifically call for MSEs but be open for all firms or individuals of similar size and capacity. |
| **2.5.** |  |  | **Own source revenue enhancement** |  | **10** |  |  |  |  |  |
|  | 1 |  | REP updated for prior year as per the REP Manual |  |  | 2 |  |  |  |  |
|  |  | 1. | ULG has carried out detailed analysis of each main revenue source and potential as per the REP Manual. (manual and template to be provided) | prior |  |  | 1 | 1. Updated and approved REP of the city for the prior EFY 2. APA consultants are also required to review and apply the REP Manual in their assessment. 3. Review the base for projection/forecast if it is well aligned with the analysis 4. Records of taxpayers for previous year under each municipal tax codes   NB. The expectation is that ULGs critically review and revise the analyses of revenue sources, strategies, and action plans for each EFY anew on the basis of the REP manual, rather than simply presenting the substance of the previous EFY unchanged, only with a fresh date. APA Consultants should therefore assess this aspect. |  | Record of taxpayers is waiver for second APA |
|  |  | 2. | ULG has developed strategies for revenue enhancement as per the REP Manual. | prior |  |  | 1 | 1. Updated and approved REP of the city for the prior EFY 2. APA consultants are also required to review and apply the REP Manual in their assessment (The consultant to review strategy implementation status ,alignment and consistency of strategy with analysis of main revenue items). 3. Report for the actions proposed in the previous year REP strategy 4. Detailed action plan for the strategy (when it will be implemented, where (if possible) and who will undertake the activity. Also, good to indicate the budget source for the activity (if relevant) |  |  |
|  | 2 |  | ULG’s municipal revenues (excluding land lease income) increase |  |  | 3 |  | 1. Municipal revenues (excluding land lease income) by account code for prior year (EFY) and the year before that, as generated by IBEX. |  |  |
|  |  | 1. | 5 to 10% increase | prior |  |  | 1 |  |  |  |
|  |  | 2. | 11 to 20% increase | prior |  |  | 2 |  |  |  |
|  |  | 3. | Greater than 20% increase | prior |  |  | 3 |  |  |  |
|  | 3 |  | Revenue Planning: Percentage of municipal revenue (excluding land lease income) on business taxes, municipal rent and charges and fees collected against planned target for the previous EFY | prior |  | 2 |  | 1. Municipal revenues plan by account code for prior year (EFY). The municipal revenue budget should be recorded in the IBEX. Planned figures should be obtained from IBEX which should be the same as the figure reported in the approved REP  2. Actual Municipal Revenue by account code for prior EFY, as generated by IBEX |  |  |
|  |  | 1 | Variation less than 5% | prior |  |  | 2 |  |  |
|  |  | 2 | Variation greater than 5% but less than 10% | prior |  |  | 1 |  |  |
|  | 4 |  | Co-funding from ULGs is above minimum threshold level – as percentage of performance grant amount | prior |  | 3 |  | 1. Approved CIP for prior year 2. Schedule of Allocations and Disbursements for prior year. To be used by APA Consultants to cross check figures in CIP. (MUDCo to provide schedule) 3. Bank statement showing deposit of co-funding amount and date for prior year.   *The % of co-funding to be assessed will be as follows:*  2nd APA (September 2019) for EFY 2013 Allocations: Budgeted co-funding for EFY 2012 (2019/20);  3rd APA (September 2020) for EFY 2014 Allocations: Actual co-funding for EFY 2012 (2019/20);  4th APA (September 2021) for EFY 2015 Allocations: Actual co-funding for EFY 2013 (2020/21) | To promote sustainability, ownership and accountability |  |
|  |  | 1 | Co-finance from 1-10 percentage points more than the minimum required level: 2 points |  |  |  |  | for example, If the minimum requirement is 10%, and the city co-finances 12% (that is, 2 percentage points above), then the city gets 2 points. |  |  |
|  |  | 2 | Co-financing above 10 percentage points more than the minimum required level: 3 points |  |  |  |  | for example, If the minimum requirement is 10%, and the city co-finances 22% (that is, 12 percentage points above), then the city gets 3 points. |  |  |
| **2.6.** |  |  | **Accountability and transparency[[17]](#footnote-18)** |  | **14** |  |  |  | To strengthen accountability and good governance |  |
|  |  |  | **Accountability and transparency in city operations and service delivery**  Municipal service delivery as per service standards for solid waste management, land management, building permits issued by the Ministry | prior |  | 6 |  | 1. Service delivery standards issued by the Ministry through the regions to the cities[[18]](#footnote-19) 2. Implementation report produced by the city for the prior year for solid waste management; land management; building permits as per the standards 3. On site verification by APA Consultant taking 3 service standard indicators[[19]](#footnote-20) from each of the 3 basic services (same indicators to be used across all cities each year) making a total of nine indicators for the city. The Consultant will review the evidences/ documentation for the indicators to see whether services where actually delivered as per the service indicators.   Score will be split into 2 points for each of the three services. Minimum of 80% achievement for each of the three indicators for the service will score 2 points for the service (All three indicators need to score minimum 80%); 70-79% achievement for each of the three indicators for the service will score 1 point for that service (All three indicators need to score minimum 70%).  Note: For building permits or any other service which are provided based on demand/request by customer, if there has not been a request for the service and the service has not been provided, the APA should select other indicators to assess. |  | The APAG has not specified or presented the 3 service indicators and accordingly the APA Consultant has to select the 3 service indicators from each of the 3 basic services standards to make a total of nine (9) indicators. The APA Consultant selects the indicators from the service delivery standards which have been issued by the Ministry which are also provided to the APA Consultant. Once the APA Consultant selects the indicators, they have to use the SAME 9 indicators for all the 56 cities and 61 cities respectively. |
|  | 1 |  | Solid Waste Management as per the standard |  |  |  | 2 |  |
|  | 2 |  | Land Management as per the standard |  |  |  | 2 |  |
|  | 3 |  | Building Permits as per the standard |  |  |  | 2 |  |
|  | 4 |  | Public dissemination (in city offices and other public places or webpages, newspapers) of information about: | prior |  | 6 |  | A box file/folder containing office notices, public notices or newspapers or webpages used to disseminate information in city offices and for the public on:   * 1. summary of annual budgets   2. approved projects,   3. expenditures   4. audited accounts, and   5. results of the procurement decisions.   6. APA results as reported by the consultants and endorsed by MUDCo |  |  |
|  |  | a | Annual budgets | prior |  |  | 1 |  |  |
|  |  | b | Approved projects | prior |  |  | 1 |  |  |
|  |  | c | Expenditures | prior |  |  | 1 |  |  |
|  |  | d | Audited accounts | prior |  |  | 1 |  |  |
|  |  | e | Procurement decisions | prior |  |  | 1 |  |  |
|  |  | f | APA results announced to public |  |  |  | 1 |  |  |  |
|  | 5 | a | Timely submission of quarterly, semi-annual and annual progress reports for UIIDP as per the UIIDP M & E Guidelines (Yes/No indicator) | prior |  | 1 | 1 | Quarterly, semi-annual, and annual physical reports formally submitted to the region with registered cover letter. |  | This is a waiver for new cities for the 2nd APA since the progress reports for UIIDP will only start in EFY 2012 |
|  |  | b | Timely submission of monthly reports for UIIDP as per the UIIDP M & E Guidelines (Yes/No indicator) | prior |  | 1 | 1 | Monthly physical reports formally submitted to the region by soft copy |  |  |
| **2.7.** |  |  | **Environment and Social Safeguards** |  | **10** |  |  |  |  |  |
|  | 1 |  | Environmental and Social Screening |  |  |  |  |  | To avoid adverse environmental and social impact and promote environmental and social sustainability |  |
|  |  | 1 | Proper screening and acceptable categorization of ALL subprojects based on their environmental and social risks and impacts (the screening reports should have the desired quality; and risks for all subprojects should not be underestimated) | prior |  |  | 2 | 1. Proper screening reports of desired quality for all capital investment subprojects timely submitted to regulatory body;  2. Acceptable categorization of sub- projects based on the sub projects environmental and social risks and impacts and proper analysis  Scoring: One point for each criterion. |  |  |
|  |  | 2 | Obtained appropriate and timely Review and Endorsement of ALL screening reports from the relevant regulatory authority before the commencement of the physical project activity/implementation (the screening reports should have the desired quality; and risks for all subprojects should not be underestimated) | prior |  |  | 1 | Thorough written review and endorsement/approval letter for all screening reports by the competent authority |  |  |
|  | 2 | 1 | Preparation of acceptable safeguards instruments (ESMPs, RAPs, etc. as appropriate) for ALL Schedule 1 and 2 projects (the ESMPs, RAPs should be prepared based on the template in ESMG and RSG, and for abattoirs, Landfill Sites and large-scale market upgrading sub-projects by independent consultant, stakeholder’s consultation findings are well captured, and minutes annexed in the respective safeguards instruments) |  |  |  | 2 | Safeguards instruments of acceptable quality developed for all Schedule-1 and Schedule-2 sub-projects. |  |  |
|  |  | 2 | *Appropriate* Review and Endorsement for ALL Safeguards instruments by the Relevant Regulatory Authority (the ESMPs, RAPs should be prepared based on the template in ESMG and RSG) |  |  |  | 1 | Thorough written review and endorsement of safeguards tools by the competent authority |  |  |
|  |  | 3 | Environmental and social clause (which is annexed to ESMSG) and ESMP included in ALL construction contracts and the contractors sign and agree to implement it. |  |  |  | 1 | 1. All construction contracts need to have appropriate environmental and social clause and the contractors need to sign and agree to implement it.  2. The contractors formally write monthly performance reports to the ULGs on the implementation of ESMPs and the environmental clause.  Scoring: If both criteria are fulfilled, then 1 point, otherwise 0 point. |  |  |
|  |  | 4 | Community consultation prior to and during implementation of ESMP and RAPs as appropriate. |  |  |  | 1 | 1. Minutes of community/stakeholder consultation with signed attendance sheets attached with the site-specific safeguards instruments and the monitoring reports; all sampled/visited projects should comply.  2. Summary of the views and concerns of the consulted stakeholders should be reflected within each ESMPs/PESIAs and RAPs.  Scoring: If both criteria are fulfilled, then 1 point, otherwise 0 point. |  |  |
|  |  | 5 | Proper implementation of ESMPs and RAPs for ALL Schedule-1 and Schedule-2 sub-projects; the ULGs write monthly, quarterly and annual implementation monitoring reports to the regulatory agencies. These reports should include evidences of actions taken following the Environment Authority E & S audit and the ULG monitoring visits recommendations.  NB/  If a ULG’s projects are properly screened with full consideration of environmental and social risks and impacts, and if the relevant regulatory agency thoroughly reviews the screening reports with full consideration of environmental and social risks and impact and decides that the project (s) do(es) not require ESMPs or RAPs, then points can still be awarded to ULG cities provided the risk levels are fully considered.  During sampling, priority will be given for those subprojects that required ESIA& RAP where there is/are RAPs and ESIAs  Staffing: **fulltime** assignment of **qualified environmental and social experts**, actively engaged for a minimum of 6 months |  |  |  | 2 | 1. (a)Periodic (at least monthly, quarterly and annual) E&S performance and (b) field visit reports by the ULGs and quarterly field visit reports to all Schedule-2 and/or Schedule-1 sub-projects.  2. Action plans and related status update following the recent E & S audit recommendations and related status update.  Scoring: one point for each criterion fulfilled |  |  |
| **2.8.** |  |  | **Land Management and Urban Planning** |  | **15** |  |  |  |  |  |
|  | 1 |  | Statutory structure plan approved/in place |  |  | **5** |  |  | To promote planned urban development in ULGs |  |
|  |  | 1 | Existence of up-to-date approved statutory city-wide (structure) plan at the point of assessment (Yes/No indicator) Excluding extension of an existing plan | current |  |  | 3 | 1. Approved statutory city-wide (structure) plans including base map, existing land use map, existing road network map, proposed road network, drainage and land use map 2. Council minutes approving statutory city-wide (structure) plan 3. The period of coverage should be in the plan and APA Consultant should check the expiry date to see if the plan is “up-to-date”.   If all satisfied, then 3 points. Otherwise 0 point. |  |  |
|  |  | 2 | CIP is in accordance with city-wide (structure) plan at the time of preparation (Yes/No indicator) | prior |  |  | 2 | 1. Approved statutory city-wide (structure) plans and local (neighborhood) development plans 2. Approved CIP document in accordance with structure plan   Step 1: identify CIP items that could potentially be in conflict with the structure plan. – Step 2: verify the compatibility of these with the structure plan  If all satisfied, then 2 points. Otherwise 0. |  |  |
|  | 2 |  | Effective land management |  |  | 10 |  |  | To promote effective land management and serviced land delivery of ULGs |  |
|  |  | 1 | Land released for different uses are as per the laws of land management and have access to basic infrastructure facilities i.e. road, water, electricity at a radius of 250 meters | Prior |  |  | 3 | 1. Location map/site plan of the released site and basic infrastructure services; 2. Land lease records and documents showing land leased to the public;   To verify that the land released is as per the laws of land management and have access to basic infrastructure facilities at a radius of 250meters, the APA Consultants will take a sample of 3-4 sites and provide/state in the city reports, complete with geographical coordinates for unequivocal double checking / verification  **Scoring:** Yes/No indicator, based on a sample of 3-4 projects  **Note:** If city has not released any lands in the prior year, 0 point. |  |  |
|  |  | 2 | Proportion of land plots released through competitive auction/ bidding process (and not through direct allocation) | Prior |  |  | 2 | Land supply data and documents showing methods of land release  **Scoring:**  : If at least 15%, then 2 points. Otherwise 0 point |  |  |
|  |  | 3 | Updated land inventory featuring a tabular and/or spatial database for example, a map[[20]](#footnote-21)(Yes/No indicator) | Current |  |  | 5 | Consolidated Urban Land Inventory updated for vacant, residential, commercial and industrial areas.   1. Existence of tabular and/or spatial database (i.e. updated base map/land use plan featuring a tabular and spatial database supported by GIS) for the corresponding land uses. 2. To verify that the land inventory is up to date, the APA Consultant will take a sample of 3-4 land use categories;   APA Consultant to provide/state in the city report the names of the sampled land inventory used in the field checks; |  |  |

# DLI 3 Guideline – ULG Infrastructure&Service Delivery Performance

Main changes compared to ULGDP II performance assessment system are the removal of the performance indicator on job creation which has been moved to a new DLI 4.

The Performance Measure on maintenance performance has been strengthened and improved with a new performance indicator that incentivizes cities to budget more for expenditure “Maintenance budget either 2% of the asset replacement cost or 10% of CIP budget (whichever is less)”

There is a new indicator on the Quality of Infrastructure Performance Measure that now rewards follow up and action on recommendations of the Value for Money Audit. The points for the Value for Money Audit has also been increased from 20 to 30 making a total for the PM of 40 points compared to the previous 20 points.

## DLI 3 - ULG Performance Measures, Infrastructure &Service Delivery Performance

| **No.** | | | **Performance Measure / Indicators** |  | **Maximum points** | | | **Evidence to be Produced** | **Objective** | **Waivers/Exceptions/Clarifications** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **3.1** |  |  | **Urban Infrastructure Targets (for weighting, see the note following this table)** |  | **20** |  |  |  |  |  |
|  | 1 |  | Physical targets as included in the original CIP and annual work plan implemented (The % of implementation against **original plans** will be reflected directly in the score multiplied by 30% (weight of this indicator), that is, 100 % implemented = 30 points, 60 % implemented = 18 points.  Note:  (1) Assessment is done only for all civil works projects planned in the original CIP for that EFY and the final contract prices should be used in the calculation. The assessment table should consist of ALL CIP civil works projects and not just the sampled ones. (If there is no monthly engineering standard report no points will be given).  (2) Physical infrastructure achievements should be cross checked with contract agreements, payment certificates, provisional acceptance certificates and other actual transaction documents . | prior |  | 20 |  | 1. Minimum condition for any point: monthly progress reports (due by fifth of the next month) from the engineer, based on the field verification and compared with the plan. The report should be submitted to the region. 2. Urban infrastructure development plan (disaggregated by categories and locations) under the original CIP for the EFY 3. Urban infrastructure physical implementation/ progress report (disaggregated by categories and locations) under the original CIP for the EFY) 4. Field trip verification of a sample of the projects. APA Consultant to state in the city reports the names of projects visited 5. APA Consultants should use the table format provided in the Example below by converting it to Excel. | To ensure effective implementation of infrastructure and service delivery | \*For the 1st APA in October 2018, the CIP to be used is for EFY 2010 and this can be original (if there is no approved revised plan) or revised CIP (provided it is approved up to April 15, 2018). .This waiver is given due to the severe depreciation of Birr in October 2017 and the need to encourage cities to budget more for maintenance.  For the 3rd APA, the CIP to be used is  revised CIP (provided it is approved by regions not later than **April 30, 2020**”. This waiver is given due to the COVID 19 pandemic in Ethiopia and the need to encourage cities to prevent the spread of COVID 19 in the cities. |
| **3.2** |  |  | **Maintenance performance** |  | **30** |  |  |  |  |  |
|  | 1 |  | Maintenance Budgeting and Implementation |  |  |  |  |  |  |  |
|  |  | 1 | * 1. Maintenance plan derived from the Assets Management Plan;   2. Maintenance Budget either 2% of the asset replacement cost or 10% of CIP\* budget (whichever is less) | prior |  | 10  10 |  | 1. Assets management plan updated for the EFY as per the asset management manual/ guideline with clear budget for maintenance and new assets. 2. Urban infrastructure maintenance budget (disaggregated by categories) under the CIP for the EFY 3. Urban infrastructure maintenance expenditure report (disaggregated by categories) under the CIP for the EFY | Ensure sustainability in the investments through up-keep of infrastructure | \*For the 1st APA in October 2018, the CIP to be used is for EFY 2010 and this can be original (if there is no approved revised plan) or revised CIP (provided it is approved up to April 15, 2018).This waiver is given due to the severe depreciation of Birr in October 2017 and the need to encourage cities to budget more for maintenance.  For 3rd APA revised plans approved by regions **not later than April 30, 2020** accepted and can be used in the assessment. This is due to COVID-19 where ULGs where directed by MUDCo with agreement of the World Bank to revise their CIPs to respond to COVID -19 |
|  | 2 |  | Actual Maintenance |  |  |  |  |  |  |  |
|  |  | 1 | ULGs have developed a clear maintenance budget and actual implementation rate (review overall budget and utilization rate in final accounts of all maintenance projects to review actual maintenance) is minimum 80% (financial) of the planned. indicator: The assessment table compiled by the APA Consultants should consist of ALL planned maintenance projects as per the AMP/CIP\* (and not just the sampled ones) whose budgets and expenditures will be individually stated and aggregated to arrive at the utilization rate.    NB: 1) only infrastructure asset including construction machineries  2) Expenditure amounts which could only be substantiated with actual financial transaction documents such as IBEX,Road Fund, payment certificates should only be considered. Reports which are not supported with actual transaction documents will not be acceptable. | prior |  | 10 |  | 1. Urban infrastructure maintenance physical plan (disaggregated by categories and locations) under the CIP for the EFY. 2. Urban infrastructure maintenance physical progress report (disaggregated by categories and locations) under the CIP for the EFY. 3. Urban infrastructure expenditure reports such as from IBEX, Road Fund, payment certificates, etc. (disaggregated by categories and locations) under the CIP for the EFY. | To ensure sustainability in the investments through effective recurrent and rehabilitative maintenance of infrastructure and facilities | \*As above. |
| **3.3** |  |  | **Quality of Infrastructure** |  | **30** |  |  |  |  |  |
|  |  | 1 | Value for the money in the infrastructure investments funded by the UIIDP. The VfM audit will be conducted as a separate exercise from the APA and then calibrated from 0 – 30 points. | prior |  | 25 |  | **The following evidence will be presented by OFAG or independent consultant to APA Consultants to make the assessment on “quality of infrastructure”:**   1. Draft Final Report (or Final Report if available at the time) from OFAG or independent consultant on the VfM Audit.   The scoring by OFAG (or its delegate) will be questioned and evaluated by the APA Consultant based on the evidences presented. OFAG (or its delegate) shall, if applicable, make appropriate adjustments to the scoring based on the comments of APA, WB or MUDCo.  **The following evidences will be presented by cities to OFAG or independent consultant to carry out the VfM Audit:**   1. Urban infrastructure physical implementation/ progress report (disaggregated by categories and locations) under the CIP for the pervious FYs since the beginning of the program 2. Urban infrastructure budget expenditure report (disaggregated by categories and locations) under the CIP for the pervious FYs since the beginning of the program 3. Design documents, bidding documents including specifications and bill of quantities for all items procured. 4. Contract agreement and contract amendments for all items procured. 5. Change Orders and payment certificates for all items procured.   Provisional and final handover (acceptance) for all items procured. | Ensure efficient and high- quality infrastructure and service delivery |  |
|  |  | 2 | Proportion of recommendations of previous VFM audit addressed (80 to 100% gets full mark; 50 to 80% gets half mark and below 50% will get zero) | prior |  | 5 |  | 1. List of recommendations from the previous VFM report. 2. Quarterly progress report of cities 3. VfM auditor to report back on follow-up actions for the previous recommendations and on number and percentage of recommendations addressed/not addressed 4. APA Consultant to capture from the VfM audit Reports the percentage of recommendations addressed and also state/list in the ULG reports the recommendations not addressed | To ensure and enhance the quality of VFM audit and response the implementation of recommendations for assuring sustainability and operationality of the investment. |  |
| **3.4** |  |  | **Timely completion and operation of infrastructure** | Prior |  | 20 |  | 1. MUDCo’s record of uncompleted contracts and contracts that are completed but not operationalized from Bank-funded projects 2. Field verification of the investment projects (from the MUDCo’s report and Consultant’s own finding from various sources).  * A city with one investment project with original completion date extended beyond one year and still under construction during the APA will get zero point. * A city with one investment project completed but not operational for one year and above (from the time of the APA) will get zero point | To ensure use of infrastructures for the intended purpose | For the 3rd and subsequent APAs the score for this sub indicator will be 20 by taking 5 points from sub-sub indicator 3.1.1 and 5 points from sub-sub indicator 3.3.1.  Operational means providing services as envisaged in the project design |

**Note**: The “execution rate” will be determined by a review of the monthly engineer’s progress reports, 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, both in the regular monthly 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 quantifies and physical progress against planned annual target will be determined for each project as the status was in the situation at the end of each Fiscal Year. The completion rate (%) of each project, when determined, will then be weighted with the relative contracted size of the projects (or portion of contract size for the budget year under consideration) to get an aggregate result, see the example below.

* + 1. ***Urban Infrastructure Targets &Weighted Completion Rates– Calculation Example***

***APA Consultants will use the Excel Model to be provided by MUDCo which contains a template of the following example***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Output table (copy white/green cells to APA report, best by "Paste Special") | | | | | | | |  |
|  |  |  |  |  |  |  |  |  |
| **Civil works project planned for previous EFY** |  | **Unit** | **Physical and financial targets** | | | **Actually Achieved (d)** | **Implement. Ratio (e)=(d)/(c)** | **Creditable Amount (f)=(c)\*(e)** |
| **Procur. Plan (a)** | **Total contract (b)** | **This EFY (c)** |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 400 | 350 | 350 | 350 | 100% | 987,000 |
| Financ. | ETB | 1,000,000 | 987,000 | 987,000 | 375,000 |
| Name\_of\_project | Phys. | m | 400 | 400 | 190 | 380 | 100% | 890,000 |
| Financ. | ETB | 2,000,000 | 1,800,000 | 890,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 120 | 60% | 540,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 333,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 120 | 60% | 540,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495 |
| Financ. | ETB | 1,000,000 | 900,000 | 900 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 190 | 110 | 58% | 515,263 |
| Financ. | ETB | 1,000,000 | 900,000 | 890,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 100 | 50% | 450,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 0 | 200 | 0 | 0% | 0 |
| Financ. | ETB | 1,000,000 | 0 | 1,000,000 | 0 |
| Name\_of\_project | Phys. | m | 200 | 0 | 200 | 0 | 0% | 0 |
| Financ. | ETB | 1,000,000 | 0 | 1,000,000 | 0 |
| Name\_of\_project | Phys. | m | 200 | 0 | 200 | 0 | 0% | 0 |
| Financ. | ETB | 1,000,000 | 0 | 1,000,000 | 0 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 200 | 110 | 55% | 495,000 |
| Financ. | ETB | 1,000,000 | 900,000 | 900,000 | 375,000 |
| Name\_of\_project | Phys. | m | 200 | 200 | 120 | 110 | 92% | 458,333 |
| Financ. | ETB | 1,000,000 | 900,000 | 500,000 | 375,000 |
| Name\_of\_project | Phys. | m | etc | etc | etc | etc | etc | etc |
| Financ. | ETB | etc | etc | etc | etc |
| **Aggregate** |  |  |  |  | (c) |  | (e)=(f)/(c) | (f) |
|  |  | **82,000,000** | **71,287,000** | **59,859,757** | **28,958,000** | **63.34%** | **37,914,728** |
|  | **Score**  *(maximum 20 points)*: | | | | | | **12.67** | **points** |

Note: Where contract agreement has not been signed or the project has not been started, the project should still be included in the Table and the planned figure from the Annual Action Plan will be used in place of the “financial amount as per signed contract agreement” in column (b).

* + - 1. ***Maintenance implementation rate for each ULG - Calculation Example***

***APA Consultants will use the Excel Model to be provided by MUDCo which contains a template of the following example***

|  |  |  |
| --- | --- | --- |
| **Actual Maintenance in** | **ABC\_city** |  |
| Input Table (Insert raw data into yellow cells) | |  |
|  |  |  |
| **Item** | **Budget (ETB)** | **Actual (ETB)** |
| X\_road | 3,000,000.00 | 2,900,000.00 |
| B\_drain | 1,234,567.89 | 1,356,789.00 |
| C\_else | 1,000,000.00 | 1,100,000.00 |
| Etc | 1,000,000.00 | 900,000.00 |
| Etc | 999,888.77 | 999,777.88 |
| Etc | 13,579.00 | 0.00 |
| Etc | 0.00 | 2,468.00 |
|  |  |  |
|  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Output table (copy white/green cells to APA report, best by "Paste Special") | | | |
|  |  |  |  |
| **Maintenance Item** | **Budget (ETB)** | **Actual (ETB)** | **Creditable (ETB)** |
| X\_road | 3,000,000 | 2,900,000 | 2,900,000 |
| B\_drain | 1,234,568 | 1,356,789 | 1,234,568 |
| C\_else | 1,000,000 | 1,100,000 | 1,000,000 |
| Etc | 1,000,000 | 900,000 | 900,000 |
| Etc | 999,889 | 999,778 | 999,778 |
| Etc | 13,579 | 0 | 0 |
| Etc | 0 | 2,468 | 0 |
| **Total** | **7,248,036** | **7,259,035** | **7,034,346** |
|  |  | **Implementation Rate:** | **97.1%** |
|  |  | **Score (points):** | **10** |

* + 1. ***VfM Satisfactory Level for each ULG - Calculation Example***

| **Projects** | **Contract amounts in Birr** | **VfM Satisfactory level** | **Weighted contract amounts** |
| --- | --- | --- | --- |
| Project 1 | 100,000 | 70% | 70,000 |
| Project 2 | 500,000 | 80% | 400,000 |
| Project 3 | 1,000,000 | 90% | 900,000 |
| Total Project Costs | 1,600,000 |  | 1,370,000 |
| **Weighted VfM Satisfactory Level for this ULG** (**=**1,370,000/1,600,000) | | | **86%** |

This ULG would then get from the APA Consultant 21.50 points i.e. (25\*86%) in the APA for this indicator.

# DLI 4 Guideline – Local Economic Development, Urban Resilience and Gender Mainstreaming

This is a new DLI to support the achievement of the additional emphasis in the PDO on local economic development. The new DLI also accommodates Job Creation which has been moved from DLI 3 and also new performance indicators on urban resilience and gender mainstreaming.

| **No.** | | | **Performance Measure / Indicators** | **Year Assessed** | **Maximum points** | | | **Evidence to be Produced** | **Objective** | **Waivers/Exceptions/Clarifications** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **4.1.** |  |  | **Local Economic Development** |  | **40** |  |  |  |  | DLI 4 performance measures will only be applied as from the 2nd APA |
|  | 1 |  | Job creation |  |  | 20 |  |  |  |  |
|  |  | 1 | No. of people employed through infrastructure works under UIIDP against annual target | prior |  |  | 10 | 1. No. of people employed in infrastructure works; disaggregated by gender and age 2. Data collected from contractor’s log books, job registration in the M&E system of projects, and so on.   **Scoring:** max 10 points for achieving 100%; calibrated proportionally; decimals will be rounded to the nearest whole number |  |  |
|  |  | 2 | No. of people employed in firms provided with serviced land[[21]](#footnote-22) and/or MSE sheds[[22]](#footnote-23) under CIP against annual target | prior |  |  | 10 | 1. No. of people employed in firms provided with serviced land and/or MSE sheds in the last year against targets in CIP 2. Data collected from ULG’s records, APA consultants to visit minimum 3 plots of land or MSE sheds to verify firms are operational, and so on.   **Scoring:** max 10 points for achieving 100%; calibrated proportionally; decimals will be rounded to the nearest whole number |  | ULGs shall be evaluated against their own regular plan versus achievements. |
|  | 2 |  | Public private dialogue |  |  | 10 |  |  |  |  |
|  |  | 1 | ULG held at least 2 public private dialogue/open meetings with city mayor and a wide range of private sector representatives  -structured meeting, mayor participation, presentation of constraints and economic potentials to inform the CIP. | Prior |  |  | 5 | 1. Existence of meeting agenda and minutes, including participant list, agreed actions/ responsibility/ timeline 2. Private sector representatives should include: (i) trader’s associations, (ii) local chamber of commerce, (iii) local business owners and MSEs; and (iv) foreign and domestic investors from industrial parks (if any)   **Scoring:** If all satisfied: 5 points, otherwise 0 point. |  | **Due to COVID-19 restrictions on travel and social/work gatherings including ban on workshops, for the 3rd APA at least one meeting should have been held in EFY 2012** |
|  |  | 2 | Implementation of min. 2 agreed actions from each meeting | Prior |  |  | 5 | 1. Subsequent meeting minutes indicate that at least 2 agreed actions were implemented per meeting – 5 points, otherwise 0 point. |  | **For 3rd APA, other documentary evidence of action taken will also be acceptable where a ULG has not held a second meeting.** |
|  | 3 |  | Micro Small Enterprise |  |  | 10 |  |  |  |  |
|  |  | 1 | No. of MSEs supported through open business plan competitions, against annual target | Prior |  |  | 3 | 1. Support can include: MSE setting up, working premises, financing/loan or training 2. Open business plan competition will be verified by evidence of public issue of call for business plan through public media channels 3. Business plan 4. Records of MSE office   **Scoring:** Max 3 points for achieving 100%; otherwise calibrated proportionally, decimals will be rounded to the nearest whole number. If 0 planned, then 0 point. |  | **Annual target should be stated in the CIP or other official document of the ULG that was prepared at the start of the year being assessed.** |
|  |  | 2 | No. of MSE One Stop Center (OSC) supported to be fully functional throughout the years against annual target | Prior |  |  | 4 | Fully functional OSC means:   1. caters for 15,000 individuals or maximum of 500 MSEs; 2. has at least 5 key positions filled[[23]](#footnote-24); 3. is equipped with equipment and furniture; 4. provides fundamental trainings to staffs, at least 2 areas in the OSC Service Provision Standard 2017; 5. Documents consultation notes as an evidence of operationality.   Scoring: max 4 points for achieving 100%; otherwise calibrated proportionally, decimals will be rounded to the nearest whole number. If 0 planned, then 0 point. |  | **Annual target should be stated in the CIP or other official document of the ULG that was prepared at the start of the year being assessed.** |
|  |  | 3 | No. of graduated MSEs provided with support from the Medium Manufacturing Enterprises Development Unit in the city administration, against annual target | Prior |  |  | 3 | 1. follow up of status/progress of graduated MSEs and continue training and coaching for two years  **Scoring:** Max 3 points for achieving 100%; otherwise calibrated proportionally, decimals will be rounded to the nearest whole number. If 0 planned, then 0 point. |  | **Annual target should be stated in the CIP or other official document of the ULG that was prepared at the start of the year being assessed.** |
| **4.2.** |  |  | **Urban Resilience** |  | **30** |  |  |  |  |  |
|  | 1. |  | DRM and emergency response |  |  | 30 |  |  | To promote disaster management and emergency response |  |
|  |  | 1. | Disaster and Climate Risk Management |  |  |  | 10 | Risk map(s) developed showing flood/landslide/earthquake risk areas, prepared in accordance to guidelines developed by MUDCo and Disaster Risk Management Commission.\*  **Scoring:** Yes/No |  | \*Applies only in the 2nd APA |
|  |  |  | 1.Current  2.Prior |  |  | 5  5 | 1. Risk map(s) developed and/or updated within the last five years showing flood/landslide/earthquake risk areas, COVID-19 hot spot areas prepared in accordance to guidelines developed by MUDCo and Disaster Risk Management Commission or best available science on exposure to flood/landslide due to climate change  2. Capital projects in the CIP and annual budget are located to avoid exposure to or prevent damage from historic and climate-effected levels of flood and landslide (as shown in GIS and other maps of CIP projects compared to risk maps, and considering whether the purpose of the project is to provide resilience to flood/landslide).  APA consultants are required to review and apply the latest CIP Manual (applicable for the year being reviewed) in their assessment. |  | *Applies in 3rd APA* |
|  |  |  |  | 1.Current  2.Prior |  |  | 5  5 | 1. Hazard map(s) developed and/or updated within the last five years showing flood/landslide/earthquake areas, prepared in accordance to guidelines developed by MUDCo and Disaster Risk Management Commission or best available science on exposure to flood/landslide.   * Hazard maps are integrated into planning instruments (and these could include area, zonal, regional planning and even urban planning policies)- 3 points * Consultative process conducted within ULG to develop cities exposure database and priority actions for hazard, exposure and vulnerability reduction-1 point1 * Development of an exposure/asset database as basis for prioritizing disaster risk reduction investments – 1 point   2. Capital projects in the CIP and annual budget are located to avoid exposure to or prevent damage from flood and landslide hazards (as shown in GIS and other maps of CIP projects compared to hazard maps, and considering whether the project accounts for resilience to flooding/landslides).  APA consultants are required to review and apply the latest CIP Manual (applicable for the year being reviewed) in their assessment.  **Scoring:** Yes/No |  | *Applies in 4th APA and following years for CIP; 4th APA for evidence of proper procurement as shown in the CIP from the 3rd APA* |
|  |  | 2. | Emergency Response institutional structure | Current |  |  | 10 | Emergency response unit established with minimum staffing including DRM officer, rapid assessment officer, and emergency response officer.  **Scoring:** Yes/No |  |  |
|  |  | 3. | Emergency Response Plan | Current |  |  | 10 | Emergency Response Plan developed and approved by the city council/mayor. \*  The emergency response plan should contain these elements: (i) Emergency Declaration/Proclamation Process; (ii) Response Activities/Process; (iii) Direction, Control and Coordination; (iv) Responsibilities; (v) Communications; (vi) Administration, Finance and Logistics; (vii) Plan Development and Maintenance  **Scoring:** Yes/No |  | \*Applies only in the 2nd APA |
| Current |  |  | 10 | *APA reviewers are to review and apply MUDCo and Disaster Risk Management Commission guidelines. In the 3rd and following APAs, reviews are to include assessment of the plan and proposed response activities according to their ability to reduce the risks as identified on the maps provided in accordance with 4.2.1 (item 1) and impacts listed in 4.2.1 (item 3).*  Emergency Response Plan addresses all listed elements, 2 points possible; addresses all risks as noted in 4.2.1 (item 1), 4 points; addresses all impacts as noted in 4.2.1 (item 3), 4 points. |  | **Scoring in 3rd APA:** |
|  |  |  |  | Current |  |  | 10 | *APA reviewers are to review and apply MUDCo and Disaster Risk Management Commission guidelines. In the 3rd and following APAs, reviews include assessment of the plan and proposed response activities according to their ability to reduce the risks as identified on the maps provided in accordance with 4.2.1.1.*  ***Scoring:***  Emergency Response Plan addresses the elements listed above, in particular the Plans contain the following: (i) Planning and Coordination Team, (ii) Main Hazards and Vulnerabilities, (iii) Roles and Responsibilities for Emergency Coordination, (iv) Roles and Responsibilities for Emergency Support Functions. - 2 points   * Emergency Response Plan addresses landslides, earthquakes, floods etc as relevant and their expected impacts as noted in 4.2.1.1- 4 points * Emergency Contingency Planning exercise conducted (e.g. in consideration of disaster scenario, Emergency Support Functions etc) -2 points   Main roles and responsibilities for Emergency Response have been assigned – 2 points -2 points |  | **Scoring in 4th APA** |
| **4.3.** |  |  | **Gender Mainstreaming** |  | **30** |  |  |  |  | DLI 4 performance measures are only applied starting from the 2nd APA |
|  | **1.** |  | **Women’s voice and rights** |  |  | **7** |  |  |  |  |
|  |  | 1. | Women’s participation in decision making process:  1. total women involved in all consultation meetings >**50**%  2. women involved in the meeting for the final choice of investments >**50**%  \*Linked to Performance Measure 2.1.2 citizen participation | current |  |  | 2 | Invitation letters or call-for-meeting notices posted in public places or through mass media for the public to attend consultation meetings, indicating time, place, and purpose of the meetings.  The letters/notices for the initial consultation meetings must make it clear that women will meet separately from men, and must state clearly time and place for the women-only meeting.  Evidences for each individual women-only meeting:  1. Signed attendance sheets, indicating community or citizens/social groups they represent,  2. Meeting minutes documenting: a) time and place of the meeting, b) meeting agenda, c) additional issues raised by the participants, d) course of the discussion incl. points raised, proposals made, and arguments put forward by the participants, e) conclusions, voting results, and prioritized proposals, and f) photographs and/or audio/video records.  **Scoring**: If all fulfilled, then 2 points, otherwise 0 point. |  | Due to COVID-19 restrictions on gathering of persons (social distancing), ULGs can alternatively use various forms of public consultations and these alternatives will be acceptable for the 3rd APA. |
|  |  | 2. | Women’s voice heard  \*Linked to Performance Measure 2.1.2 citizen participation |  |  |  | 2 | Minutes of participatory consultations indicating a compiled list of issues raised by women during consultations,  **Scoring**: Yes/No |  | **As above** |
|  |  | 3. | No. of awareness raising workshop/training on **women’s right in workplace** against annual target | current |  |  | 3 | Workshop/training on women’s right in workplace (gender-based violence, sexual harassment, and equal payment gender awareness, & other contextual gender related issues of the ULGs such as Girls & women’s right to education) targeting both men and women.  Annual target must be consistent with capacity building plan and gender development plan.  **Evidence**: Program/workshop attendance sheet (aggregated by gender), capacity building plan and gender development plan.  **Scoring**:  Minimum three workshops/trainings in the year, otherwise 0 point.  3 points for 100% achievement; otherwise, calibrated proportionally, decimals will be rounded to the nearest whole number. |  | **Waived for 3rd APA due to COVID-19 restrictions on travel and social/work gatherings including ban on workshops.**  No scoring for this indicator and the DLI 2 score obtained for other indicators will be proportionately raised to 100 |
|  | **2.** |  | **Gender mainstreaming system** |  |  | **13** |  |  |  |  |
|  |  | 1. | Gender-balanced employment:  1. Proportion of women public professionals in the city administration | prior |  |  | 3 | **Evidence**: *ULG Civil Service HR Report*  **Scoring**:  women professionals >= 25% (1 point)  women professionals >= 35% (2 points)  women professionals >= 45% (3 points) |  | Professional is Grade10 plus 4 with minimum Diploma. These are positions within the city administration permanent structure and does not include contract positions. |
|  |  |  | 2. Proportion of women on managerial positions such as office heads, city manager, mayor and deputy mayor ,department head, deputy head of department ,process head , in the city administration | prior |  |  | 3 | **Evidence**: *ULG Civil Service HR Report*  **Scoring**:  women leadership >= 20% (1 point)  women leadership >= 30% (2 points)  women leadership >= 40% (3 points) |  |  |
|  |  | 2. | 1. Gender focal person dedicated for UIIDP  2. Annual gender and development planning and budgeting | current |  |  | 3 | **Evidence**:  1. Gender focal person dedicated for UIIDP in place in WCO or/and UIIDP coordination team”  2. Annual gender development plan and budget (template/manual in POM): i) approved by the city council, ii) consistent with ULG annual plan and budget, capacity building plan, and gender mainstreaming guideline\*  NB. \*Gender mainstreaming guideline is only valid when gender and youth mainstreaming directorate in MUDCo developed and disseminated it.The Gender mainstreaming guideline referred to here is the Gender and Development Manual dated May 9, 2018 prepared by the UIIDP Team with full participation of gender and youth mainstreaming directorate in MUDCO and distributed by MUDCo to regions/ULGs.  **Scoring**: If all above satisfied, then 3 points, otherwise 0 point. |  |  |
|  |  | 3. | 1.Quarterly meeting with gender focal persons from each sector Office  2. More than 80% of gender activities in the gender plan successfully completed and more than 80% of the funds budgeted in the gender plan are utilized. | prior |  |  | 4 | **Evidence**:  1.Signed attendance sheet of focal persons (indicating gender, occupation) from each sector Office and meeting notes (quarterly)  2. *Periodic gender progress report that shows the plan-versus-achievement comparison of budget and activities* **Scoring**: If one of two satisfied, then 2 points.  If both satisfied, then 4 points. |  | **Waived for 3rd APA due to COVID-19 restrictions on travel and social/work gatherings including ban on workshops.**  No scoring fir this indicator and the DLI 2 score obtained for other indicators will be proportionately raised to 100. |
|  | **3.** |  | **Economic empowerment** |  |  | **10** |  |  |  |  |
|  |  | 1. | % of women employed through infrastructure works under UIIDP  \*linked to 4.1.1.1 LED indicator | Prior |  |  | 2 | **Evidence**:   1. No. of people employed in infrastructure works; disaggregated by gender and age 2. Data collected from contractor’s log books, job registration in the M&E system of projects, and so on.   **Scoring:**  women >= 30% (1 point)  women >= 40% (2 points) |  |  |
|  |  | 2. | % of women employed in firms provided with serviced land[[24]](#footnote-25) and/or MSE sheds[[25]](#footnote-26) under CIP  \*linked to 4.1.1.2 LED indicator | Prior |  |  | 3 | **Evidence**:   1. No. of people employed in firms provided with serviced land and/or MSE sheds in the last year against targets in CIP 2. Data collected from ULG’s records, APA consultants to visit minimum 3 plots of land or MSE sheds to verify firms are operational, and so on.   **Scoring:**  women >= 30% (1 point)  women >= 40% (2 points)  women >= 50% (3 points) |  |  |
|  |  | 3. | % of women-headed MSEs supported to access working premises/sheds and/or serviced land under UIIDP | Prior |  |  | 3 | **Evidence**:   1. Records of MSE office 2. Data collected from ULG’s records   **Scoring:**  women >= 20% (1 point)  women >= 30% (2 points)  women >= 40% (3 points) |  |  |
|  |  | 4 | %of women-headed MSEs awarded with civil works contracts under UIIDP  More than 10% (1 point), more than 20% (2 points) | Prior |  |  | 2 | **Evidence**:   1. Records of MSE office 2. Data collected from ULG’s records   **Scoring:**  women >= 10% (1 point)  women >= 20% (2 points) |  |  |

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| \*Progress of projects monitored through monthly engineer’s reports, bills of quantities and field verification by the APA team. |

# DLI # 5, 6, 7, 8 and 9 Guidelines – Regional Agencies Performance

## Introduction

Regional government BUDCos will be the main coordinating RIA. They will be responsible for the following:

* Capacity building of the ULGs in their jurisdiction;
* Consolidation of progress reports from ULGs; and
* Oversight functions and backstopping support on various tasks related with the UIIDP implementation.

## DLIs 5, 6,7, 8 and 9: RIA Performance Measures,

| **DLI** | **No.** | **Regional Implementing Agency / Performance Measures** | **Year Assessed** | **Scoring** | **Evidence to be Produced** | **Application** |
| --- | --- | --- | --- | --- | --- | --- |
| **5** | **Bureau of Urban Development, Housing and Construction** (or regional state equivalent) | | | |  |  |
|  | 1. | Regional government capacity building and support teams in place and deliver effective capacity building services to ULGs |  |  |  |  |
|  | 1 | 1. Regional government has developed plans according to formats in the POM  2. Regional mobile capacity building & mentoring teams are in place and are operating. | current | 1. Capacity Building Plan of and TOR for regional mobile capacity building and mentoring teams and positions are in place. The capacity building plan cover all 4 modalities and at least 80% of the thematic focus areas from the POM. The plan is prepared with inputs from the regional entities.  2. Teams are in place and operating. More than 80% of the staff in place: 100% allocation, 50-80%: 50% allocation, less than 50%: No allocation.  **Scoring:(Result 1) must be in achieved before any points (allocations) are awarded.** Calibration (reduction) against achievement rate on item 2: teams in place. | CB Plan for region & TOR for regional team. | 1st APA (2018 with impact on FY2019/20) |
|  | 2 | 1. Regional government has developed plans according to formats in the POM.  2. Regional mobile CB & mentoring teams are in place and are operating,  3. Needs assessments  4. Regional governments have disseminated service delivery standards (as issued by MUDCo) toEligible ULGs, and provided guidance in implementation (reports). | current | 1.Capacity Building Plan of and TOR for regional mobile CB & mentoring teams and positions are in place. The capacity building plan cover all 4 modalities and at least 80% of the thematic focus areas from the POM. The plan is prepared with inputs from the regional entities.  2.Teams are in place and operating. More than 80% of the staff in place: 100% allocation; 50-80%: 50% allocation; less than 50%: no allocation. (weight 40 %)  3. Annual capacity building need assessment has been done by involving all regional entities covering all thematic areas and representatives of the ULGs. If not, 40% reduction.  4. The region has disseminated service delivery standards (as issued by MUDCo) to Eligible ULGs. If not, 20% reduction.  **Scoring: (Result 1) must be achieved to get allocations**. Calibration (reduction) in allocation on target 2, 3 and 4 according to weightage if no achievement of defined result. | CBP; Staff assignment letters and physical check/confirmation; service delivery standards issued to ULGs; implementation reports.  Work plan, evidence of approval by the client, approved ToR for regional team. | 2nd APA (2019 with impact on 2020/21) |
|  | 3 | 1. Regional government has developed CB plan for the ongoing EFY according to formats in the POM.  2. Regional CB & mentoring teams are in place  3. Needs assessment  4. Execution of the CB plan.  5. Improvement in average scores of the ULGs within the region on DLIs 2 and 3.  6. Timely submission of monthly, quarterly, semi-annual and annual reports by region to federal (MUDCo) as per the UIIDP M & E Guidelines | 1.current  2. current  3. current  4. previous  5. previous & current  6. previous | 1. Capacity Building Plan approved by Regional Steering Committee and TOR for regional mobile CB & mentoring teams and positions are in place. The capacity building plan cover at least 4 modalities and all 80% of the thematic focus areas from the POM. The plan is prepared with inputs from the regional entities.  2. Teams are in place and operating. More than 80% of the staff in place: 100% allocation; 50-80%: 50% allocation; less than 50%: no allocation.(weight 30%)  3. Annual capacity building need assessment has been done by involving all regional entities covering all thematic areas and representatives of the ULGs. If not, 10 % reduction.  4. Execution of plan above 80%: full allocation; execution between 60-80%: 80% allocation, 40-59%: 40% allocation; and below 40%: no allocation. Reduction based on a 25 % weightage.  5. Average score on the ULGs on DLIs 2 and 3 (average) in the region should increase from the previous year’s APA, otherwise proportional reduction (weight: 25%, that is, max reduction 25 %)  6. Timely submission of monthly, quarterly, semi-annual and annual reports by region to federal (MUDCo) as per the UIIDP M & E Guidelines (weight: 10%, that is, max reduction 10 %)  **Scoring: (Result 1) has to be in place to get allocations.** Calibration (Reduction) in allocation on target 2, 3, 4, 5 and 6 according to weightage. | CBP for ongoing EFY; CBP for previous year and expenditures; Staff assignment letters and physical check/confirmation; service delivery standards issued to ULGs; implementation reports | 3rdAPA (2020 with impact on 2021/22.);  4th APA (2021 with impact on 2022/23) |
| **6** | **Office of the Regional Auditor General** | |  |  |  |  |
|  | 1 | ORAGs carry out timely audits of ULGs’ financial reports (final audit report is issued within six Ethiopian calendar months from the end of the EFY to which the audit refers,). | current | Scoring calibrated by number of ULGs for which ORAG has conducted external audit and delivered audit report in a thorough and timely (within six Ethiopian calendar months from the end of the EFY to which the audit refers,) manner.  **As a minimum condition** to access fund related to audit of a ULG, ORAG must deliver timely audit. If the condition is satisfied, scoring calibrated as follow with full unit allocation if all complied with:  (i) **Quality of the report**- -Audit Report - consolidated audit report for the ULG should be issued which review all sources and expenditure of the ULG. The audit report should be structured to include the following as a minimum:   1. Cover letter from ORAG to City 2. Audited financial statements (Audited accounts)- which includes at least- (i) Statement of Financial Position for the year end date (i.e. Balance Sheet), (ii) Statement of Financial Performance (or otherwise called Income & Expenditure Statement or Statement of Sources and Uses of Fund) of the last EFY, and (iii) Post-closing trial balance of the last EFY; *The audited financial statements’ balance should match with the IBEX reports (at least for treasury, UIIDP, and UIF)*” 3. Notes or schedules supporting the financial statement which could include Revenue Summary of the last EFY, Recurrent Expenditure Summary of the last EFY, Capital Expenditure Summary of the last EFY, Transfer Report, Receivable Report, Payable Report, etc.; 4. Short form Audit report which includes as a minimum the following paragraphs:    1. The mentioning of city’s financial statement under audit stating the period covered by the audit;    2. The main accounting standards/policy in use by the city and the audit standards followed;    3. The responsibilities of city management and that of the auditor,    4. The basis of opinion- key findings leading to qualifications **if any**. This is only needed if there are qualification points that will qualify the audit opinion;    5. The Audit opinion expressed- clearly stating the opinion expressed-that is, Unqualified (unmodified), qualified, Adverse, Disclaimer. 5. Long for audit Report or Management letter or Internal Control Memorandum that details out findings on internal control weaknesses and noncompliance with rules/regulations   **(ii)Audit opinion**- **-The fairness or correctness of the opinion expressed** -the fairness of the audit opinion by looking at the findings reported in the short form audit report and the long form or management letter.  Reduction by 25% per ULG if all the criteria indicated in (i) is not complied with for these ULGs,  Reduction by 25% per ULG if (ii) is not complied with for these ULGs. | Audit Reports of ULGs and letters from ORAG issuing the audit report. | 1st to 4th APAs |
| **7** | **Regional Environment, Forest and Climate Change Commission** | |  |  |  |  |
|  | 1 | Regional Environment, Forest and Climate Change Commissions (REFCCs) carry out timely review of ULG safeguards compliance. This indicator will be fulfilled when the REFCCs have carried out the safeguards reviews/audits of ULGs in their jurisdictions by end October | prior | Scoring calibrated per ULG for which the REFCC has performed timely review/audit as per standard (report template) and approval of safeguard documents with acceptable categorization of projects and review of implementation capacity for environmental and social mitigation and monitoring measures for CIP and annual environmental and social audits.  *As a minimum condition to access funds for audit of a ULG: timely environmental audit (by end of October), and appropriate and timely Review and Endorsement of ALL Screening Reports and Safeguards instruments like ESMPs, RAPs presented by ULGs; and the calibration as follows:*:  (i) Quality of audit must indicate:   * Key staffing involved: environmental specialist, social specialist * Evidence of site visits *on at least 20% of subprojects* * Evidence of follow-up of previous audit recommendations   (ii) REFCC has to ensure timely review and approval of safeguards instruments with the required quality of standards and with acceptable categorization of projects as per the ESMSG.  Reduction by 25% per ULG if (i) is not complied with.  Reduction by 25% per ULG if (ii) is not complied with. | Safeguards Audit/Review Reports. | 1st to 4th APAs |
| **8** | **Regional Revenue Authority** | |  |  |  |  |
|  | 1 | RRBs support ULGs’ efforts to mobilize revenue. | prior | **As a minimum condition** to access funds for support to a ULG is that: Capacity building focal point in place to coordinate with RMTs.  The RRB has provided inputs to annual capacity building program.Then the calibration is as follows:  (i) The numbers of ULGs where regions have conducted consultative meetings with ULGs of municipal revenues/tariff/tax rates and bands, evidenced by meeting minutes weighting 25% of total allocation per ULG.  (ii) Review tariff and tax directive and provide ULG’s flexibility compared to the previous year weighting 25% of total allocation per ULG.  (iii) Technical review, feedback of ULG’s REP, weighting 25% of total allocation per ULG.  (iv) Undertake revenue potential studies (including user fees) for at least 30% of participating ULGs, weighing 25% of total allocation per ULG.  For example, if a region has provided support on (i) and (iii), but not (ii) and (iv) for a ULG, it will get the annual disbursement amount X 50% for this ULG. | Minutes of consultation/ support meetings between RRB/BoFED and ULGs; up-to-date tax bands for major taxes and charges. | 1st to 4th APAs |
| **9** | **Regional Procurement Audit by the RPPPAAs** | |  |  |  |  |
|  | 1. | Procurement Audit report produced timely. | prior | *First Year,* RPPPAA must prepare a procurement audit plan with TOR for the audit to get access to funds.  *From Second* APA:  **As a minimum condition to access fund** related to audit of a ULG, RPPPAA must deliver timely audit (**by** no later than six Ethiopian calendar months after the end of the EFY). If the condition is satisfied, scoring calibrated as shown in (2) and (3) below: -: | Procurement Audit with its transmittal letter dated no later than six Ethiopian calendar months after the end of the EFY | 1st APA  2st to 4th APAs |
|  | 2. | Quality of Audit **(25% reduction max)** | prior | Audit Planning Sampling, Audit Execution, and Audit Reporting as per the TOR included in the POM   1. The Audit Planning includes audit schedules, audit entry meeting; timely notification of the auditee on the audit to be conducted; 2. The Audit staff/consultant shall have a minimum of 5 years relevant experience and BA/BSC Degree in procurement and supply chain management, Economics, Law, Engineering, Management, Accounting or other related fields of study 3. The selected samples are representative considering the nature, complexity, value, and method of procurement; 4. The Audit was conducted as scheduled without unnecessary disruptions; 5. The Audit Report is completed with enough documentation of the auditing procedures followed, audits carried out on all the stages of the procurement and contract management process, audit findings/recommendations; audit report written in a clear language and concise and manner; 6. Consistency of Audit Recommendations with Audit findings;   RPPPAAs shall include audit plans, audit staff, sampling methods, audit timeline and others to be part of the audit reports as part of the main body or in the annex. The procurement audit shall be conducted as per the TOR enclosed in Annex 6 of this APAG  **Scoring:**  If 5 out of 6 are satisfied, no reduction; if 4 out of 6 are satisfied, reduce 10%, otherwise, reduction of 25%. | Audit report duly signed by the RPPPAA.  Attendance sheets for Audit entry and exit meetings.  Letters from RPPPAA notifying the auditee on the audit schedule;  Letters from RPPPAA submitting the Audit reports. |  |
|  | 3. | Follow up of implementation of Audit Findings and Recommendations **(25% reduction max)** | prior | A checklist of audit findings/recommendations showing all audit findings/recommendations of the previous year (including those spilled over from previous years, if not addressed); status of implementation of each finding/recommendation, action taken on offenders  **Scoring:**  If not complied with 25% reduction for each ULG where this is not complied with. | RPPPAAs’ audit findings/recommendations follow up checklist. |  |

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# Annexes

## Annex 1: Procedure For Selection Of Sample Contracts and templates for procurement assessment by the annual performance assessment consultant

**Appendix 1: Procedure for Selection of the Sample Contracts**

1. To assist the consultant/ in selecting the samples to be reviewed, the Client (or ULG) will provide to the consultant, at the time of contract signature, comprehensive lists of contracts, if available, for each city and copies of the relevant FAs and, Program Appraisal Document (PAD), Integrated Fiduciary Assessment Report (IFA) and previous audit reports and Annual Performance Assessment Reports. On the basis of the information provided by the Client and other sources, the consultant will prepare the list of contracts to be reviewed in each City.

2. The following criteria and considerations should be used in selecting the sample contracts to be reviewed:

* Nature, size and complexity of contracts will be taken into considerations while sampling the **25%** of contracts for detail review. In addition, to the extent possible, the review sample should cover most of the following categories/scenarios:
  + ***Nature***: civil works, goods, service contracts, supply and installation, consulting services;
  + ***Complexity***: simple, less complex and complex;
  + ***Value***: high, medium and low;
  + ***Critical items***: Contracts that are necessary for the success of the project;
  + ***Method of Procurement***: Pre-qualification, Single/Two Stage bidding, ICB, NCB, LIB, Shopping Direct Contracting, etc. for goods/works; QCBS, QBS, Least-Cost, Individual etc. for selection of consultants; and
  + ***Contract awards***: contracts awarded to the lowest evaluated bidder which met the qualification criteria; awarded to higher bids as the lowest bidders failed to meet the qualification criteria or for other reasons, etc, awards to national or international firms, awards to single and multiple lots, awards affected by domestic preference.
  + ***Contract Management***: Contract amendments, price revisions, protests/claims during contract execution and bidding stages.

3. The consultant/ shall review project files with special focus on the following aspects, documentation and procedures:

* Executing Agency's Capacity, Adequacy of Staff (availability and skills); Role of Procurement Agents/Consultants; Implementation Arrangements; defined procurement decision roles, maintenance of Minimum Access Conditions.
* Procurement Plans and Monitoring;
* Advertising;
* Pre/Post Qualification;
* Short listing (for Consultancy)
* Bidding Documents;
* RFP (for consultancy)
* Bid Opening Minutes
* Evaluation and Awards;
* Technical Proposals Evaluation Report
* Combined evaluation report
* Bid Validity Extensions;
* Protests or complaints from Bidders/Contractors;
* Signed Contracts;
* Contract Amendments and Change/Variation Orders;
* Delays in payments; actual contract payments vs. contract award amount;
* Securities (for Bid, Performance, Advances, Insurance, Liability, etc.);
* Contractors’ Claims/ Contractual Disputes and their Resolution;
* Damages and Penalties for Delays, non‑compliance with Functional Guarantees, etc.;
* Reasons for Slow Progress of Completion;
* Imports, Customs, etc. if any;
* List of deliverables and completion (date, description, quantity, location of goods or works);
* Other Relevant Matters.

Using the documents and information itemized above and other information collected during the review, the consultant shall compile a comprehensive history of the procurement process for each contract reviewed.

4. Distortions in the procurement process are frequently manifested in one or more of the following situations:

* low participation of bidders and reduced competition;
* one or more bidders winning a disproportionate amount of contracts in a project over time;
* bid prices consistently over cost estimates and/or current market prices;
* significant number of changes from bid to contract award and to final completion; and
* significant and recurring increases in the final contract price over the original bid price and/or the original contract price.
* Significant Variation Orders (change orders);
* Inordinate delays in procurement decision making;
* Unjustified cancelation of procurement process;
* Repetitive request for extension of bid validities;
* Rejection of majority of bids and ending up with single qualifier

5. If patterns are identified in a series of contracts, which reflect any of the above distortions, one or more of the contracts in the series should be selected for more detailed review in the review sample.

**Appendix 2: Checklist of Data and Documents to be Made Available by the Client to the APA Consultant for each City**

Credit Agreement, Guarantee Agreement, Program/Project Agreement (the legal documents).

All amendments to the legal documents.

Agreed Program Action plans,

Program/Project Operational Manual

Annual Performance Assessment Guideline (APAG)

Annual/semi-annual reports from the Executing Agencies, as available.

Financial audits.

Relevant Program/ Project Status Reports (PSRs); mission aide mémoires, relevant correspondance files, etc.

Disbursement Data:

1. **for the Credit:**

(a) total credit amount;

(b) amount disbursed; and

(c)undisbursed balance.

1. **breakdown of disbursed amount**:

(a) against each DLI;

In addition, the consultant will be given web references and, as needed, copies of the Government Guidelines, Standard Bidding Documents and other relevant procurement notes and policy statements including Regional Guidelines on Standard Bidding Documents, Evaluation Reports, etc. A list of the Federal and Regional PPAs publications, notes, etc., dealing with procurement and consultant services will be given to the consultant so that they can request any additional publications, notes, etc., which they may consider relevant.

**Appendix 3: Checklist of Documentation to be provided by the ULGs**

For All Contracts in the Audit Sample:

1. **Updated Procurement Plan, including list of all contracts.**

2. **Publications in National Press and other Trade Journals.**

3. **National Competitive Bidding (NCB) procedures**:

4. **Consultant Contracts**:

1. Request for Expressions of Interest (consultants), if applicable:
   * date and publication.
2. Request for Proposals and Short List (consultants):
3. Addenda issued
4. Evaluation of proposals (consultants):
5. Minutes of Negotiations and Signed Contract (consultants):
6. Contract Addendum, if any:

5. **Goods, works, technical services and consulting services contracts**:

1. Invitation for pre-qualification, if any:
   * date and publication.
2. Prequalification Documents, if any:

* Clarification requested and issued; and
* Addenda issued.

1. Prequalification Evaluation, if any:

* Clarification requested and received; and

1. Invitation for Bids:

* date and publication.

1. Bidding documents:

* Clarifications requested and issued;
* Addenda issued;
* Minutes of pre‑bid and site meetings.

1. Bid Evaluation Report:

* Minutes of bid opening;
* Clarifications requested and received;
* Complaints received and responses;

1. Notification of Award/Letter of Acceptance
2. Signed Contract:
3. Contract Amendments, if any.

6. Any other relevant information/documentation required by the consultant relating to contracts reviewed.

**Appendix 4: Procurement Performance Monitoring and Measurement database/sheet**



**Appendix 5: Qualification and experience of procurement staff of the ULG**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S.No.** | **Name of procurement staff of the ULG** | **Educational qualification and area of specialization**  **(B.A in Management, etc)** | **Number of Years of experience in Procurement** | **For how many months was the position filled in the past fiscal year (EFY ====)** | **For how many months was the position vacant in the past fiscal year (EFY ====)** | **Is staff familiar with procurement legal documents?**  **Yes or No** |
| 1. |  |  |  |  |  |  |
| 2. |  |  |  |  |  |  |
| 3. |  |  |  |  |  |  |
| 4. |  |  |  |  |  |  |

**Appendix 6: Identifying Sample Procurements**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Procurement Method** | **Planned** | | | **Executed** | | | **Sample Size** | | | **Total** |
| **Works** | **Goods** | **Consultancy** | **Works** | **Goods** | **Consultancy** | **W** | **G** | **C** |
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**Appendix 7: List of Sampled Procurements (EFY -------)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S/N** | **Contract Description** | **Contract Reference No.** | **Contract Amount (Br.)** | **Proc. Method and Type** | **Name and Specific Address of the Awarded** | **Contract Status** |
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**Appendix 8: Use of Proper Media, SBD for Advertising and Floating Period**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **S.No.** | **Contract Reference Number** | **Was procurement item included in the approved annual procurement plan?**  **Yes or No** | **Required advertisement needed to be used as per the law** | **Actual advertisement used** | **Were correct standard bidding documents used?**  **Yes or No** | **Bid floating periods as provided in the law** | **Actual bid floating periods for the contract** | **Was bid openings conducted immediately after bid submission?**  **Yes or No** | **Were minutes taken during bid openings acceptable?**  **Yes or No** |
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**Appendix 9: Bid Evaluation and Contract Award**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **S/N** | **Contract Reference Number** | **Is Bid Evaluation consistent with bidding documents?** | **Bid Validity Period** | **Duration of award of contract from bid opening to award** | **Is the bid awarded to the legitimate bidder within bid validity period?** | **Is the Bid Result Communicated to: (Mention the media)** | **Are Contract document contents complete or incomplete?** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Bidders?** | **Public?** |  |
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**Appendix 10: Implementation of procurement within planned time and contract**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **S/N** | **Contract Reference Number** | **Original planned procurement cycle Time** | | **Actual completion (Acceptance)** | **Price** | | | **Is there Time and/or Price Variance?** | **Are adequate auditable procurement records available in a secured space?** |
| **Planned initiation** | **Planned completion** | **Pre-tender cost estimate** | **Original**  **Contract price** | **Final (turnout)**  **Price- Paid** |  |  |
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**Appendix 11: Procurement Efficiency, Effectiveness, Competitiveness, Fairness and Transparency and Controls**

|  |  |  |
| --- | --- | --- |
| **Description** | **Actual Value** | **Remark** |
| **Percentage by Number of Procurements not Included in Original APP does not exceed 5%** |  |  |
| 1. Number of procurements not included in the original annual procurement plan |  |  |
| 1. Total number of procurements |  |  |
| 1. Percentage of the number of procurements not included in the original annual procurement plan (1/2) \*100 |  |  |
| **Percentage by Value of Procurements not Included in Original APP does not exceed 5%** |  |  |
| 1. Value of procurements not included in the original annual procurement plan |  |  |
| 1. Total Value of all procurements |  |  |
| 1. Percentage of the value of procurements not included in the original annual procurement plan (1/2)\*100 |  |  |
| **Average deviation between original Planned and Actual Procurement cycle time does not exceed 5%** |  |  |
| 1. Total sum of deviations between Actual and Original Planned Procurement Cycle Time |  |  |
| 1. Total number of procurements |  |  |
| 1. Average deviation between original Planned and Actual Procurement cycle time (1/2) |  |  |
| **Deviation between original price in the procurement plan and award price does not exceed + or -20%** |  |  |
| 1. Total sum of deviations between price in the original procurement plan and award price |  |  |
| 1. Total number of procurements |  |  |
| 1. Average deviation between price in the original procurement plan and award price (1/2) |  |  |
| **Deviation between contract price and completion price (turnout cost) does not exceed 25%** |  |  |
| 1. Total sum of deviation between Original Contract price and completion price (turnout cost) |  |  |
| 1. Total number of procurements |  |  |
| 1. Average Deviation between contract price and completion price (turnout cost)(1/2) |  |  |
| **Percentage by Number of procurements conducted through open bidding procedure equals or exceeds 85%** |  |  |
| 1. Number of procurements conducted through open bidding |  |  |
| 1. Total Number of procurements |  |  |
| 1. Percentage by Number of **the number** of procurements conducted through open bidding procedure (1/2) \*100 |  |  |
| **Percentage by Value of procurements conducted through open bidding procedure equals or exceeds 85%** |  |  |
| 1. Value of procurements conducted through open bidding procedure |  |  |
| 1. Total Number of procurements |  |  |
| 1. Percentage by **Value of** procurements conducted through open bidding procedure (1/2) \*100 |  |  |
| **Complaints resolved within the standard time frame equals 100%** |  |  |
| 1. Total number of procurement related complaints |  |  |
| 1. Total number of complaints |  |  |
| 1. Percentage of complaints that were resolved within the standard time frame ((1/2) \*100 |  |  |
| **Percentage of action taken from the previous procurement audit qualifications/ recommendations is equal or above 90%** |  |  |
| 1. Number of previous procurement audit qualifications/ recommendations |  |  |
| 1. Number of actions taken on previous procurement audit qualifications/ recommendations |  |  |
| 1. Percentage of action taken on the previous procurement audit qualifications/ recommendations (1/2) \*100 |  |  |

## Annex 2: APA Draft & Final Report Format

**Format for APA Synthesis Report**

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List of Figures

Acronyms and Abbreviations

Acknowledgements

Executive Summary

**Section 1**: Introduction

(Background; Objectives of Assignment; Approach & Methodology, Reference documents, Assessment Process, Organization of the Assignment Teams. Logistics, Challenges faced, Team Responses to such challenges.

**Section 2**: Assessment of Minimum Access Conditions for ULGs (DLI 1)

* Narrative
* Summary Table for all 117 cities. To indicate Yes or No on each of the MAC.

**Section 3**: Assessment of Institutional Performance of ULGs (DLI 2)), Infrastructure & Service Delivery, Maintenance Performance & Job Creation (DLI 3) and Local Economic Development, Job Creation and Gender Mainstreaming (DLI 4)

* Narratives, Analysis and Graphs by city, region, performance area etc

**Section 4**: Assessment of Regional Government capacity building and support for ULGs in urban service delivery (DLI 5)

* Region by region subsections, each with
* Narrative
* Table

**Section 5**: Assessment of the extent to which Offices of the Regional Auditor General (ORAGs) have carried out financial audits for ULGs (DLI 6)

* Region by region subsections, each with
* Narrative
* Table

**Section 6**: Assessment of the extent to which Regional Environment Protection Agencies (REPAs) have reviewed environmental and social safeguards compliance in their respective ULGs (DLI 7)

* Region by region subsections, each with
* Narrative
* Table

**Section 7**: Assessment of regional revenue authorities (RRAs) support for ULGs’ efforts to generate revenue (DLI 8)

* Region by region subsections, each with
* Narrative
* Table

**Section 8**: Assessment of the extent to which regional public procurement and property administration agencies have carried out timely and equality procurement audits of ULGs (DLI 9)

* Region by region subsections, each with
* Narrative
* Table

**Section 9**: (i) Review of previous APA and how weaknesses, observations and recommendations have been addressed by ULGs and Client, and (ii) Review of previous Quality Assurance (QA) Reports and how weaknesses, observations and recommendations have been addressed in current APA

* Region by region subsections, each with
* Narrative
* Table (as per format)

**Section 10**: Observations and Recommendations for System Improvement

* Narrative; and/or
* Table

**Annex 1**: Summary of Capacity Building Requirements

* Completed Table for **RIAs/MUDCo** as per format in Annex 2 of this APAG;

**Annex 2**: Summary of Complaints

* Completed Table for **regions** as per format in Annex 2 of this APAG;

**Annex 3**; Details of dates of presentation/briefing and wrap-up meetings with **regions**, persons present and brief minutes documenting key aspects of any queries, issues raised or agreements made;

**Annex 4**; Lists of all documents secured for the **regions** providing evidence of the assessed performance.

**Formats**

The following formats are suggested and Consultants will prepare and submit report format and all other additional/required table formats for MUDCo review before starting the preparation of the ULG and synthesis reports

**Table 9.1 (a). Review of previous APA and how weaknesses, observations and recommendations have been addressed in current APA: ULGs**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **ULG** | **Weaknesses in previous APA** | **Improvements in Current APA** |
| 1 |  |  |  |
| 2 |  |  |  |

**Table 9.1 (b). Review of previous APA and how weaknesses, observations and recommendations have been addressed in current APA: Regions**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Region** | **Weaknesses in previous APA** | **Improvements in Current APA** |
| 1 |  |  |  |
| 2 |  |  |  |

**Table 9.1 (c). Review of previous APA and how weaknesses, observations and recommendations have been addressed in current APA: MUDCo**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Region** | **Weaknesses in previous APA** | **Improvements in Current APA** |
| 1 |  |  |  |
| 2 |  |  |  |

**Table 9.1 (d). Review of previous QA Report and how weaknesses, observations and recommendations have been addressed in current APA: APA Consultant**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Region** | **Weaknesses in previous APA** | **Improvements in Current APA** |
| 1 |  |  |  |
| 2 |  |  |  |

**Table 9.2. Observations & Recommendations on System Improvement**

|  |  |  |
| --- | --- | --- |
| **No** | **Observation** | **Recommendation** |
|  |  |  |
|  |  |  |

**Format for ULG (City Level) Individual Reports**

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List of Tables

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Acronyms and Abbreviations

Acknowledgements

Executive Summary

**Section 1**: Introduction

(Background; Objectives of Assignment; Approach & Methodology, Reference documents, Assessment Process, Organization of the Assignment-Teams. Logistics, Challenges faced.

**Section 2**: Assessment of Minimum Access Conditions (DLI 1)

Narrative: Summary of findings and conclusions on overall performance on DLI 1 (NB. do not repeat detailed information already contained in Table)

Table 2.1. as per format below: -

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MAC No.** | **MAC** | **Assessment Findings** | **Evidences Produced & Reference Numbers, Dates, etc.** | **Complied with MAC**  **Yes/No** | **Remarks** |
| 1.1 |  |  |  |  |  |
| 1.2 |  |  |  |  |  |
| etc. | etc. |  |  |  |  |

**Section 3**: Assessment of Institutional Performance (DLI 2) & Infrastructure & Service Delivery, Maintenance Performance & Job Creation (DLI 3)and Local Economic Development, Job Creation and Gender Mainstreaming (DLI 4)

Narrative: Summary of findings and conclusions on overall performance

on DLI 2, DLI 3 and DLI 4. (NB. do not repeat detailed information already contained in Table)

Table 3.1.DLI 2: as per format below:-

| **No.** | **DLI 2, ULG Institutional Performance** | **Maximum Points** | **Name of City** | **Justification for Scoring**  **(Evidences produced, reference numbers and dates)** |
| --- | --- | --- | --- | --- |
|  | **TOTALS** | **100** | **xx** |  |
| **2.1** | **Planning and Budgeting** | **xx** | **xx** |  |
| 2.1.1 | Capital Investment Plan with linkages | x | x |  |
| 2.1.1.1 | Consistency & alignment | x | x |  |
| 2.1.1.2 | Capturing O&M & recurrent costs | x | x |  |
| **etc.** | **etc.** |  |  |  |

Table 3.2. DLI 3: as per format below:-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **DLI 3, ULG Service Delivery Performance** | **Maximum Points** | **Name of City** | **Justification for Scoring**  **(Evidences produced, reference numbers and dates)** |
|  | **TOTALS** | **100** | **xx.xx** |  |
| **3.1** | **Job Creation** | **xx** | **xx.xx** |  |
| 3.1.1. | Cities’ achievement of jobs created | xx | xx.xx |  |
| **3.2.** | **Urban Infrastructure Targets** | **xx** | **xx** |  |
| 3.2.1. | Targets in CIP & AAP achieved | xx | xx |  |
| **3.3.** | **Maintenance performance** | **xx** | **xx** |  |
| 3.3.1 | Maintenance Budgeting and Implementation | xx | xx |  |
| 3.3.2. | Actual Maintenance | xx | xx |  |

Table 3.3. DLI 4: as per format below:-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **DLI 3, ULG Service Delivery Performance** | **Maximum Points** | **Name of City** | **Justification for Scoring**  **(Evidences produced, reference numbers and dates)** |
|  | **TOTALS** | **100** | **xx.xx** |  |
| **4.1** | **Local Economic Development** | **40** | **xx.xx** |  |
| 4.1.1.1 |  | xx | xx.xx |  |
| **4.2.** | **Urban Resilience** | **30** | **xx** |  |
| 4.2.1.1 |  | xx | xx |  |
| **4.3.** | **Gender Mainstreaming** | **xx** | **xx** |  |
| 4.3.1.1 | Maintenance Budgeting and Implementation | xx | xx |  |

**Section 4**: Review of previous APA and how weaknesses, observations and recommendations have been addressed in current APA

* Table 4.1. as per format below:-

|  |  |  |
| --- | --- | --- |
| **No** | **Weaknesses in previous APA** | **Progress Achieved in Current APA** |
| 1 |  |  |
| 2 |  |  |

* Table 4.1. as per format below: -

|  |  |  |
| --- | --- | --- |
| **No** | **Weaknesses in previous APA** | **Progress Achieved in Current APA** |
| 1 |  |  |
| 2 |  |  |

(2) Review of previous QA Report and how weaknesses, observations and recommendations have been addressed in current APA

* Table 4.2. as per format below: -

|  |  |  |
| --- | --- | --- |
| **No** | **Weaknesses in previous APA** | **Progress Achieved in Current APA** |
| 1 |  |  |
| 2 |  |  |

**Section 5**: Observations and Recommendations

* Narrative; and/or
* Table 5.1. as per format below

|  |  |  |
| --- | --- | --- |
| **No** | **Observation** | **Recommendation** |
| 1 |  |  |
| 2 |  |  |

**Annex 1**: Summary of Capacity Building Requirements

* insert completed Table as per format in Annex 3 of this APAG

**Annex 2**: Summary of Complaints

* insert completed Table as per format in Annex 3 of this APAG

**Annex 3**; Details of dates of presentation/briefing and wrap-up meetings, persons present and brief minutes documenting key aspects of any queries, issues raised or agreements made

**Annex 4**; Lists of all documents secured for the city providing evidence of the assessed performance

## Annex 3: APA Standard Formats for CB Requirements & Complaints

### Summary of Capacity Building Requirements for ULGs

**Name of ULG: ………………………………………….**

Date of Assessment:…………………..

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Minimum Conditions** | **Weaknesses** | **Remarks on Specific Disagreements between APA Consultant and ULG** |
| 1 | 3-year CIP with (AAP, budget, and APP |  |  |
| 2 | Financial statements submitted on time |  |  |
| 3 | External audit report is not adverse or has disclaimer |  |  |
| 4 | UIIDP co-funding requirements |  |  |
| 5 | Staff in place in six key positions |  |  |
| 6 | Fully operational ESMS in place |  |  |
| 7 | Fully operational procurement system in place |  |  |
| 8 | A fully operational CHS in place |  |  |
| **No.** | **DLI 2 Institutional Performance** | **Weaknesses** | **Remarks on Specific Disagreements between APA Consultant and ULG** |
| 1 | Planning and Budgeting |  |  |
| 2 | Assets Management |  |  |
| 3 | Public Financial Management |  |  |
| 4 | Procurement |  |  |
| 5 | Own-source Revenue Enhancement |  |  |
| 6 | Accountability and Transparency |  |  |
| 7 | Environment and social Safeguards |  |  |
| 8 | Land Management and Urban Planning |  |  |
| **No.** | **DLI 3. Infrastructure and Service Delivery Performance** | **Weaknesses** | **Remarks on Specific Disagreements between APA Consultant and ULG** |
| 1 | Urban Infrastructure Targets |  |  |
| 2 | Maintenance Performance |  |  |
| 3 | Quality of Infrastructure |  |  |
| **No.** | **DLI 4. Local Economic Development, Urban Resilience and Gender Mainstreaming** | **Weaknesses** | **Remarks on Specific Disagreements between APA Consultant and ULG** |
| 1 | Local Economic Development |  |  |
| 2 | Urban Resilience |  |  |
| 3 | Gender Mainstreaming |  |  |

### Summary of Capacity Building Requirements for RIAs

**Name of RIA: ………………………………………….**

Date of Assessment:………………..

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **DLI** | **RIA** | **Weaknesses** | **Remarks on Specific Disagreements between APA Consultant and RIA** |
| 1 | 5 | BUDHos |  |  |
| 2 | 6 | ORAGs |  |  |
| 3 | 7 | REPAs |  |  |
| 4 | 8 | RRAs |  |  |
| 5 | 9 | RPPPAAs |  |  |

### Complaint Form for ULGs

**Name of ULG: ………………………………………….**

Date of Assessment:………………..

|  |  |  |
| --- | --- | --- |
| **No.** | **Minimum Conditions** | **Specific Disagreements, and Justification of ULG’s Position** |
| 1 | A rolling 3-year CIP with (AAP, budget, and APP |  |
| 2 | Submitted financial statements on time |  |
| 3 | external audit report is not adverse or has disclaimer |  |
| 4 | Provided for its UIIDP co-funding requirements |  |
| 5 | Staff in place in six key positions |  |
| 6 | A fully operational ESMS in place |  |
| 7 | A fully operational procurement system in place |  |
| 8 | A fully operational CHS in place |  |
| **No.** | **DLI 2 Institutional Performance** | **Specific Disagreements, and Justification of ULG’s Position** |
| 1 | Planning and Budgeting |  |
| 2 | Assets Management |  |
| 3 | Public Financial Management |  |
| 4 | Procurement |  |
| 5 | Own-source Revenue Enhancement |  |
| 6 | Accountability and Transparency |  |
| 7 | Environment and social Safeguards |  |
| 8 | Land Management and Urban Planning |  |
| **No.** | **DLI 3 Service Delivery Performance** | **Specific Disagreements, and Justification of ULG’s Position** |
| 1 | Urban Infrastructure Targets |  |
| 2 | Maintenance Performance |  |
| 3 | Quality of Infrastructure |  |
| **No.** | **DLI 4. Local Economic Development, Urban Resilience and Gender Mainstreaming** | **Specific Disagreements, and Justification of ULG’s Position** |
| 1 | Local Economic Development |  |
| 2 | Urban Resilience |  |
| 3 | Gender Mainstreaming |  |

### Complaint Form for RIAs

**Name of RIA: ………………………………………….**

Date of Assessment:……………..

|  |  |  |
| --- | --- | --- |
| **No.** | **Minimum Conditions** | **Specific Disagreements, and Justification of RIA’s Position** |
| 1 | BUDHos |  |
| 2 | ORAGs |  |
| 3 | REPAs |  |
| 4 | RRAs |  |
| 5 | RPPPAAs |  |

## . Annex 4: Disbursement Linked Indicator Matrix

Table 7. Disbursement Linked Indicator Matrix

| **DLI** | ***Total financing allocated to DLI[[26]](#footnote-27)*** | ***As percent of total financing amount*** | ***DLI Baseline[[27]](#footnote-28)*** | ***Indicative Timeline for DLI Achievement*** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year 1**  **EFY2010**  **(year ended July 7, 2018)** | **Year 2**  **EFY2011**  **(year ended July 7, 2019)** | **Year 3**  **EFY2012**  **(year ended July 7, 2020)** | **Year 4**  **EFY2013**  **(year ended July 7, 2021)** | **Year 5**  **EFY 2014**  **(year ended July 7, 2022)** |
| **DLI 1**  Eligible ULGs have achieved Program minimum conditions. |  |  | 0 |  | 117 ULGs | 117 ULGs | 117 ULGs | 117 ULGs |
| **DLI 1 Allocated amount** | **$109.32 million** | **19.0%** |  |  | **$27.33 million** | **$27.33 million** | **$ 27.33 million** | **$ 27.33 million** |
| **DLI 2**  Eligible ULGs have strengthened institutional performance. |  |  | 0 |  | 70  (average score) | 75  (average score) | 80  (average score) | 85  (average score) |
| **DLI 2 Allocated amount** | **$190.09[[28]](#footnote-29) million** | **33.0%** |  |  | **$ 34.21 million[[29]](#footnote-30)** | **$51.96 million** | **$51.96 million** | **$51.96 million** |
| **DLI 3**  Eligible ULGs have implemented quality infrastructure and maintenance activities and ensured value for money |  |  | 0 |  | 70  (average score) | 75  (average score) | 80  (average score) | 85  (average score) |
| **DLI 3 Allocated amount** | $**90.09 million** | **15.6%** |  |  | **$16.23 million** | **$24.62 million** | **$24.62 million** | **$24.62 million** |
| **DLI 4**  Eligible ULGs have strengthened performance on LED, urban resilience and gender mainstreaming |  |  | 0 |  |  | 60  (average score) | 65  (average score) | 70  (average score) |
| **DLI 4 Allocated amount** | **$52.95 million** | **9.2%** |  |  |  | **$17.65 million[[30]](#footnote-31)** | **$17.65 million** | **$17.65 million** |
| **DLI 5**  Regional support teams have delivered effective capacity building services to Eligible ULGs in urban institutional and infrastructure development. |  |  |  |  | CB Plan of and TOR for RMTs prepared and positions are in place. The CB plan covers at least 4 modalities and at least 80% of the thematic focus areas from the POM. Teams are in place and operating. | CB Plan of and TOR for RMTs prepared and positions are in place. The CB plan covers at least 4 modalities and at least 80% of the thematic focus areas from the POM.  Teams are in place and operating. Annual CB needs assessment conducted by involving all regional entities covering all thematic areas and representatives of the ULGs. | CB Plan of and TOR for RMTs prepared and positions are in place. The CB plan covers at least 4 modalities and at least 80% of the thematic focus areas from the POM.  Teams are in place and operating.  Annual CB needs assessment conducted by involving all regional entities covering all thematic areas and representatives of the ULGs.  Execution of CB plan and outputs. | CB Plan of and TOR for RMTs prepared and positions are in place. The CB plan covers at least 4 modalities and at least 80% of the thematic focus areas from the POM.  Teams are in place and operating.  Annual CB needs assessment conducted by involving all regional entities covering all thematic areas and representatives of the ULGs.  Execution of CB plan and outputs. |
| **DLI 5 Allocated amount** | **$27.88 million** | **4.8 %** |  |  | **$6.97 million** | **$6.97 million** | **$6.97 million** | **$6.97 million** |
| **DLI 6**  Regional Government Audit Agencies (ORAGs) have carried out timely audits of Eligible ULGs’ financial reports |  |  | 0 |  | 117 ULG audits completed | 117 ULG audits completed | 117 ULG audits completed | 117 ULG audits completed |
| **DLI 6 Allocated amount** | **$14.96 million** | **2.6 %** |  |  | **$3.74 million** | **$3.74 million** | **$3.74 million** | **$3.74 million** |
| **DLI 7**  Regional environment protection, forest and climate change authorities (REFAs) have completed timely review of Eligible ULGs’ environmental and social safeguards compliance. |  |  | 0 |  | 117 ULGs safeguards performance reviews and annual audits completed | 117 ULGs safeguards performance reviews and annual audits completed | 117 ULGs safeguards performance reviews and annual audits completed | 117 ULGs safeguards performance reviews and annual audits completed |
| **DLI 7 Allocated amount** | **$13.12 million** | **2.3 %** |  |  | **$3.28 million** | **$3.28 million** | **$3.28 million** | **$3.28 million** |
| **DLI 8**  Regional Revenue Bureaus (RRBs) have supported Eligible ULG revenue mobilization[[31]](#footnote-32) |  |  | 0 |  | 117 ULGs revenue mobilization supported | 117 ULGs revenue mobilization supported | 117 ULGs revenue mobilization supported | 117 ULGs revenue mobilization supported |
| **DLI 8 Allocated amount** | **$7.04 million** | **1.2%** |  |  | **$1.76 million** | **$1.76 million** | **$1.76 million** | **$1.76 million** |
| **DLI 9**  Regional Public Procurement and Property Administration Agencies (RPPPAA) conduct timely and quality procurement audit of Eligible ULG’s accounts and performance.[[32]](#footnote-33) |  |  | 0 |  | Procurement audit plan with ToR for the audit elaborated. | 117 ULGs audits completed on time and qualityto be incorporated in the APA. ie. audit is planned and procurement audit conducted for 117 ULGs by end of November  in compliance with the APAG. | 117 ULGs audits completed on time and qualityto be incorporated in the APA. ie. audit is planned and procurement audit conducted for 117 ULGs by end of November  in compliance with the APAG. | 117 ULGs audits completed on time and qualityto be incorporated in the APA. ie. audit is planned and procurement audit conducted for 117 ULGs by end of November  in compliance with the APAG. |
| **DLI 9 Allocated amount** | **$7.04 million** | **1.2 %** |  |  | **$1.76 million** | **$1.76million** | **$1.76 million** | **$1.76 million** |
| **DLI 10**  Strengthening institutional performance, infrastructure and service delivery, maintenance, and job creation for 44 ULGs (Prior Results). |  |  | 0 | Achieved average target of 92 points in the APA. |  |  |  |  |
| **DLI 10Allocated amount** | **US$63.74 million** | **11.1%** |  | **$63.74 million** |  |  |  |  |
| **Total Financing Allocated based on DLIs:** | **US$576.23 million** | **100.0%** | **0** | **$63.74 million** | **$95.29million** | **$139.07 million** | **$139.07 million** | **$139.07 million** |

## . Annex 5: Verification Protocol Table and Bank Disbursement Table

Table 8. Disbursement Linked Indicator Verification Protocol

| **#** | **DLI** | **Definition/**  **Description of achievement[[33]](#footnote-34)** | **Scalability** | **Data Source** | **Verification Entity** | **Procedure** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | ULGs have achieved Program minimum conditions. | The indicator will be satisfied when the APA has been completed, and based only on the minimum conditions, the disbursements to Program ULGs have been determined. | Yes | ULG compliance with Program minimum conditions assessed by the independent performance assessment. | TC, based on inputs from the  independent private firm carrying out the APA (*Note: The ToR of the firm must be acceptable to the WB).*  Draft Assessment reports are submitted by the APA simultaneously for review to the final verification entity – the TC[[34]](#footnote-35), which verifies the results, and the WB for review.  Neither party can modify such reports except for factual errors. | MUDCo hires private sector consulting/audit firm(s) (whose TOR must be acceptable to the WB) to carry out the independent APA.  APA determines whether all minimum conditions have been met for each ULG.  The APA firm calculates the allocation to each ULG as per the formula in the WB disbursement table and provides the aggregate disbursement amount (along with the full APA) simultaneously to government and the WB for review.  The TC reviews and verifies the results which are and then approved by the SC.  QAR/review by the WB.  As part of implementation support, WB will review the assessment results. WB retains the right to make the final decision as to whether a DLI has been achieved or not. The WB reviews and provides QAR of sample findings to ascertain that it is satisfied with the quality of results. |
| 2 | ULGs have strengthened institutional performance.[[35]](#footnote-36) | The indicator will be satisfied when the APA has been completed (based on the minimum conditions and performance measures) and the allocation based on the score of all ULGs has been determined. The achievement rate will be determined by the results in the APA (average scores against the annual targets set). | Yes | ULG progress against Program performance measures assessed by independent APA. | Same as above | Same as in DLI 1, MUDCo hires private sector firm(s) to carry out the independent APA. APA assigns a score to each ULG. The firm(s) will calculate the allocation to each ULG as per the formula in the WB disbursement table, and provide the aggregate disbursement amount simultaneously to the government and the WB for review.  The APA results are finally verified by the TC, and approved by SC.  QAR by the WB.  As part of implementation support, WB will review the assessment results. The WB retains the right to make the final decision as to whether a DLI has been achieved or not. |
| 3 | ULGs have implemented quality infrastructure and maintenance activities and ensured VfM. | The indicator will be satisfied when the APA has been completed (based on the minimum conditions and performance measures) and the allocation based on the score of all ULGs has been determined.  The achievement rate will be determined by the results in the APA (average scores against the annual targets set). | Yes | ULG progress against Program performance measures assessed by independent APA and performance as assessed by the independent VfM audits (which contribute as part of the results in the APA). | Same as above. | Similar to DLIs 1 and 2 above.  In addition to the above, the VfM Audit results will be incorporated in the APA results. Its results will be shared with the APA firm, and included in the overall results. Then, as under DLIs 1 and 2, the firm will calculate the allocation to each ULG as per the formula in the WB disbursement table, considering the findings of the VfM and provide the aggregate disbursement amount simultaneously to government and the WB for review.  QAR by the WB.  The TC finally verifies the results which are approved by the SC.  As part of implementation support, WB will review the assessment results. The WB retains the right to make the final decision as to whether a DLI has been achieved or not. |
| 4 | ULGs have strengthened performance on LED, resilience and gender mainstreaming. | The indicator will be satisfied when the APA has been completed (based on the minimum conditions and performance measures) and the allocation based on the score of all ULGs has been determined.  The achievement rate will be determined by the results in the APA (average scores against the annual targets set). | Yes | ULG progress against Program performance measures assessed by independent APA. | Same as above | Same as DLI 1 and 2 above. |
| 5 | Regional support teams have delivered effective capacity building services to ULGs in urban institutional and infrastructure development. | Achievement of the DLI will be determined on the basis of (a) existence of work plans, (b) staff deployment as per plan, (c) field work as per plan, and (d) effectiveness of the support, measured in the percentage of ULGs under the team’s care that pass the Minimum Conditions. | Yes (allocation per region, which is calibrated) | Regional government performance against capacity plan reviewed and assessed by the APA team. | Same as above | This will be finally verified by the TC, and approved by SC and after review by the WB.  SC finally verifies the results.  Sample QAR (WB).  SC and WB approve. |
| 6 | ORAGs have carried out timely audits of ULGs’ financial reports. | This indicator will be fulfilled when the regional audit entities, or their delegated agencies, which includes certified private audit firms, carry out and complete the financial audits of ULGs in their jurisdictions by January 7 of each year. | Yes | APA | Same as above | The private consulting/audit firm will assess that the results against this indicator, following the same process of verification as in the DLIs above. |
| 7 | REFAs have completed timely review of ULGs’ environmental and social safeguards compliance. | This indicator will be fulfilled when the REFAs have carried out the regular performance safeguards reviews and annual audits of ULGs in their jurisdictions before end of October each year. | Yes | APA | Same as above | The private sector consulting/audit firm will assess that the results against this indicator, following the same process of verification as in the DLIs above. |
| 8 | RRBs have supported ULG revenue mobilization. | This indicator will be fulfilled when Regional revenue authorities/ BoFEDs have held consultations with the ULGs on tax rates and bands, with review of REPs and have updated the tariff regulations as per the verification protocol. | Yes | APA | Same as above | The private consulting/audit firm (APA) will assess and verify the results against this indicator, following the same process of verification as in the DLIs above. The APA will review whether there have been consultations, documented with minutes. |
| 9 | RPPPAA conduct timely and quality procurement audit of ULG’s accounts and performance. | This indicator will be fulfilled when the regional procurement audit entities, or their delegated agencies, performing procurement audits of ULGs in their jurisdictions by no later by January 7 of each year. | Yes | APA | Same as above | The private sector consulting/audit firm will assess that the results against this indicator, following the same process of verification as in the DLIs above under DLIs 4-7. The APA team will check that the time and quality of the procurement audit is in accordance with the APA guidelines on MCs and PMs for procurement. |
| 10 | Strengthening institutional performance, infrastructure and service delivery, maintenance, and job creation for 44 ULGs. (Prior Results) | This result will be fully achieved if ULGs have the average score of 92 points on institutional performance, service delivery, maintenance and job creation in the APA in FY2017/18. | Yes | APAs which have documented results against targets | Same as above. | Based on the APA conducted in FY2017/18 and review of results against prior result defined as 92 points. |

Table 9. Bank Disbursement Table

| **#** | **DLI** | **Bank financing allocated to the DLI**  **(US$, million)** | **Of which Financing available for** | | **Deadline for DLI Achievement** | **Minimum DLI value to be achieved to trigger disbursements of Bank Financing** | **Maximum DLI value(s) expected to be achieved for Bank disbursements purposes** | **Determination of Financing Amount to be disbursed against achieved and verified DLI values** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Prior results | Advances |
| 1 | ULGs have achieved Program minimum conditions. | US$109.32 million | 0 | 0 | At point of time for the APA | 0 | 117 ULGs | Disbursement from the WB is calculated on the basis of compliance of ULGs with minimum conditions. (US$27.33million per annum) for 4 years FY2019/20, 2020/21, FY2021/22 and FY2022/23  Formula for disbursement from the WB to government is:  [total annual disbursement] = [total population in all minimum condition compliant ULGs] X [US$4.13]  Formula for disbursement from government to ULGs is:  [disbursement to each ULG] = [total population in that ULG] X [US$4.13], provided that the ULG has complied with the minimum conditions.  Disbursement will be made if previous financial year’s disbursements from government to ULGs have all been made. |
| 2 | ULGs have strengthened institutional performance.[[36]](#footnote-37) | US$190.09 [[37]](#footnote-38) million | 0 | 0 | At point of time for the APA | 0 | 100% performance | Disbursement from the WB to government will be determined as:  Compliance of ULGs with minimum conditions measured (as above);  Sum of scores of all ULG calculated (non-minimum condition compliant ULGs are assigned a score of zero) and divided by 117 (note in FY2019/20 only the 44 current ULGDP-II ULGs will get access to the funds and the adjusted amount for this will be divided between those 44 ULGs);  A. If score equal to target for financial year, full allocation,  B. If score below target for the financial year, pro-rata reduction,  C. If score above target for financial year, pro-rata increase.  Disbursement will be made if previous disbursements from government to ULGs have all been made.  Disbursement from the government to ULGs will be determined as: Total disbursement amount (as calculated above) divided across compliant ULGs in accordance with population and score.  Formula for disbursement from the Bank to the government is:  [total annual disbursement] = [{sum of individual scores of all ULGs/117 (first year only 44 ULGs)\*}/ {target score for the financial year}] X [target disbursement amount i.e**. US$51.87 million for 117 ULGs** in FY 2020/21, FY 2021/22 and FY 2022/23 (first financial year only **US$34.17 million** for the 44 targeted ULGs)]  Performance targets for this DLI are:  2019/20: 70 points  2020/21: 75 points  2021/22: 80 points  2022/23: 85 points  Formula for disbursement from government to ULGs in 2019/20 is:  [disbursement to any ULG] = [population of ULG X performance score of ULG] / [∑ (population of ULG 1-..44 X performance score of ULG 1-..44)] X [total disbursement amount for the financial year], if the ULG has complied with the minimum conditions.  Formula for disbursement from government to ULGs in FY2020/21, FY2021/22 and FY2022/23 is:  [disbursement to any ULG] = [population of ULG X performance score of ULG] / [∑ (population of ULG 1-..117 X performance score of ULG 1-..117] X [total disbursement amount for the financial year], if the ULGA has complied with the minimum conditions.  \* *Note:* For the new 73 ULGs, this DLI will only be applied from 2020/21 and the following financial year, hence amount to be distributed in FY2019/20 is only **US$34.17** million which will only be allocated across the 44 ULGs. |
| 3 | ULGs have implemented quality infrastructure and maintenance activities and ensured VfM. [[38]](#footnote-39) | US$90.09 million | 0 | 0 | At point of time for the APA | 0 | 100% performance | Disbursement from the WB to government will be determined as:  Compliance of ULGs with minimum conditions measured (as above);  Sum of score of all ULGs calculated (non-minimum condition compliant ULGs are assigned a score of zero) and divided by 44 ULGs (in 2019/20) and by 117 ULGs in FY2020/21, FY2021/22 and FY2022/23.  A. If score equal to target for the financial year, full allocation,  B. If score below target for the financial year, pro-rata reduction,  C. If score above target for the financial year, pro-rata increase.  Disbursement from the government to ULGs will be determined as: Total disbursement amount (as calculated above) divided across compliant ULGs in accordance with population and score.  Formula for disbursement from the WB to the government is:  [total annual disbursement] = [{sum of individual scores of all ULGs/117 (first year only 44 ULGs)\*}/ {target score for the financial year}] X [target disbursement amount that is, US$24.62m for 117 ULGs in FY2020/21, FY2021/22 and FY2022/23. In FY2019/20, the amount is: US$16.23 million for the 44 targeted ULGs)]  2019/20: 70 points  2020/21: 75 points  2021/22: 80 points  2022/23: 85 points  Formula for disbursement from government to ULGs in 2019/20 is:  [disbursement to any ULG] = [population of ULG X performance score of ULG] / [∑ (population of ULG 1-..44 X performance score of ULG 1-..44)] X [total disbursement amount for the financial year], if the ULG has complied with the minimum conditions.  Formula for disbursement from government to ULGs in FY2020/21, FY2021/22 and FY2022/23 is:  [disbursement to any ULG] = [population of ULG X performance score of ULG] / [∑ (population of ULG 1-..117 X performance score of ULG 1-..117)] X [total disbursement amount for the financial year], if the ULGA has complied with the minimum conditions.  \* Note: For the new 73 ULGs, this DLI will only be applied for 2020/21, FY2021/22 and FY2022/23, hence amount to be distributed in FY2019/20: US$16.23 million will only be allocated across the 44 targeted ULGs.  Disbursement will be made if previous disbursements from government to ULGs have all been made. |
| 4 | ULGs have strengthened performance on LED, urban resilience and gender mainstreaming. | US$52.95 million | 0 | 0 | At point of time for the APA | 0 | 100% performance | Disbursement from the WB to government will be determined as:  Compliance of ULGs with minimum conditions measured (as above);  Sum of score of all ULGs calculated (non-minimum condition compliant ULGs are assigned a score of zero) by 117 ULGs in FY2020/21, FY2021/22 and FY2022/23.  A. If score equal to target for the financial year, full allocation,  B. If score below target for the financial year, pro-rata reduction,  C. If score above target for the financial year, pro-rata increase.  Disbursement from the government to ULGs will be determined as: Total disbursement amount (as calculated above) divided across compliant ULGs in accordance with population and score.  Formula for disbursement from the WB to the government is:  [total annual disbursement] = [{sum of individual scores of all ULGs/117 \*}/ {target score for the financial year}] X [target disbursement amount that is, US$17.65m for 117 ULGs in FY2020/21, FY2021/22 and FY2022/23]  2020/21: 70 points  2021/22: 75 points  2022/23: 80 points  Formula for disbursement from government to ULGs in FY2020/21, FY2021/22 and FY2022/23 is:  [disbursement to any ULG] = [population of ULG X performance score of ULG] / [∑ (population of ULG 1-..117 X performance score of ULG 1-..117)] X [total disbursement amount for the financial year], if the ULGA has complied with the minimum conditions.  Disbursement will be made if previous disbursements from government to ULGs have all been made. |
| 5 | Regional support teams have delivered effective capacity building services to ULGs in urban institutional and infrastructure development. | US$27.88 million | 0 | 0 | At the point of time for assessment | n.a. | 10 RMTs (US$6.97 million per year) | 10 teams X 697,000 (if targets achieved) Reductions in case minimum requirements and results are not met.  Maximum amount per regional mobile where the CB plans, formats and achievement is achieved as per requirements: US$**697,000 per team**. Reduction for lack of achievement rates according to protocol.  See the verification protocol and narrative in annex 11 for the details |
| 6 | Regional Government Audit Agencies (ORAGs) have carried out timely audits of ULGs’ financial reports. | US$14.96 million | 0 | 0 | By end of February each year |  | All regions supporting all 117 ULGs (US$3.74 million per year) | Audit: US$14.98 million/ = US$3.74 million per year  Disbursement calibrated in a manner where each region receives **US$32,000 per ULG**, for which the audit has been made for the accounts of the previous financial year. If a region has covered 7 ULGs in a timely fashion, it will be allocated 7 X US$32,000. Reduction in amounts **if standards** are not followed as per the verification protocol.  The timeliness of audit is reviewed and verified by the APA teams in January each year, with implications for the allocations for the following financial year.  Amount of funds is calibrated in accordance with number of timely audit in the regions (timely audit means that the final audit report is issued no later than January 7 after the financial year for which the audit concerns. |
| 7 | Regional environment protection, forest and climate change authorities (REFAs) have completed timely review of ULGs’ environmental and social safeguards compliance. | US$13.12 million | 0 | 0 | By end of February each Year |  | All regions supporting all 117 ULGs (US$3.28 million per year) | Environmental and social safeguards audit and reviews: US$13.02 million / 4years = US$3.28 million per year:  Disbursement calibrated in a manner where the disbursement is: **US$28,000 per ULG** for which the region has performed timely review/audit and approval of safeguard documents and review of implementation capacity for environmental and social mitigation and monitoring measures for CIP and environmental and social audit (annual). Reduction and calibration as per the narrative, annex 11.  If a region has conducted timely audit of 6 ULGs, the allocation will be 6 x US$28,000. |
| 8 | Regional Revenue Authorities have supported ULG revenue mobilization. | US$7.04 million | 0 | 0 | By end of February each year |  | All regions supporting all 117 ULGs (US$1.76 million per year) | Regional revenue authorities providing support to revenue mobilization: US$7.02 million / 4 years = US$1.76 million per year.  **US$15,000** per ULG per year which is supported in accordance with target in the protocol.  Disbursements are made according to the number of ULGs where regions have conducted consultative review with ULGs of municipal revenues/tariff/tax rates and bands, and REPs, and up-dated tariff proclamations with consultation and decisions recorded in regional council minutes in the year before the APA:  Disbursement calibrated as US$15,000 per ULG where conditions are fulfilled, as per the annex 11 with calibration for performance. |
| 9. | Regional Public Procurement and Property Administration Agencies (RPPPAA) conduct timely and quality procurement audit of ULG’s accounts and performance. | US$7.04 million | 0 | 0 | By end of February each Year |  | All regions supporting all 117 ULGs (US$1.76 million per year) | Procurement audit: US$7.02m/ 4 years = US$1.76 million per year.  Disbursement calibrated in a manner where each region receives **US$15,000 per ULG**, for which the audit has been made for the accounts of the previous financial year in accordance with the standards outlined in the APA Guidelines, and with compiled timely reports (by January 7). If a region has covered 7 ULGs in a timely fashion, it will be allocated 7 X US$15,000.  The timeliness of audit is reviewed and verified by the APA teams in January each year, with implications for the allocations for the following financial year.  Amount of funds is calibrated in accordance with number of timely audit in the regions (timely audit means that the final procurement audit report is issued no later than January 7 after the financial year for which the audit concerns). To achieve the compliance, the quality of the reports has to comply with the APA guidelines and compiled in a consolidated report. Calibration of amounts per audit as per narrative in annex 11. |
| 10. | Strengthening institutional performance, infrastructure and service delivery, maintenance, and job creation for 44 ULGs. (Prior Results) | US$63.74 million | Yes | 0 | As per the legal agreement |  | 63.74 million | The target score for disbursement of US$63.74 million is an average score of 92 for all ULGs for the 44 ULGDPII Program ULGs: (a) institutional performance and (b) implementation of their local infrastructure, maintenance, and job creation activities (as measured against their CIPs and their Annual Action Plans) as determined in the APA conducted in FY2017/18 for FY2018/19 allocations.  Proportional scalability up and down with less and more points than targeted, that is, if 90 points, it is 90/92 X US$63.74 million, and so on. |

## 

## Annex 6. Procurement Audit TOR

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**Ministry of Urban Development and Construction**

**URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM (UIIDP)**

**TERMS OF REFERENCE**

**FOR**

**PROCUREMENT AUDIT**

**BY**

**REGIONAL PUBLICPROCUREMENT ANDPROPERTY ADMINISTRATION AGENCIES (RPPPPAs)**

**OF ----- ULGs PARTCIPATING IN UIIDP**

**July 2020**

**ABBREVIATIONS AND ACRONYMS**

AFD *AgenceFrançaise de Développement* (French Development Agency)

APA Annual Performance Assessment

APAG Annual Performance Assessment Guidelines

BoFED Bureau of Finance and Economic Development (Regional)

BUDCo Bureau of Urban Development and Construction (part of regional governments)

CBP Capacity Building Plan

CIP Capital Investment Plan

EFY Ethiopia financial year

ETB Ethiopian birr

FMT Federal Mobile Team

FSC Federal Steering Committee

FTC Federal Technical Committee

FPPPAA Federal Public Procurement and Property Administration Agency

FY Financial Year

GC Gregorian Calendar

GoE Government of Ethiopia

GTP Growth and Transformation Plan

ICB International Competitive Bidding

IDA International Development Association

MoFEC Ministry of Finance and Economic Cooperation

O&M Operations and maintenance

OFAG Office of Federal Auditor General

ORAG Office of Regional Auditor General

PAP Program Action Plan

PDO Program Development Objective

PforR Program for Results

PM Performance Measure

POM Program Operational Manual

PPSD Project Procurement Strategy Document

QCBS Quality and Cost Based Selection

REOI Request for Expressions of Interest

RMT Regional Mobile Team

RSC Regional Steering Committee

RTC Regional Technical Committee

TAC Tender Award Committee

ToRs Terms of Reference

UIIDP Urban Institutional and Infrastructure Development Program

ULG Urban Local Government

ULGDP Urban Local Government Development Project (or ULGDP I)

ULGDP II Second Urban Local Government Development Program

UREFMFB Urban Revenue, Fund Mobilization and Finance Bureau in MUDCo

**1.** **INTRODUCTION**

In Ethiopia, for federal level budgetary bodies, public procurement is regulated by the Public Procurement and Property Administration Proclamation No. 649/2009 and the Federal Public Procurement Directive dated June 2010.

The Proclamation established the Federal Public Procurement and Property Administration Agency (FPPPAA) as a body responsible for regulation and monitoring of federal bodies’ public procurement activities. The FPPPAA has also developed and issued the Public Procurement Manual dated December 2011, Public Procurement Audit Manual dated May 2011 and the Manual on Procurement Complaint Procedure dated April 2011.

The nine regional states and two federal city administrations, Addis Ababa and Dire Dawa, have their own procurement proclamations and directives, which are based on the federal prototype. The ULGs are required to abide by their respective regional procurement laws. At the federal level, directives, manuals, and standard bidding documents and standard requests for proposals templates have been issued. Most of the regional states have also issued these. However, some of the standard bidding documents and standard requests for proposals templates are not comprehensive, and some of the procuring entities lack knowledge and understanding of the proper implementations of the procurement legal framework. As a general assessment, the procurement legal framework of the nine regional states and two city administrations are found to be sufficient, with some shortcomings with respect to content and many weaknesses in implementation.

The major issues with all the implementing agencies are the weakness of implementation of the applicable public procurement rules and procedures including complaints handling and oversight mechanisms. Both the regional government entities and the ULGs have limited capacity to follow the rules and procedures, so there is a risk of the agencies under performance in implementing the applicable procedures under the program. The overall performance of procuring entities in complying with the established system and therefore ensure transparency, efficiency, and economy is found to be deficient.

Several risks were identified for Program procurement and contracts administration. These are:

(a) Non-compliance with national and regional directives;

(b) Weak procurement capacity at the ULGs;

(c) Transparency and fairness issues related to procurement process, as the result of not implementing the legal procedures available;

(d) Competitiveness issues as the result of involvement of state-owned enterprises in tenders and application of different preferential treatment and reservation schemes to MSEs;

(e) Weak accountability, integrity and oversight arrangements;

(f) Weak contracts administration, complaints handling mechanism, and the inefficient resolution of contractual disputes;

(g) Poor procurement recording;

(h) Skill and knowledge gap in the procurement staffs of ULGs as well as the Tender Award/Procurement Endorsing Committee members; and

(i) Some of ULGs Procurement Plan is not SMART especially in not procuring as per the planned time.

To overcome the above mentioned the following four mitigation measures should be implemented:

First, ULGs will have to comply with the MCs to participate in the Program. These include having the minimum institutional and staff capacity in place. This will be checked annually through APA.

Second, implementation of activities specified in the PAP will be closely monitored. This includes measures to build capacity of ULGs and other entities for procurement.

Third, an annual procurement performance audit will be carried out through the Regional Public Procurement and Property Administration Agencies (RPPPAAs). This will also be supported by DLI 8 providing an incentive for the RPPPAAs to perform.

Fourth, the MUDCo through the OFAG or an consultant will carry out VfM audits of ULGs’ investments in infrastructure.

As per the Program Operation Manual, the responsibility for third mitigation measure is given to FPPPAA and the RPPPAAs to achieve the program objective shortly described as follows:

* 1. **Urban Institutional and Infrastructure Development Program**

The Ministry of Urban Development and Construction of the Federal Democratic Republic of Ethiopia, with support from the World Bank and the Agence Francaise de Development (AFD) is implementing the Urban Institutional and Infrastructure Development Program (UIIDP) during the period from March 2018 to December 2023.

The UIIDP will provide Performance Grants (PGs) for investments in infrastructure and services and in capacity building for 117 urban local governments (ULGs) and capacity building in all nine Regional Governments (RGs), MUDCo and several Regional Ministries/Agencies.

The UIIDP is being financed through World Bank & AFD Program-for-Results (PforR) financing instrument at the regional and ULG levels and an Investment Project Financing (IPF) instrument at the Regional level. The regional governments and urban local governments are expected to provide matching funds (counterpart contributions) as per the percentages agreed between MUDCo and the World Bank which are stated in the IIDP Program Operations Manual.

Funding available under the UIIDP will depend on the performance of each city and Regional Government assessed annually against verifiable results described in the Program Operations Manual (POM) and in the Annual Performance Assessment Guideline (APAG) which is a standalone Annex of the POM.

Program Development Objective

The Program Development Objective (PDO) of the UIIDP is to enhance the institutional performance of participating urban local governments to develop and sustain urban infrastructure, services, and local economic development.

1. **BACKGROUND TO THE PROCUREMENT AUDIT**

As per the Ethiopian Procurement Laws, the RPPPAAs have mandates to conduct procurement audits on public entities within their jurisdictions. The FPPPAA will be responsible for all training of regional and ULG officials on procurement laws, procedures and procurement audits and ensuring the quality, consistency and alignment of the procurement audit reports. Each Regional Public Procurement and Property Administration agency will monitor the proper applications of the legal procedures including availing the legal documents to the ULGs. The compliance with the legal procedures and use of appropriate procedures will be monitored through annual procurement audits carried out by the RPPPAAs.

The UIIDP has been designed to improve the performance of the audit functions of the RPPPAAs through performance grants based on dedicated DLI. This design incentivizes the RPPPAAs to better build their audit capacity, control their budget and enhance performance. It is intended that this enhanced capacity and capability will assist the RPPPAAs to effectively carryout their statutory obligations of carrying out procurement audits on all public entities under their jurisdictions.

The RPPPAAs will carry out audits of each ULG and paid under DLI 9 based on timely and quality audit for each ULG. The UIIDP APAG provides that the assessment for DLI 9 will carried out as per Table 1 below.

**Table 1.DLI 9. Regional Procurement Audit by the RPPPAAs**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9** | **Regional Procurement Audit by the RPPPAAs** | |  | **Scoring** | **Evidence to be Produced** |  |
|  | 1. | Procurement Audit report produced timely. | prior | *First Year,* RPPPAA must prepare a procurement audit plan with TOR for the audit to get access to funds.  *From Second* APA:  **As a minimum condition to access fund** related to audit of a ULG, RPPPAA must deliver timely audit (**by** no later than six Ethiopian calendar months after the the end of the EFY). If the condition is satisfied, scoring calibrated as shown in (2) and (3) below: -: | Procurement Audit with its transmittal letter dated r no later than six Ethiopian calendar months after the the end of the EFY | 1st APA  2st to 4th APAs |
|  | 2. | Quality of Audit **(25% reduction max)** | prior | Audit Planning Sampling, Audit Execution, and Audit Reporting as per the TOR included in the POM   1. The Audit Planning includes audit schedules, audit entry meeting; timely notification of the auditee on the audit to be conducted; 2. The Audit staff/consultant shall have a minimum of 5 years relevant experience and BA/BSC Degree in procurement and supply chain management, Economics, Law, Engineering, Management, Accounting or other related fields of study 3. The selected samples are representative considering the nature, complexity, value, and method of procurement; 4. The Audit was conducted as scheduled without unnecessary disruptions; 5. The Audit Report is completed with enough documentation of the auditing procedures followed, audits carried out on all the stages of the procurement and contract management process, audit findings/recommendations; audit report written in a clear language and concise and manner; 6. Consistency of Audit Recommendations with Audit findings;   **Scoring:**  The procurement audit shall be conducted as per the TOR enclosed in Annex 6 of this APAG  If 5 out of 6 are satisfied, no reduction; if 4 out of 6 are satisfied, reduce 10%, otherwise, reduction of 25%. | Audit report duly signed by the RPPPAA.  Attendance sheets for Audit entry and exit meetings.  Letters from RPPPAA notifying the auditee on the audit schedule;  Letters from RPPPAA submitting the Audit reports. |  |
|  | 3. | Follow up of implementation of Audit Findings and Recommendations **(25% reduction max)** | prior | A checklist of audit findings/recommendations showing all audit findings/recommendations of the previous year (including those spilled over from previous years, if not addressed); status of implementation of each finding/recommendation, action taken on offenders  **Scoring:**  If not complied with 25% reduction for each ULG where this is not complied with. | RPPPAAs’ audit findings/recommendations follow up checklist. |  |

1. **OBJECTIVES OF THE PROCUREMENT AUDIT**

The objectives of this Procurement Audit are as follows:

* 1. Verify the procurement procedures followed for the project, and identify noncompliance with the agreed provisions of the legal agreement and applicable Guidelines;
  2. To review the procurement planning, processing, contracting, and implementation processes for all the participating cities, to confirm their consistency with the agreed program procurement systems, Project Operational Manual and the Financing Agreement.
  3. To review at the ULG level, the availability, sustainability and operationally effectiveness of the program procurement systems (legislative, institutional and operational systems including availability of qualified staff, tender award or procurement endorsing committees and complaints handling systems) and overall performance of the system in terms of procurement planning and implementation.
  4. To seek a professional opinion on compliance by the procurement processes with the general principle of economy and efficiency, equal opportunities, transparency and verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample of contracts.
  5. To review the capacity of implementing agencies (ULGs) in handling procurement efficiently, comment on the quality of procurement and contracting, and identify reasons for delays, if any and overall, how procurement management facilitates Program implementation.
  6. To identify any indicators of questionable standards of ethics in the procurement management and oversight environment that make the processes vulnerable to fraud and corruption or collusive and obstructive practices and report any suspicious cases. Note fraud and corruption red flags and report any evidence of fraud and corruption.
  7. To review the effectiveness of procurement complaints handling, contracts implementation effectiveness in terms of quality delivery (timeliness, cost and fitness to the purpose).
  8. To recommend actions needed to improve project procurement and contracts delivery performance in light of deficiencies.
  9. To verify that ULGs stated in all their bidding documents that bidders debarred or suspended by the World Bank are not eligible to bid and contracts are not awarded to such bidders. The list may be found on the World Bank website: http://web.worldbank.org › Projects › Procurement‎.
  10. To review procurement complaints, reasonableness of decisions and indicate actions to be taken to avoid similar complaints and unreasonable decisions, if any.
  11. Produce an annual procurement audit report to be provided to the audited ULG, Regional Bureau of Finance and Economic Development, Regional Bureau of Urban Development (RGs), Regional Offices of Auditor Generals, FPPPAA, MUDHo and World Bank.
  12. Check that technical compliance and physical completion reviews for the contracts in the selected sample have been carried out.

1. **SCOPE OF THE PROCUREMENT AUDIT**

The annual Procurement Audit will cover all the cities in the region that are participating in the UIIDP and review the proper implementation of the program procurement system, institutional setups, availability of skilled staff and clear procurement decisions and delegations. Apart from the institutional and legal systems, the Auditor will look into the procurement planning and effectiveness of the plan implementation. The Regional Public Procurement and Property Administration Agencies (RPPPAAs) will sample contracts procured from each participating city and conduct detailed review of the entire transaction process from compliance and performance aspects. The Procurement Audit will cover a minimum of 25% of all rolled and new completed contracts by each implementing ULG each audit year.

1. **METHODOLOGY OF THE PROCUREMENT AUDIT**

The Procurement Audit exercise may be conducted in the following stages:

***Stage 1 - Inception Planning***. This stage will involve reviewing the most recent Procurement audit reportsincluding procurement audits conducted by internal audit units, if any, and obtaining an original and updated, if any, approved procurement Plan, list of contracts (contracts register) procured during the audit period/FY, Key Performance Indicator Data Spread Sheet and agreeing the dates for the cities visits. Inception planning will involve finalizing the list of contracts to be audited per city; scheduling the visits to the cities; and obtaining the Client’s consensus of the inception plan. During this period, the auditor is required to review all the program documents to better understand the implementation arrangement, program procedures and manuals.

***Stage 2 – Procurement Audit/review***. The audit of procurement will involve reviewing of the implementation of action plans to address previous audit findings, implementation of the program system (legal framework, procurement planning (including verification that all eligible procurements in reference to the financial expenditure summary were included in the Procurement Plan), use of SBDs, bidding documents, bid evaluations, functionality of the procurement units, tender award/procurement endorsing committees, effectiveness of decision matrix, internal controls including procurement audits by internal audit, and complaints handling and contracts management; progress of implementation of Program Action Plan on procurement ; updating the organization of the procurement function at the implementing agency (ULGs)and its sustainability; a detailed audit of the sample of contracts; physical inspection of assets and deliverables under the contracts; and preparation and submission of the draft Procurement Audit Report. The Procurement audit coverage may be broadly divided in to four areas: (i) Review of application of procurement legal framework/system; (ii) institutional performance; (iii) procurement process management; and (iv) contracts management and results.

***Stage 3 –Draft and Final Procurement Audit Report***. Preparing the Draft Procurement Audit Report will involve discussion of the draft report with the ULG and Client in the form of audit exit meeting; incorporating all new information and comments provided by the ULG and Client into the draft report including satisfactory Management response as to how the audit issues will be resolved; and submitting the final audit report to the audited ULG, Regional Bureau of Finance and Economic Development, Regional Bureau of Urban Development (RGs), Regional Offices of Auditor Generals, FPPPAA, MUDCo and World Bank.

* 1. **Detailed Steps and Procedures**

**Coordination and Conflict of Interest**. The procurement audit exercise is conducted in five stages. RPPPAA official assigned for the purposes of a procurement audit, shall avoid any circumstances of conflict of interest and must not audit any of the cities and contracts where (s) he has provided advice or performed the procurement function.

**Stage 1. Inception Planning.**

***Objective.*** The objective of this stage is to finalize the work plan, scope and program of the Procurement Audit.

***Documents***. The RPPPAA should obtain the following documents of the Project to facilitate the planning of the Procurement audit.

1. Original and updated, if any, Procurement Plan approved by the cities/regions/federal levels (usually part of approved CIP document).
2. Most recent Procurement Audit Report on the implementation of status of the action plan to address previous audit findings, Value for Money Audit Report and Annual Performance Assessment Report, if any.
3. For the period under audit: Program (Financial) Monitoring Report, List of all contracts executed by the city, and Key Performance Indicators spread sheet.
4. Financing Agreement and any amendments.
5. Program Operations Manual.
6. Annual Performance Assessment Guideline.
7. Program procurement system legal documents.

***Contracts Review/Audit Data Sheet***. It may be useful to develop a standard “contract audit data sheet” to perform the initial documentary audit. For each of the selected contracts, key information should be gathered based on documents obtained from the Client. The aim of this initial review is not necessarily to find all the information, which will be needed for the purpose of the audit, but rather to collect and compile key procurement data to the greatest extent possible, based on documents made available to the Auditor. In some instances, specific contract information may not be found at the initial audit stage. This may be retrieved during later stages of the audit or identified as a deficiency in the information trail of the project.

***Sampling of Projects/Contracts for Audit***. The RPPPAA will select 25% of the rolled and new completed contracts awarded by each city administration. If the auditor should find it necessary, during the conduct of the audit, to introduce variations to the number, nature and other aspects of contracts to be audited, such changes should be agreed in advance with the Client.

***Output***. The RPPPAA will then finalize the work plan, Site Visit arrangements, and Implementation Schedule for the audit as agreed with the Implementing Agencies. All the arrangements, list of selected contracts and dates of visits will be compiled into an Inception report and submitted for the Client’s MUDCo/RBUDCo approval latest August31, two hard and soft copies for both.

**Stage 2. Conduct of the Procurement Audit**

***Objective.*** The objective of this stage is to carry out the procurement audit at each city administration level.

***Methodology***. The procurement audit is carried out in the presence of and in close collaboration with the procurement staff of the implementing agency/city. The implementing agency will be informed of the audit well in advance and given opportunity to prepare any required documents in advance of the site/cities visit. Findings/Recommendations on performance of the various procurement activities will as far as possible be concluded after discussion with the relevant staff and justification recorded against the final findings/recommendations. .

***Compliance with FAs.*** The RPPPAA will verify whether procurement and contracting procedures and processes followed by the Implementing Agencies are in compliance with procedures agreed as program system, financing agreement, program operations manual, annual performance assessment guideline and other agreed procedures in conformity with approved city Procurement Plan, the regional proclamations, directives and manuals.

***Physical Inspection****.* The RPPPAA will verify, to the extent possible, whether goods, works, and consulting and non-consulting services contracted were supplied/completed according to the required specifications and technical standards and comment on the reasonableness of prices and physical completion of the contract. In this context, the Auditor will randomly select 10% of the number of contracts under audit under each category of goods and works and visit the project or delivery sites to carry out the physical inspections. Depending on the type of goods/works, the following types of inspections should be performed as appropriate: (a) standard physical inspections of goods/installations: quality control (conformity with technical specifications stipulated in the contract) and confirmation that quantities were delivered; (b) site visits to works: field visits should be undertaken to verify the status of works or to confirm their completion, documentary checks (certificates of acceptance/completion, defects list, tests, etc.) should also be made. Where appropriate, and to the extent practical, prices should also be compared with similar contracts financed by other agencies in the country and the region and verified against local and international market prices for the items in question.

***Fraud and Corruption****.* Identify and report on any red flags and possible cases of fraud and corruption and/or suspected cases of collusive, coercive, or obstructive practices as defined in the Bank’s fraud and corruption guideline.

***Output.*** The output from this stage of the assignment is the preparation of a brief summary of findings on each sampled contract which should be completed immediately after the audit and discussed with the ULG at the exit conference before the RPPPAA departs from the city. The brief summary of findings and minutes of the exit conference will be prepared by the RPPPAA and signed by both parties. One copy of the summary and minutes will be given immediately in the field to the ULG and copies will be annexed later to the Procurement Audit Report for the city.

**Stage 3. Preparation of the Draft and Final Annual Procurement Audit Report**.

***Objective***. The objective of the third stage is to prepare the Final Annual Procurement Audit Report.

***Methodology.*** The RPPPAA will prepare the Draft and Final Annual Procurement Audit Report for each city which will be submitted to the audited ULG, Regional Bureau of Finance and Economic Development, Regional Bureau of Urban Development (RGs), Regional Offices of Auditor Generals, FPPPAA, MUDCo and World Bank.

The draft report shall be finalized incorporating any comments to be provided and management responses on the findings/recommendations of the RPPAAs.

The report will be as per the format in Annex 4.

***Output.*** The Final Annual Procurement Audit Report.

for each city and one synthesis report for all audited cities will be issued latest by January 7 in the physical year.

1. **DELIVERABLES**

As mentioned above, the conduct of the Procurement Audit will be in three stages with distinct outputs as follows:

1. **Stage 1**: The RPPPAA output at this stage will be an **Inception Plan** detailing: (i) the work plan, and (ii) the implementation schedule of the audit (including site visits and dates) for the Client’s prior clearance. This stage and output **should not exceed fifteen (15) days from the commencement of services**,
2. **Stage 2**: The output from this stage will be the RPPPAA’s brief summary of findings on each sampled contract and minutes of the exit conference. These will be given to the ULG in the field and copies will be annexed later to the Final Annual Procurement Audit Report.
3. **Stage 3**: The output from this stage will be theDraft and **Final Procurement Audit Report** on the audited City.
4. All reports and deliverables are to be delivered in English Language in both hard and electronic copies (7 copies each). One copy each will be submitted to the ULG, Regional Bureau of Finance and Economic Development and Regional Office of the Auditor General, and the remaining four copies will be submitted to the Regional Bureau of Urban Development who will retain one copy and submit three copies to MUDCo who will retain one copy and submit one copy each to FPPPAA and the World Bank.

|  |  |
| --- | --- |
| Deliverable | Timelines |
| Inception Report | August 31 |
| Exit Conference Minutes | October 15 |
| Draft Report | November 15 |
| Final Report | January 7 |

1. **DURATION OF THE PROCUREMENT AUDIT AND ASSIGNMENT OF STAFF FOR THE AUDIT**

The duration of the procurement audit and assignment of staff depends on the number of cities in each regional state. The RPPPAA will have the responsibility for estimating the number of staff required, costing and the man day requirement for the assignment. The RPPPAA will assign properly qualified, trained and experienced staff for the procurement audit. The **assignment should commence soon after the end of the financial year on July 7 but should commence not later than July 31,** It should be completed by not later than January 7 each year.

1. **TEAM COMPOSITION AND QUALIFICATIONS**

The Procurement audit team should have one team leader and, depending on the number of auditee entities (number of cities in each Regional State) and possible number of contracts to be reviewed, minimum of two public procurement and contract management experts. Each of them should have minimum of first-degree qualifications in procurement, supply chain management, Law, commerce, engineering and related field of studies with minimum of five years of direct experience in public procurement and contracts management. For RPPPAA staffs, attendance of Procurement audit training is mandatory. Knowledge of public financial sector management, institutional performance development and auditing will be an advantage. Special training on Program for Result implementation monitoring would be an advantage.The RPPPAA shall provide any additional technical personnel required to audit civil, electrical, mechanical and chemical works and products.

1. **Management of the Assignment**

The mandate of the FPPPAA for procurement audit is derived from the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 and established under the Article 15.9 (Functions of the Agency) and Article 5.19 of the Directive to conduct audit to ensure that procurement and property administration activities of public bodies are in accordance with this Proclamation and other documents governing public procurement and property administration; and make arrangements necessary for procurement audit or inspection to be conducted by the Agency in respect of the execution of procurements by the Public Body, including the following:-

a) Make available in due time, documents necessary for procurement audit,

b) Cause the provision of office space and facilities for employees assigned to conduct the procurement audit.

c) Assign a staff to give explanation on the conduct of procurements made by the Public Body.

**APPENDICES**

**Appendix1: Note on the Selection of the Sample contracts**

1. To assist the RPPPAA in selecting the audit sample, the Client (or ULG) will provide to the RPPPAA, at commencement of the audit, comprehensive lists of contracts, if available, for each city and copies of the relevant FAs and, Program Operations Manual (POM), Annual Performance Assessment Guideline and previous procurement audit reports including internal audit reports and a report on the status of implementation of the action plan to address previous audit findings and recommendations , value for money audit reports and Annual Performance Assessment Reports. On the basis of the information provided by the Client and other sources, the Auditor will prepare the list of contracts to be audited in each City.

2. The following criteria and considerations should be used in selecting the sample contracts to be audited:

* The Auditor shall verify that all eligible procurements in reference to the financial expenditure summary were included in the Procurement Plan before sampling. If there are procurements carried out outside the procurement plan, the sampled contracts for auditing shall include those.
* Nature, size and complexity of contracts will be taken into considerations while sampling the **25%** of contracts for detail review. In addition, to the extent possible, the audit sample should cover most of the following categories/scenarios:
  + ***Nature***: civil works, goods, non-consulting service contracts, supply and installation, consulting services;
  + ***Complexity***: simple, less complex and complex;
  + ***Value***: high, medium and low;
  + ***Critical items***: Contracts that are necessary for the success of the project;
  + ***Method of Procurement***: Pre-qualification, Single/Two Stage bidding, ICB, NCB,LIB, Shopping Direct Contracting, etc. for goods/works/non-consulting services; QCBS, QBS, Least-Cost, Individual etc. for selection of consultants; and
  + ***Contract awards***: contracts awarded to the lowest evaluated bidder which met the qualification criteria; awarded to higher bids as the lowest bidders failed to meet the qualification criteria or for other reasons, etc, awards to national or international firms, awards to single and multiple lots, awards affected by domestic preference.
  + ***Contract Management***: Contract amendments, price revisions, protests/claims during contract execution and bidding stages.

3. The RPPPAA shall audit project files with special focus on the following aspects, documentation and procedures:

* Executing Agency's Capacity, Adequacy of Staff (availability and skills); Role of Procurement Agents/Consultants; Implementation Arrangements; defined procurement decision roles, maintenance of Minimum Access Conditions;
* Procurement Plans and Monitoring;
* Advertising;
* Pre/Post Qualification;
* Short listing (for Consultancy)
* Bidding Documents;
* RFP (for consultancy)
* Bid Opening
* Evaluation and Awards;
* Technical Proposals Evaluation Report
* Combined evaluation report
* Bid Validity Extensions;
* Protests or complaints from Bidders/Contractors;
* Signed Contracts;
* Contract Amendments and Change/Variation Orders;
* Delays in payments; actual contract payments vs. contract award amount;
* Securities (for Bid, Performance, Advances, Insurance, Liability, etc.);
* Contractors’ Claims/ Contractual Disputes and their Resolution;
* Damages and Penalties for Delays, non‑compliance with Functional Guarantees, etc.;
* Reasons for Slow Progress of Completion;
* Imports, Customs, etc. if any;
* List of deliverables and completion (date, description, quantity, location of goods or works, inspection and acceptance reports);
* Other Relevant Matters.

Using the documents and information itemized above and other information collected during the audit, the RPPPAA shall compile a comprehensive history of the procurement process for each contract audited.

4. Distortions in the procurement process are frequently manifested in one or more of the following situations:

* low participation of bidders and reduced competition;
* one or more bidders winning a disproportionate amount of contracts in a project over time;
* bid prices consistently over cost estimates and/or current market prices;
* Significant differences in the technical scoring of the first and second ranked bidders;
* significant number of changes from bid to contract award and to final completion; and
* significant and recurring increases in the final contract price over the original bid price and/or the original contract price.
* Significant Variation Orders (change orders);
* Inordinate delays in procurement decision making;
* Unjustified cancelation of procurement process;
* Repetitive request for extension of bid validities;
* Rejection of majority of bids and ending up with single qualifier

5. If patterns are identified in a series of contracts, which reflect any of the above distortions, one or more of the contracts in the series should be selected for more detailed audit in the audit sample.

**Appendix2: Checklist of Data and Documents to be Made Available by the Client to the Procurement**

**Auditor for each City**

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* Credit Agreement, Guarantee Agreement, Program/Project Agreement (the legal documents).
* All amendments to the legal documents.
* Agreed Program Action plans.
* Program/Project Operational Manual.
* Annual Performance Assessment Guideline (APAG).
* Annual/semi-annual reports from the Executing Agencies, as available.
* Financial audits, previous procurement audits including internal audits and a report on the status of implementation of the action plan to address previous audit findings, value for money audits.
* Relevant Program/ Project Status Reports (PSRs); relevant correspondance files, etc.

In addition, the RPPPAA will be given references and, as needed, copies of the Government Guidelines, Standard Bidding Documents and other relevant procurement notes and policy statements including Regional Guidelines on Standard Bidding Documents, Evaluation Reports, etc. A list of the Federal and Regional PPPAAs publications, notes, etc., dealing with procurement and consultant services will be given to the Auditor so that they can request any additional publications, notes, etc., which they may consider relevant.

**Appendix3: Checklist of Documentation to be provided by the ULGs**

For All Contracts in the Audit Sample:

1. Original and **Updated, if any, approved Procurement Plan, including list of all contracts.**

2. **Publications in National Press and other Trade Journals.**

3. **National Competitive Bidding** **(NCB) procedures**:

4. **Consultant Contracts**:

1. Request for Expressions of Interest (consultants), if applicable:
   * date and publication.
2. Request for Proposals and Short List (consultants):
3. Clarifications and Addenda issued:
4. Records and minutes of proposal opening:
5. Evaluation of proposals (consultants):
6. Minutes of Negotiations and Signed Contract (consultants):
7. Signed Contracts and Contract Amendments:
8. Payment invoices and evidences of payments:
9. Deliverables and Reports.

5. **Goods, works, technical services and non-consulting services contracts**:

1. Invitation for pre-qualification, if any:
   * date and publication.
2. Prequalification Documents, if any:

* Clarification requested and issued; and
* Addenda issued.

1. Prequalification Evaluation, if any:

* Clarification requested and received; and

1. Invitation for Bids:

* date and publication.

1. Bidding documents:

* Clarifications requested and issued;
* Addenda issued;
* Minutes of pre‑bid and site meetings.

1. Bid Evaluation Report:

* Minutes of bid opening;
* Clarifications requested and received;
* Complaints received and responses;

1. Notification of Award/Letter of Acceptance
2. Signed Contract:
3. Contract Amendments, if any:
4. Payment invoices and evidences of payments:
5. Inspection and Acceptance Reports.

6. Any other relevant information/documentation required by the Auditor relating to contracts reviewed.

**Appendix4: Reporting Format for Draft and Final Annual Procurement Audit Report**

* Title Page with information on: Country Name; Region name; City name; Project Name; Name of the Client/Agency; Name of RPPPAA that conducted the Procurement Audit; Date of Report.
* Table of Contents
* List of Tables
* List of Figures
* Acronyms and Abbreviations
* Acknowledgements
* Executive Summary including the findings on the Audit of the Cities procurement environment including status of implementation of previous audit findings and recommendations, if any, institutional setups, procurement decision matrix and staff availability; Procurement Planning and monitoring; ongoing procurement processes and implementation issues; signed contracts, assessment of risk to procurement, complaints handling and resolution issues; internal controls including procurement audits by internal audit, contract administration issues, results achieved and recommendations for improvements and proposed actions.

**Section 1**: **Introduction**

(Background; Objectives of Assignment; Approach & Methodology, Reference documents, Audit Scope and Approach, Audit/Assessment Process, Organization of the Assignment Teams. Logistics, dates of visits, Challenges faced, Team Responses to such challenges.

**Section 2**: **Findings on Review of Procurement Processes**

*[As per paragraph 3.a), provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, and awards –* ***see also Worksheets in Annexes 5.1, 5.2, 5.3 and*** *Discuss all audit findings including status of implementation of previous audit findings]*

**Section 3**: **Findings on Review of Contract Administration**

*[As per paragraph 3.l), provide a brief description of findings on procurement processes, including procurement planning, publications, bidding, evaluation, and awards –* ***see also Worksheets in Annexes 5.1, 5.2, 5.3 and*** *Discuss all audit findings including status of implementation of previous audit findings]*

**Section 4**: **Indication of Possible Governance Issues**

*[As per paragraph 3.f) of this guidance note, provide a brief description of any findings on red flags that could lead to possible fraud or corruption related to the procurement processes, contract administration, or any other related issues at contract, project, sector, or country level]*

**Section 5: Progress of Implementation of Recommendations in the Last Audit**

*[brief description of the progress with regard to the recommendations and actions submitted in the last procurement audit)]*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Audit Recommendations of Last year\*** | **Responsible Body** | **Current Status of Implementation** | **Action to be taken if the recommendation is not implemented** | **Remark** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

*\*include any outstanding recommendations from the years previous to last year also*

**Section 6**: **Conclusion, Observations and Recommendations**

* Narrative (conclusions, observations and recommendationsincluding actions to be taken on any inactions in addressing previous audit findings and recommendations); and
* Table as per format below

|  |  |  |
| --- | --- | --- |
| **No** | **Observation/Finding** | **Recommendation** |
| 1 |  |  |
| 2 |  |  |

**NOTE:**

Annexes containing detailed audit data, supporting documents as evidences, if necessary, Procurement register and list of selected/sampled contracts for detailed inspection with detailed information can be provided.

The RPPPAA shall prepare audit checklist for the procurement audit however, optionally the RPPPAA may use the checklists shown in the **Annex 5.**

**Appendix 5: Contract procurement review Data collection samples:**

**Appendix5.1: Worksheet for Review of Procurement Processes and Contract Administration of Contracts Awarded under Shopping/Request for Quotations Procedure**

| **Date of Review:** | | **Name of Reviewer:** | |
| --- | --- | --- | --- |
| **Contract Name/No/** | **Contract Date:** | | **Contract Amount USD:** |
| **Contractor’s Name and Address:** | | | |

|  |  |
| --- | --- |
| **Aspects** | **Findings and Comments** |
| Procurement Documentation (Filing) | What was missing in the file?  Does the unit keep all procurement files in one location?  Who handles the filing?  Are evidence of payment (e.g. payment vouchers, receipts) filed separately in the finance unit? |
| Is this Contract in the Agreed Procurement Plan?[[39]](#footnote-40) |  |
| Solicitation Letter issued to minimum of three firms and the names of the firm to whom sent | Date of Solicitation Letter:  Closing Date:  Sent to: |
| Time allowed for submission of written quotations | # …… days |
| Verification (not evaluation) of existence of the quotations.  Names of suppliers who gave quotations | Names of the suppliers who responded to the solicitation letter are:  1) Name, bid amount  2)  3) |
| Quotation evaluation report and date; were quotations opened at the same time?  Comments if any | Evaluation report date:  Quotations opened at the same time? |
| Signed Contract / Purchase Order document | Date of signed contract or Purchase Order Document:  Date of beginning and end of the contract: |
| Bill of lading/Way Bill, if any |  |
| “Delivery Receipt” or “Store Receipt | Date & Delivery Receipt No. |
| Complaints or related matters | If yes, date of complaint:  Name of complainant:  Date resolved:  Fairness and Treatment of bidder’s complaint: |
| Actual completion date |  |
| Timeliness of Payments | # of days between Date of Invoice and Payments? |
| Indication of possible Governance Issues |  |
| Physical inspection for this contract? |  |
| Other matters |  |
| Compliance with key agreed provisions  Yes or No (explain) |  |

**Appendix5.2: Worksheet for Review of Procurement Processes and Contract Administration of Goods/Works Contracts**

| **Date of Review:** | **Name of Reviewer:** |
| --- | --- |
| **Contract Name/No/Date:** | **Contract Amount USD:** |
| **Contractor’s Name and Address:** | |

**PROC. METHOD:** ICB NCB LIB Direct Contract Others, specify: \_\_\_\_\_\_\_\_\_\_

**CATEGORY:** Goods Works Non-Consulting Services

|  |  |
| --- | --- |
| **Aspects** | **Findings and Comments** |
| Procurement Documentation (Filing) | What was missing in the file ?  Does the unit keep all procurement files in one location ?  Who handle the filing?  Are evidence of payment (e.g. payment vouchers, receipts) filed adequately? |
| Is this Contract in the Agreed Procurement Plan?[[40]](#footnote-41) |  |
| Advertising | Date of Advertisement:  Where was it advertised? |
| Pre/Post qualification |  |
| Quality of Bid Documents |  |
| Time allowed for submission of bids | Closing date for Advertisement:  Number of days to submit bids:  Is the number of days sufficient?  If no, how many days should have been given to the bidder: |
| Bid opening & minutes of bid opening date(s) | Bid Opening Date:  Minutes of Bid Opening on file:  Who attended the Bid Opening?  Was price read out loud?  Record of the read out prices: |
| Bid security records: Is it as stated in the bidding document? |  |
| BER, verify existence of bids and give Names of bidders, checking also their eligibility |  |
| Methods used in the evaluation of bids and awards of contracts objectives & made known in the bidding documents and not applied arbitrarily? |  |
| Bid validity Extensions? How many days? Is the bid valid? |  |
| Publication of contract award | Date of Publication:  Where was it published? |
| Contract document (same as for selected bid ?) |  |
| Reference to Bank and “no objection,” if any (not required under Agreement) | Date of NOB  OR N/A |
| Advance payment and guarantee: details and records: |  |
| Performance Security details and records | Name of Bank:  Amount: |
| Complaints and related matters | If yes, date of complaint:  Name of complainant:  Date resolved:  Fairness and Treatment of bidder’s complaint: |
| Contractual completion date (extended? amendments, variation orders acceptable?) | Plan date for end of contract as scheduled:  Actual:  Date of Amendment, if any:  Revised date for contract to end:  Actual:  Variation orders: |
| Planned/Actual completion date | Planned completion date (as per the approved original procurement plan):  Actual completion date:  Was the procurement completed in time? |
| Contract payments same as contract? | Contract payments scheduled in the contract:  Was it paid as scheduled? Any deviation? Why? |
| Cost evaluation | Pre-tender estimated amount:  Contract Award Amount:  Final Contract Amount:  Was the increase in cost, if any, justified? |
| Bill of lading/Way Bill, if any |  |
| Delivery receipt or like instrument |  |
| Liquidated damages, details and enforcement for delays. |  |
| Timeliness of payments | Invoice date: Payment date:  Number of days to process payment:  Is this in accordance with the contract? : |
| Indication of possible Governance Issues? |  |
| Other matters |  |
| Justification for direct contract (if applicable) |  |
| Compliance with key agreed provisions – Yes or No (explain) |  |
| Physical inspection for this contract (include comment on quality of goods, services or works) |  |

**Appendix5.3: Worksheet for Review of Procurement Processes and Contract Administration of Consultants Contracts**

|  |  |
| --- | --- |
| **Date of Review:** | **Name of Reviewer:** |
| **Contract Name/No/Date:** | **Contract Amount USD**  **$** |
| **Consultant’s Name and Address:** | |

**PROC. METHOD:** QCBS QBS Fixed Budget Least Cost

CQS Single Source Others, Specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CATEGORY:** Firm Individual

|  |  |
| --- | --- |
| **Aspects** | **Findings and Comments** |
| Procurement Documentation (Filing) | What was missing in the file?  Does the unit keep all procurement files in one location?  Who handles the filing?  Are evidence of payment (e.g. payment vouchers, receipts) filed separately in the finance unit? |
| Is this Contract in the Agreed Procurement Plan?[[41]](#footnote-42) | Date of Procurement Plan: |
| Advertising | Date of Expression of Interest:  Closing Date:  Where was the EOI advertised |
| Request for Proposal |  |
| Shortlist | Date of Short-List:  How many on the short-list?  Short-List is composed of the following consultant (or firm), Country: |
| Time allowed for submission of proposals |  |
| Evaluation Criteria |  |
| Technical Evaluation |  |
| Evaluation report, and comments, if any (verify existence of proposals) |  |
| Financial Bid Opening | Bid Opening Date: |
| Combined quality and cost evaluation |  |
| Publication of contract award | Date and name of publication: |
| Signed Contract / Purchase Order document | Contract No. (or Purchase Order No).……………….. Date of contract signature: |
| Advance payment guarantee etc. |  |
| Complaints and related matters | If yes, date of complaint:  Name of complainant:  Date resolved:  Fairness and Treatment of bidder’s complaint: |
| Contractual completion date |  |
| Actual completion date | Planned completion date (as per the approved original procurement plan):  Actual completion date (Date of final Report):  Was the procurement completed in time?  :  If report was not final or no certification of service delivery, explain why? |
| Output/reports |  |
| Timeliness of Payments | Date of invoice:  Date of payment:  Number of days to pay invoice:  Is # of days acceptable? If no, what would you recommend? |
| Indication of possible Governance Issues |  |
| Other matters |  |
| Single source justification (if applicable) |  |
| Compliance with key agreed provisions – Yes or No (explain)(include comment on quality of service) |  |

1. The Regional Bureaus of Urban Development and Construction (or NRS equivalent), Office of the Regional Auditor General, Regional Environmental, Forest and Climate Change Commissions, Regional Revenue Authority, Regional Public Procurement and Property Administration Agency and Regional Ethics and Anti-Corruption Commission. [↑](#footnote-ref-2)
2. In the core thematic areas of:Planning and budgeting, assets management, public financial management, procurement, own source revenues, accountability and transparency, environment and social safeguards, land management, and strategic urban planning. [↑](#footnote-ref-3)
3. Regions and cities contribute to the performance based transfers in the following manner: Amhara, Oromiya, SNNPR, and Tigray: 30 percent funding in addition to IDA funded grants; DRS regions: 20 percent; original 16 ULGDP I ULGs: 40 percent; new cities under ULGDP II in the DRS regions 10 percent; and other new (ULGDPII) cities: 20 percent; Harar and DireDawa contribute 50 percent in addition to the IDA funded grants. The new 73 ULGs under UIIDP will followthe same principles as the ULGDPII newcomers. [↑](#footnote-ref-4)
4. The regional government and ULGs will be making funding contributions at various levels, as detailed in the Technical Assessment. The contribution from the ULGs constitutes one of the minimum conditions to be met for each ULG to qualify to receive funding from the Program. [↑](#footnote-ref-5)
5. In the first year, the simple average per capita for the new 73 ULGs and the ULGDP II 44 ULGs will be US$14.79 and US$17.68 per capita respectively. From the second year, the per capita allocation uses an average figure similar for the two groups, which is US$17.68. [↑](#footnote-ref-6)
6. Details of and procedures for the use of investment project prioritization and selection criteria will be included in the POM. [↑](#footnote-ref-7)
7. Sewer reticulation systems canals (primary canals) shall not exceed in diameter 1,000 millimeters or 10 kilometers. [↑](#footnote-ref-8)
8. Landfills: To ensure that all landfills activities to be environment friendly and socially acceptable with no or minimum impacts to the nearby environment, landfills construction and operation activities should not exceed 10 hectares and with provisions as stated in MUDCo standard. These include, among others: all landfills should have 1. bottom lining system with compact clay soil and covered by geo-membrane (synthetic linings) to separate the trash and subsequent leachate from groundwater; 2. Leachate collection system to collect rain or other water percolated through landfill which possibly contains contaminating substances (leachate); 3. Oxidation or other treatment ponds for further treatment of leachate; 4. Methane collection system/gas management to collect methane gas that is formed during the breakdown of trash; 5. Runoff water drainage system to prevent rain water flash from the nearby area; and 6. Composting yard and other facilities within the landfill site and upstream collection and transportation area. Cities should comply with the national standard and classification set by MUDCo. Also, cities must conduct landfill feasibility study, ESIA and RAP for review and clearance. All landfills are subject to regional environmental and social performance review and annual audits. [↑](#footnote-ref-9)
9. Only cities who have emergency response unit and emergency plan are eligible [↑](#footnote-ref-10)
10. Slaughterhouse/abattoir: Slaughterhouse construction should follow the MUDCo standards and classification for environmentally safe implementation of the investment. Slaughterhouse under the program should not exceed 2ha (level B, C, and D) of the MUDCo classification. The following provisions should be included in the design for construction and operation phase. These are: 1. liquid waste treatment plant, which is sited at minimum distance of 50 meter from slaughter house; 2. separate closed drainage line for collection of liquid wastes from slaughterhouse to the septic tank; 3. septic tank bed level shall be below nearby ground water level; 4. slaughter house at metropolitan cities shall have rendering plant with smell nuisance control; 5. Runoff water drainage system to prevent rain water flash from the nearby area; and 6. Other facilities like guardhouse and water points. Cities should comply with the national standard and classification set by MUDCo. Cities must conduct Slaughterhouse feasibility study, ESIA and RAP for review and clearance. All slaughterhouses are subject to regional environmental and social performance review and annual audits [↑](#footnote-ref-11)
11. Regions can procure vehicles only for RMTs (maximum 2 cars per team) [↑](#footnote-ref-12)
12. Eligible ULGs must comply with the MCs to get access to the allocations from DLIs 2, 3, and 4, as the MCs are the basic safeguards for handling of larger discretionary funds. [↑](#footnote-ref-13)
13. (i)Percentage (by no. and value) of procurement items not included in the original annual procurement plan should not exceed 5percent; (ii) Average deviation between original Planned and Actual Procurement cycle time (procurement initiation-contract completion) should not exceed 5percent; (iii) deviation between original price in the procurement plan and award price should not exceed 20 percent; (iv) deviation between contract price and completion price (turnout cost) should not exceed 25percent; (v) Percentage (by no. and value) of procurements conducted through open bidding procedure is 85percent; (vi) Complaints resolved within the standard time frame is 100percent; and (vii) the percentage of action taken from the previous procurement audit qualifications/ recommendations equals or exceeds 90percent. [↑](#footnote-ref-14)
14. Where a ULG has not correctly updated asset inventory, the APA cannot then award points for subsequent steps of asset management without considering that those subsequent steps would be deeply flawed if they were based on a deeply flawed inventory. Awarding points for such deeply flawed subsequent steps do not reflect the expectation that is obviously expressed in the indicator, namely that the ULGs manage their assets professionally. [↑](#footnote-ref-15)
15. An asset inventory which qualifies should feature a tabular and spatial database of all infrastructure, with specification and characteristics, at least for the five categories of municipal assets (roads and drainage, solid and liquid waste, socioeconomic infrastructure and public parks and greenery, utilities, public buildings including abattoirs). [↑](#footnote-ref-16)
16. The existence of two or more tabulations with different figures is in itself not sufficient evidence of correct updating. [↑](#footnote-ref-17)
17. For all Yes/No indicators, partial points shall not be awarded. It is either Yes= full points or No = zero points. [↑](#footnote-ref-18)
18. These are national and regional standards which cities are required to implement and no need for endorsement/approval by the cities [↑](#footnote-ref-19)
19. Three indicators will be selected by APA consultants has to refer the Ministry’s standard document and select at least three indicators for each service. These indicators will be presented in APA guideline. [↑](#footnote-ref-20)
20. The linkage may not be fully automatic (e. g. by simple mouse click) but where maps show ID numbers of plots and these ID numbers are also included in the tabular database then the linking is possible (in reverse direction, the linking is facilitated if the “*kebele*” – the urban neighborhood –is listed in every record [↑](#footnote-ref-21)
21. This refers to all serviced land allotted to firms engaged in economic activities including agriculture, services and manufacturing. [↑](#footnote-ref-22)
22. This refers to working premises / sheds allotted to microenterprises, which should be serviced and provided with water, electricity and a connective road [↑](#footnote-ref-23)
23. According to the new One Stop Center Service Provision Standard (2017), the following seven positions are the key staffs: 1. OSC coordinator; 2. Office Administrator/Secretary/Information Desk; 3. Job Seekers Registration, Trade Registration, Trade License, and TIN preparation Expert; 4. Saving and Loan Facilitation Officer; 5. Accounts and Audit Officer; 6. Production and Sells Site Facilitation, Training Industry Extension and Market Linkage Expert; 7. Graduation/Transfer facilitation expert [↑](#footnote-ref-24)
24. This refers to all serviced land allotted to firms engaged in economic activities including agriculture, services and manufacturing. [↑](#footnote-ref-25)
25. This refers to working premises / sheds allotted to microenterprises, which should be serviced and provided with water, electricity and a connective road [↑](#footnote-ref-26)
26. See annex 11 for calibration for each DLI. [↑](#footnote-ref-27)
27. Baselines on DLIs 1 to 9 are 0, as the system of minimum condition/PMs have changed since the ULGDPII, with strengthening of some of the performance measures. [↑](#footnote-ref-28)
28. For DLI2, assuming the average score is achieved every year, the total disbursement amount will be $189.62 million (and at $34.17million for year 2, and $51.82 million each year for years 3-5). However, an additional amount of $0.47 million is allocated to this DLI2, bringing the total amount allocated to US$190.09 million to allow for better than average performance. This is based on previous experience from ULGDPII. The higher overall amount of US$190.09 million does not affect the disbursement formulation and verifications for DLI2 and its performance measures, which are as detailed in this annex 4, and in annex 11, as well as the POM. [↑](#footnote-ref-29)
29. In the first APA, only the 44 ULGDP II cities will be assessed for the performance measures under DLI 2 and 3. In subsequent APAs, all 117 ULGs will be assessed. [↑](#footnote-ref-30)
30. Assessment against DLI 4 performance measures starts from the second APA. [↑](#footnote-ref-31)
31. The regional revenue authorities will need time to build up the capacity within this area, and the tariff regulations. Support is expected to be rendered every year. [↑](#footnote-ref-32)
32. Costs of procurement audit up to the first round of disbursements is covered by the ULGDP II. [↑](#footnote-ref-33)
33. See detailed verification protocol /narrative for further details on the verification, means of verification and calibration. [↑](#footnote-ref-34)
34. The TC will have representation from MUDCo (chair), MoFEC and other agencies as appropriate. [↑](#footnote-ref-35)
35. Composite index of performance based on performance in the areas of planning, revenue enhancement, assets management, fiduciary systems, procurement, accountability/ oversight systems, environmental and social systems management and urban land management. See annex 11 for detailed performance measures. [↑](#footnote-ref-36)
36. Composite index of performance based on performance in the areas of planning, revenue enhancement, assets management, fiduciary systems, procurement, accountability/ oversight systems, environmental and social systems management and urban land management. [↑](#footnote-ref-37)
37. For DLI2, assuming the average score is achieved every year, the total disbursement amount will be $189.62 million (and at $34.17million for year 2, and $51.82 million each year for years 3-5). However, an additional amount of $0.47 million is allocated to this DLI2, bringing the total amount allocated to US$190.09 million to allow for better than average performance. This is based on previous experience from ULGDPII. The higher overall amount of US$190.09 million does not affect the disbursement formulation and verifications for DLI2 and its performance measures, which are as detailed in this annex 4, and in annex 11, as well as the POM. [↑](#footnote-ref-38)
38. Composite index of performance based on areas in infrastructure implementation, maintenance performance, and value for the money of investments implemented. [↑](#footnote-ref-39)
39. [↑](#footnote-ref-40)
40. . [↑](#footnote-ref-41)
41. [↑](#footnote-ref-42)