



FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
Ministry of Urban Development, Housing & Construction

SECOND URBAN LOCAL GOVERNMENT
DEVELOPMENT PROGRAM 2014/15 to 2018/19

ANNUAL PERFORMANCE ASSESSMENT GUIDELINE



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DRAFT 3
12 March 2014

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF URBAN DEVELOPMENT, HOUSING AND
CONSTRUCTION
URBAN LOCAL GOVERNMENT DEVELOPMENT
PROGRAM [ULGDP II]
2014/15 to 2018/19

Annual Performance Assessment Guideline

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The ULGDP II Program Operations Manual is made up of a number of documents:

1. ULGDP II Program Operations Manual Volume I: Main Text & General Annexes
2. ULGDP II Program Operations Manual Volume II: MUDHCo Annexes
3. ULGDP II Financial Management Guidelines
4. ULGDP II Monitoring, Evaluation and Reporting System and Guidelines
 - a. For cities
 - b. For Regions
 - c. For MUDHCo
5. Environmental and Social Management System Guideline
6. ULGDP II Annual Performance Assessment Guideline
7. Capital Investment Plan Guide for Ethiopian Cities
8. Asset Management Plan Manual
9. Revenue Enhancement Plan Manual

Notes:

1. The Urban Local Government Development Project 2008-2014 - with 19 participating cities - is referred to throughout this Program Operations Manual as “ULGDP”.
2. The Urban Local Government Development Program 2014/15-2018/19 – with 44 participating cities - is referred to throughout this Program Operations Manual as “ULGDP II”
3. Regional Government Bureaus responsible for urban development are referred to as BUDs throughout although their status and title varies from Regional State to Regional State.

Exchange rates used (as at 1 March 2014)

Ethiopian Birr 19.3149 = US Dollar \$1.00

The Gregorian and Ethiopian calendars are used throughout this document. The preceding abbreviations used are: GC = Gregorian calendar and EFY = Ethiopian Fiscal Year. The current year according to the Ethiopian calendar is 2006, which began on September 11, 2013 of the Gregorian calendar. The Ethiopian Financial Year commences on 1st Hamle (8th July) and ends on 30th Sene (7th July) each year. In government documents the financial year 1st Hamle EC 2006 to 30th Sene EC 2007 is referred to as the Ethiopian Fiscal Year (EFY) 2007 and covers the Gregorian period 8 July 2014 to 7 July 2015.

ABBREVIATIONS

AAP	Annual Action Plan	IPA	Independent procurement audit
APA	Annual Performance Assessment	KfW	Kreditanstalt für Wiederaufbau
APP	Annual Procurement Plan	MC	Minimum Conditions
BoFED	Bureau of Finance and economic Development (Regional)	MoFED	Ministry of Finance and Economic Development
BUD	Bureau of Urban Development, (or equivalent)	MSE	Micro and small enterprise
CB	Capacity Building	MUDHCo	Ministry of Urban Development Housing and Construction
CBDS	Capacity Building for Decentralized Service Delivery	NCB	National Competitive Bidding
CBP	Capacity Building Plan	NRS	National Regional State
CHS	Complaints handling system	OFED	Office of Finance and Economic Development
CIP	Capital Investment Plan	ORAG	Office of the Regional Auditor General
DLI	Disbursement Link Indicators	PM	Performance measure
EC	Ethiopian calendar	POM	Program Operations Manual
ECPI	Ethiopian Cities Prosperity Initiative	PPA	Participator Performance Agreement
EFY	Ethiopian Financial Year (see below)	REPA	Regional Environmental Protection Agency
EMP	Environmental Management Plan	RG	Regional Government
ESIA	Environmental and Social Impact Assessment	RIA	Regional Implementing Agency
ESMS	Environmental and Social Management System	RPPA	Regional Public Procurement Agency
GC	Gregorian calendar	RRA	Regional Revenue Authority
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	SC	[ULGDP II] Steering Committee
GIS	Geographic Information Systems	SNNP	Southern Nations Nationalities Peoples
GoE	Government of Ethiopia	TSC	[ULGDP II] Technical Sub-Committee
GTP	Growth & Transformation Plan (of GoE)	TOR	Terms of Reference
ICB	International Competitive Bidding	ULG	Urban local government
IDA	International Development Association (World Bank)	US\$	United States Dollar
		VfM	Value for Money
		WB	World Bank

1 INTRODUCTION

1.1 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, regional implementing agencies¹ (RIAs) in the National Regional States (NRSs) and the Ministry of Urban Development, Housing and Construction (MUDHCo) are assessed on agreed performance measures (PMs) indicators on a yearly basis using the Annual Performance Assessment (APA) Guideline.

The ULGs, RIAs and the MUDHCo 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 ULGDP II – as described in the ULGDP II 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.

1.2 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, RIAs and MUDHCo 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:

- 44 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 44 ULGs to carry out their own mandates and meet regional and national legal and regulatory requirements; and
- The Ministry of Urban Development, Housing and Construction who will receive transfers of funds for capacity building – of their own capacity as a federal Ministry and to help build the capacity of the nine regions and 44 ULGs

¹ The Regional Bureaus of Urban Development, Housing and Construction (or NRS equivalent), Office of the Regional Auditor General, Regional Environmental Protection Agency, Regional Revenue Authority, Regional Public Procurement Agency and Regional Ethics and Anti-Corruption Commission.

- Staff of federal ministries and agencies involved with the management of the ULGDP II – MUDHCo and Ministry of Finance and Economic Development (MoFED).
- Staff of the regional Bureaus of Finance and Economic Development (BoFEDs) involved with the management of the ULGDP II.
- World Bank who are contributing to the ULGDP II through an International Development Association (IDA) credit.
- Members of civil society and the general public interested in the performance of the ULGs and regional/federal implementing agencies.
- Consultants contracted by MUDHCo to carry out the APA of ULGs, RIAS and MUDHCo.

Table 1. THE 44 CITIES PARTICIPATING IN THE ULGDP II

1	Afar National Regional State:	Samera/Logiya;
2	Amhara National Regional State:	Bahir Dar, Kombolcha, Gondar, Dessie, Debre Birhan, DebreTabor, Woldya, Finoteselam, Mota and Debre Markos;
3	Benishangul Gumuz National Regional State:	Asosa
4	Dire Dawa City Administration.	
5	Harari National Regional State:	Harar;
6	Gambella National Regional State:	Gambella;
7	Oromia National Regional State:	Adama, Bishoftu, Jimma, Shashemene, Assela, Burayu, Sebeta, Ambo, Robe, Batu and Nekemte;
8	SNNP National Regional State:	Hawassa, Arbaminch, Wolayta Sodo, Dilla, Mizan, Hosaena, Areka, Butajira and Yirga Alem ;
9	Somali National Regional State:	Jijiga;
10	Tigray National Regional State:	Mekelle, Adigrat, Axum, Shire Endeselassie, Almata, Humera, Wukro and Adwa;

1.3 THE ULGDP II APA PROCESS

1.3.1 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).

1.3.2 The Processes

Because the Second Urban Local Government Development Program (ULGDP II) 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, regional or federal agency receiving funds in achievement of Disbursement Linked Indicators (DLIs). See Annex 3 for the link between DLIs and disbursements. There are nine (9) DLIs and these are broken down into:

- DLIs 1, 2 and 3 which identify performance of ULGs.
- DLIs 4, 5, 6 and 7 which identify performance of RIAs, and
- DLIs 8 and 9 which identify performance of MUDHCo.

The assessment for ULGs is broken down into DLI 1 - Minimum Conditions (MCs) and DLIs 2 and 3 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 ULGDP II Performance Grants and to qualify for funds through performance in DLIs 2 and 3 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 and external audit report from previous EFY that is not adverse or has a disclaimer opinion;
4. Provided for its ULGDP II co-funding requirements;
5. Staff in place in six key positions required for ULGDP II 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 complaints 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. It should be noted that some of the MCs are only applicable from the second assessments to enable ULGs sufficient time to comply.

See Section 4 for the details.

DLIs 2 and 3 - ULG Performance Measures (PMs)

The PMs are those conditions that will be used to determine each ULG's allocation of the ULGDP II's PG funds. The PMs involve detailed indicators to measure performance are classified under two DLIs and 12 performance measures as follows:

DLI 2 - Institutional Performance

1.	Planning and Budgeting	Maximum 10 points
2.	Assets Management	Maximum 10 points
3.	Public Financial Management	Maximum 15 points
4.	Procurement	Maximum 15 points
5.	Own-source Revenue Enhancement	Maximum 10 points
6.	Accountability and Transparency	Maximum 15 points
7.	Environment and social Safeguards	Maximum 10 points
8.	Land Management and Urban Planning	Maximum 15 points
Total maximum possible		100 points

Above an average of 60 points in Year 1, rising to an average of 80 points in year 5 of the ULGDP II period is the minimum threshold to qualify 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. Note: ULGs will still receive funding if they have 40 points, but they will receive less than the targeted average amount.

See Section 5 for more details.

DLI 2 - Infrastructure Investment Performance

	1 st & 2 nd Assessments	3 rd , 4 th and 5 th Assessments
1. Job Creation	Maximum 35 points	Maximum 30 points
2. Urban Infrastructure Targets	Maximum 35 points	Maximum 30 points
3. Maintenance Performance	Maximum 30 points	Maximum 20 points
4. Quality of Infrastructure	No assessment	Maximum 20 points
Total maximum possible	100 points	100 points

Above an average of 60 points in Year 1, rising to an average of 80 points in year 5 of the ULGDP II period is the minimum threshold to qualify for the average targeted level of funding (less than average will lead to reduced funding level, as above, increased as per DLI 2).

See Section 6 for more details.

DLIs 4, 5, 6 and 7 - RIA Performance Measures (PMs)

- | | |
|----------|--|
| 1. BUDs | Provide implementation support, capacity building to ULGs in the NRS and support Regional Public Procurement Agency (RPPA) and the Regional Ethics and Anti-Corruption Commission. |
| 2. ORAGs | Timely execution of external audits of ULGDP II ULGs in the NRS |

- | | |
|----------|---|
| 3. REPAs | Timely review of safeguards compliance by ULGDP II ULGs in the NRS |
| 4. RHAs | Support to ULGDP II ULG in the NRS in municipal revenue enhancement |

See Section 7 for more details.

MUDHCo Performance Measures (PMs) – DLIs 8 and 9

1. Federal capacity building support provided to ULGs and RIAs
2. Timely Annual Performance Assessment and Value for Money Audits (starting in from the third assessment (September – November 2015))

See Section 8 for more details.

1.4 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.

1.4.1 The Pre-assessment Activities

Activities to be done include:

- Procurement of the Consultants through a competitive bidding process as prescribed in the Ethiopian Federal Government Procurement and Property Administration Proclamation 649/2009.
- Orientation of the Consultants on the DLIs, performance measures, scoring and reporting formats – see Annex 1.
- 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.
- A month before the assessment obtain all reports from central agencies which are required by the assessment teams.

Note: Procurement of the APA consultant will normally take place between beginning February (Yekatit) and end August (Nashi) each year, and the assessments will be conducted from September – November each year, with incorporation of the audit results in January in the year prior to the allocation year.

1.4.2 The Actual Assessment Activities

The assessment is conducted on the agreed DLIs, performance measures and indicators in the 8 MCs and 12 PM areas indicated above for ULGs, the four PMs indicated for RIAs

and the 2 PMs indicated for MUDHCo. Details of the PMs and indicators are described in Sections 4, 5, 6, 7 and 8. Activities to be done for the actual assessment include:

- Consultants undertake two, three or 4 day assessments (as required) in each of the 44 participating ULGs.
- Consultants undertake one or 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 ULGDP II Federal Technical Sub-Committee (TSC) and Regional BUDs to conduct quality verification as part of quality assurance of the work of the consultants.

Note: The APA consultant will carry out the APA commencing September (Quaggimi) and finishing by end November (Hadar) each year. The final audit report (available in January) will be incorporated in the review of compliance with MCs).

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 ULGDP II (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:

- Identify logistics, skills and organizational gaps based on the APA,
- Explore further to establish the specific capacity implications,
- Identify CB needs in relation to specific performance measures and indicators,
- Record in the appropriate performance measures and indicator column,
- Document all the capacity needs in the format provided (see Annexes 1 and 2),
- Debrief ULG & BUD leadership on the outcome of the assessment.

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 ULGDP II Capacity Building Plan for implementation the following year when the allocations are communicated to them by MUDHCo. 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).

At the end of the assessment, the Consultant's Team Leader will prepare and submit an APA Report to the ULGDP II Technical Sub-Committee by end of November on each of the assigned ULGs, RIAs and for MUDHCo, using the format provided (see Annex 1) with a copy to the World Bank. 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 (see Annex 1).

1.4.3 Post-assessment activities

Verification of the assessment reports submitted by consultants

The ULGDP II TSC, upon the receipt of the APA reports from the consultants, will verify the accuracy and consistency of the responses to and scores of the indicators. The ULGDP II TSC will submit its summary of the results of the APA and its recommendations for allocation of ULGDP II IDA funds for the forthcoming EFY to the ULGDP II SC before the end of January (Tir) each year.

Notification of assessment score

The ULGDP II Steering Committee (SC), through the ULGDP II TC will provide official notification of assessment scores to all ULGs, following: a) submission of the receipt and verification of all reports and recommendations as to allocation of performance grant funds to ULGs, RIAs and MUDHCo for the forthcoming EFY to the ULGDP II SC; and b) agreement and approval by the ULGDP II SC of the allocation of performance grant funds to ULGs, RIAs and MUDHCo for the forthcoming EFY.

Processing of complaints from ULGs by the MLGRD

Complaint Procedures

See Annex 2 – Complaint Format.

Where an ULG or RIA is not satisfied with the outcome of the assessment, a complaint should be submitted to the ULGDP II TSC through the ULGDP II Program Coordinator, (Urban Good Governance and Capacity Building Bureau, MUDHCo) not later than two weeks following receipt of notification of official scores.

When submitting the complaint, the ULG/RIA must enclose any relevant documentation in support of the issues in question. A ULGDP II Complaints Resolution Committee will review and examine the complaint and recommend action to be taken on the complaints.

Composition of Complaints Resolution Committee:

- Representative from MUDHCo,
- Representative of MoFED,
- Representative of Ethiopian Cities Association,
- Independent Expert in the area of concern, and the
- ULGDP II Coordinator.

Based upon the report from the Complaints Resolution Committee, the ULGDP II TSC will prepare a full report of all complaints and the outcome thereof for the consideration of the ULGDP II Steering Committee and the necessary action shall be taken within one month after receipt of the complaint.

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

See Annex 2 for the format for submission of complaints.

Consolidation of APA results

Following the verification and subsequent submission of the final reports by the consultants, the individual results for ULGDP II as well as capacity building needs of the ULGs and RIAs will be consolidated by the ULGDP II TSC.

Consolidation of capacity building needs by ULGDP II TSC

Upon verification of results by the ULGDP II TSC, the ULGDP II Program Coordination office in MUDHCo will, in consultation with Regional BUDs will consolidate and harmonize the capacity building needs of all the ULGs as an input to the annually prepared ULG, BUD and MUDHCo Capacity Building Plans – for approval of ULGDP II Federal and Regional SCs.

Preparation of Consolidated Assessment Report

The ULGDP II TSC will prepare an APA Consolidated Report based on the results and the reports received from the Consultants (see Annex 1). The Consolidated Report will contain an analysis and the individual score for the 44 ULGs, four RIAs in each of nine NRSs and for MUDHCo.

Submission to and approval of the APA Results by the Steering Committee

The Consolidated APA report and copies of individual assessment reports of all ULGs will be submitted by the ULGDP II TSC for the consideration of the SC, verification by the World Bank and subsequently for the Steering Committee's approval in February each year.

Dissemination to the ULGs of the approved APA results

Each of the assessed ULGs will receive a copy of their assembly's final assessment report – as approved by the ULGDP II SC.

1.5 APA MANAGEMENT AND ADMINISTRATION

1.5.1 The Steering Committee

The ULGDP II Steering Committee will be responsible for the overall management of the APA. The Minister of Urban Development, Housing and Construction will chair the Steering Committee with members representing the following organizations:

- Ministry of Urban Development, Housing and Construction,
- Ministry of Finance and Economic Development,
- Office of the Federal Auditor General,
- Ethiopian Public Procurement and Property Administration Agency, and the
- World Bank (observer).

1.5.2 Responsibilities of the Steering Committee

The responsibility of the SC will be to:

The ULGDP II SC's key responsibilities are:

- To provide overall direction, coordination of GoE organs and decision-making authority in general; and
- To make decisions as to the annual allocation of ULGDP II IDA Performance Grant funds each year in advance of the Ethiopian Financial Year (EFY) for which the fund allocation applies.

The ULGDP II SC's specific responsibilities are:

- 1 Promote the MUDHCo's ECPI vision and mission and ULGDP II development objectives;
- 2 Provide overall direction to the ULGDP II and its key implementing agencies;
- 3 Receive reports from the ULGDP II TSC and determine follow-up actions and requirements as necessary;
- 4 Monitor and evaluate ULGDP II performance and impacts;
- 5 Ensure good communication and coordination between all involved and interested stakeholders as to ULGDP II objectives and activities;
- 6 Follow and enforce the laws of the Federal Democratic Republic of Ethiopia; and
- 7 Ensure that the ULGDP II achieves the objectives agreed and implements the agreed terms and conditions described in the Financing Agreement in force between the Government of Ethiopia and the World Bank.

The ULGDP II Steering Committee will meet twice each EFY.

ULGDP II Technical Sub-Committee

The ULGDP II TSC will be responsible for:

1. Provision of administrative, logistical and secretarial support to the ULGDP II that ensures effective and smooth operations of the SC. This responsibility includes timely dissemination of agendas, papers, minutes, etc., as are required for effective operations;
2. Bringing to the attention of the SC of those issues that require executive direction or decisions involving ULGDP II implementation. In particular, the ULGDP II TSC will note the importance of:
 - a. Efficient and effective coordination and communication between the MUDHCo and MOFED, with other Federal and Regional organs involved and with participating and other interested ULGs; and
 - b. Timely submission of results and recommendations for allocation annually of IDA Performance Grant funds to the SC that ensures that participating ULGs, Regional States and Federal organs are advised of the allocation of ULGDP II funds well ahead of the start of the financial year to which they apply.

2 ULGDP II CONTEXT AND FRAMEWORK

2.1 URBAN DEVELOPMENT: STRATEGIC CONTEXT

Ethiopia's Growth and Transformation Plan² 2010/11 to 2014/15 is the principal driving and guiding force for the Ministry's Ethiopian Cities Prosperity Initiative: Building Green Growth, Resilient and Well Governed Cities 2013/14 to 2020 (ECPI). The ECPI incorporates the strategic directions, objectives and targets for urban development and the construction industry described in the GTP document.

Urbanization: Ethiopia is currently one of the least urbanized countries in the world but will, over the next 20 years, urbanize rapidly as its population grows to over 150 million by 2050. Economic growth and social development will be driven by increased agricultural and industrial productivity with cities complimenting and adding to the agricultural development and transforming the country into a manufacturing and industrial powerhouse. Urbanization is an essential element of Ethiopia's vision of achieving middle income country status by 2020-23. Urbanization in Ethiopia is increasing in momentum. It currently stands at 17% (2007 census) and it seems likely that urban population growth rates will increase. The current GTP focus on urban job creation reflects this understanding. Urban employment, particularly women and youth, will remain a critical focus for years to come. This focus has to be supported by an increasingly skilled labor force, adequate infrastructure and services, availability of serviced land, farsighted land use planning and assembly and an enabling environment in terms of the legal framework and regulation for planning and development. All these priorities require: a strong consistent and buoyant local revenue base; substantial capital investment funding for development of infrastructure and services, capacity building, and public mobilization of public and private sectors, communities and individuals.

Table 1. CITIES AND TOWNS WITH POPULATIONS 20,000+ BY POPULATION, 2007

Region/Charter City	20,000-49,999	50,000-99,999	100,000-250,000	1mln+	Totals
Addis Ababa (10 Sub-Cities)				2,739,551	2,739,551
Dire Dawa			233,224		233,224
Afar (Semara/Ligiya)	16,663				16,663
Amhara	277,037	241,991	482,567		1,001,595
Benishangul Gumuz	24,214				24,214
Gambella	39,022				39,022
Harar		99,368			99,368
Oromiya	797,719	242,416	441,626		1,481,761
Somali	128,825		125,876		254,701
SNNP	333,395	280,074	157,139		770,608
Tigray	240,937	57,588	215,914		514,439
Totals	1,857,812	921,437	1,656,346	2,739,551	7,175,146
	26%	13%	23%	38%	100%

Source: Central Statistical Agency (CSA). 2007 Population and Housing Census of Ethiopia

² The Urban Policy is downloadable from <http://www.mwud.gov.et>. The GTP document is downloadable from: <http://www.mofed.gov.et>

Economic development goals, as set in the GTP and earlier national plans³, envisage a shift from a focus on rural-based agricultural productivity to urban-based industrialization (industry and manufacturing – complimented by increased commercial and service sector activity). This shift in focus is likely to emerge more fully in the later years of the GTP and reach maturity in its successor – the 2015/16-2019/20 national plan. Effective and efficient urban infrastructure and services, as well as urban governance, to meet this policy direction are critical.

Backlog: Due to insufficient investment in urban infrastructure over many decades, together with rapid urbanization rates that greatly exceed population growth rates, a backlog in provision of infrastructure and services has arisen that will take additional investment to clear before cities can address annual increases in demand for services.

Addis Ababa stands alone as Ethiopia's principle city: it is its capital, in the center of the country; ten times bigger than the next largest city, and the center of government, commerce, industry and services. It will almost certainly become Ethiopia's first mega city (population over 10 million) and remain so for many years. Addis Ababa is a very significant contributor to growth in Ethiopia's Gross Domestic Product – disproportionately so in terms of its population. The financing envelope to meet demand for infrastructure and services is very large in comparison to other cities. As Ethiopia's economic development goals move from increased agricultural productivity through the value chain to industrialization, Addis Ababa's importance will increase.

Note: Addis Ababa City Government is not included as a participating city in the ULGDP II. The decision not to include Addis Ababa in the ULGDP II does not mean that Addis Ababa will be neglected; because of its special importance, as described in the previous paragraph, specific policies, strategies and programs will be determined to address Addis Ababa's specific and substantial investment and capacity building needs.

Urban reform: Starting in 2000, Ethiopia has taken a number of key reform initiatives:

- **Addis Ababa has been the laboratory** for testing new and innovative approaches to urban development and management. These include but are not limited to low cost and condominium house, decentralization (sub-cities), urban renewal, street addressing, property registration, and asset management linked to Geographic Information Systems.
- **From 2000 to 2004:** Regional States adopted City Government Proclamations that created a new form of urban local government (replacing municipalities) and gave these cities greater autonomy and responsibilities. This initiative was then scaled up from the initial four to all Regional States. During the same period, Addis Ababa and Dire Dawa were granted City charters under Federal Proclamations.
- **From 2004 to 2008:** The Capacity Building for Decentralized Service Delivery (CBDSD) project, with the support of the Urban Governance and Decentralization Programme, put in place four funding windows to support capacity building of 18 newly established city governments in four Regional States and Dire Dawa and Harar. The aim was to prepare cities for investments infrastructure services and facilities.

³ Sustainable Development and Poverty Reduction ULGDP2 (SDPRP) (2002/03-2004/05), Plan for Accelerated and Sustained Development to End Poverty 2002/03-2004/05 (PASDEP) (2005/06-2009/10)

- **2008 to date** has seen the implementation of the first Urban Local Government Development Project which with WB funding of 300 million in the form of Performance Grants, and Regional and cities' contributions of 40% (20%/20%) of the WB funding, US\$ 420 million has been invested in urban infrastructure and services - based on annual performance assessments. Parallel to the ULGDP the KfW funded Urban Development Fund provides performance grants for infrastructure investments in 8 cities, including the capitals of four smaller regions. Both projects are supported by and integrated with the German Federal Ministry for Economic Cooperation and Development funded Urban Governance & Decentralization Program (Euro 13 million). WB funding has added a capacity building component to the ULGDP from 2013 that will prepare 18 new cities for infrastructure investment funding based on performance in ULGDP II.
- These initiatives have taken place within the GoE development framework in general and the urban development framework established by MUDHCo and its predecessors in particular. These include the PASDEP Urban Development and Urban Good Governance Packages implemented 2005/06-2009/10 and now through the ECPI 2013/14 to 2020. An indication of GoE's commitment to urban development is the establishment of an Urban Management Master's program at the Ethiopian Civil Service University in GC 2000 and its scaling up to accommodate many hundreds of graduates since GC 2007.

From GC 2002 to date, 27 cities have participated in and benefited from capacity building (CBDSD/Public Sector Capacity Building Support Program/ Urban Governance & Decentralization Program) and investment (ULGDP/ Urban Development Fund) programs launched and administered by the Ministry – about 45% of the total urban population, although Addis Ababa benefited at a much lower level than the other cities. A further 18 cities currently participate in the capacity building component of the ULGDP, starting in 2013. Of the total 95 cities with populations in 2007 of 20,000 and more, 40 cities⁴ have not yet been included in the investment and capacity building programs and Addis Ababa will be addressed as a special case. It is intended that these cities are brought within ULGDP II before its termination.

2.2 ETHIOPIAN CITIES PROSPERITY INITIATIVE

The Ministry of Urban Development, Housing and Construction has produced the **Ethiopian Cities Prosperity Initiative**. The ECPI will lead to the establishment of Green Growth, Resilient and Well Governed Cities that support Ethiopia's transformation from a predominantly agricultural nation to a nation with a rapidly growing industrial sector that contributes to the economic growth necessary to achieve middle income country status by 2025. The ECPI is the Ministry's contribution to the Government of Ethiopia's **Growth and Transformation Plan** (GTP) 2010/11-2014/15 and national Vision.

The ECPI comprises eight pillars – or dimensions - that will contribute to the achievement of middle income country status and bring the desired political-economic transformation. Growth is a key objective of our initiatives and programs for urban development and construction; the main economic objective. The main elements of the political component of the seven pillars that make up the ECPI are good governance, democratization at local

⁴ 9% of the total urban population and 15% of those urban centers with a population of 20,000+. The largest had a population of 48,000 in 2007.

level and the satisfaction of citizens and residents with the delivery of public services and performance of government – at local, regional and federal levels. Together the economic and political interventions of the ECPI will produce the prosperity that accompanies achievement of middle income country status.

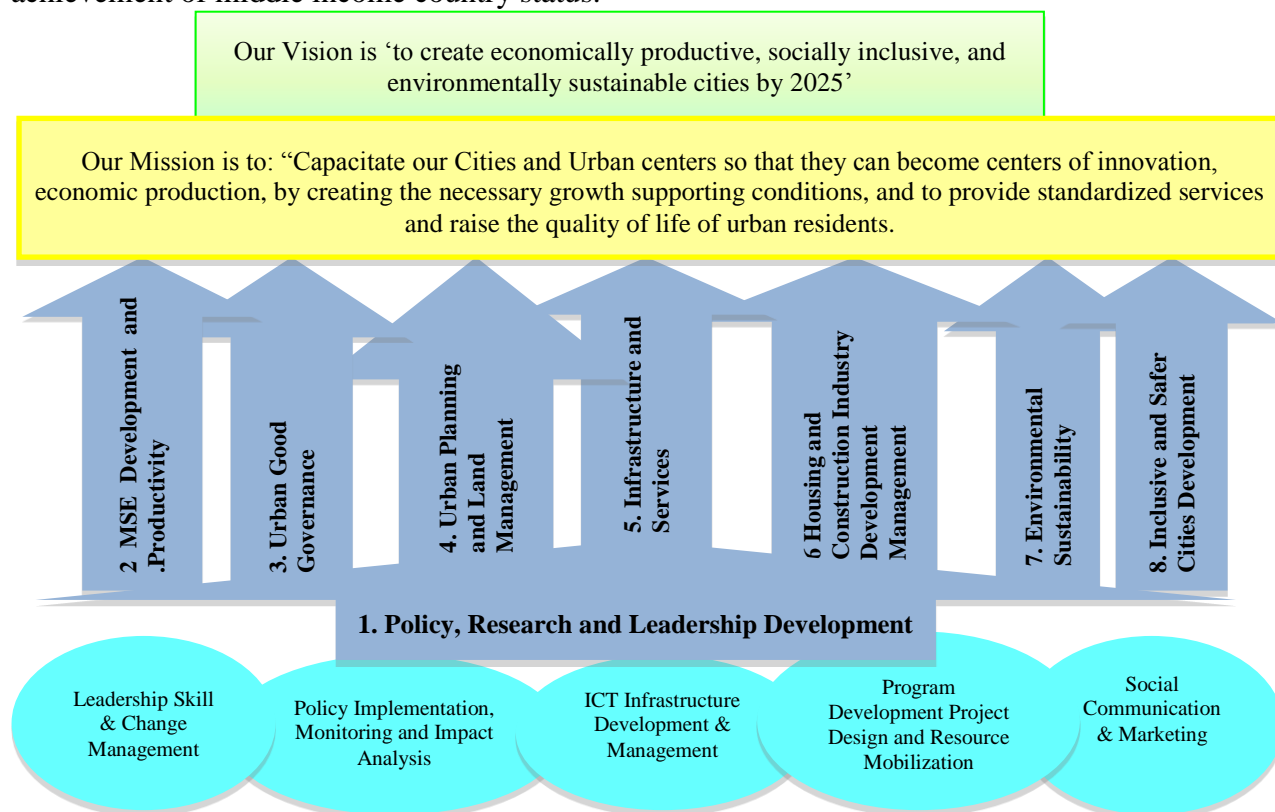


Figure 1. ECPI VISION, MISSION AND & STRATEGIC PILLARS

The eight strategic pillars and the programs that make up each pillar of the ECPI are illustrated in the figure above– seven of the pillars being supported at all times by the first - Policy, Research and Leadership Development:

2.3 URBAN LOCAL GOVERNMENT DEVELOPMENT PROGRAM

2.3.1 Urban Local Government Development Program 2008/09-2013/14

The Urban Local Government Development Program (ULGDP) is a continuation of urban reform by the Government of Ethiopia which started in the early 2000s. ULGDP was designed to support the government's Plan for Accelerated and Sustained Development to End Poverty 2005/06-2009/10 (PASDEP) and the Ministry's Urban Development and Urban Good Governance Programs that were developed to support the PASDEP. The specific development objective of the program is to support improved performance in the planning, delivery and sustained provision of priority municipal services and infrastructure by urban local governments (ULGs).

2.4 ULGDP II: IMPLEMENTATION FRAMEWORK

The ULGDP II is a follow-up to the successful ULGDP. In preparation for ULGDP II, 18 additional ULGs were selected in 2012 to receive capacity building support to enable them to participate in the ULGDP II's performance grant. The ULGDP II will scale up the

ULGDP support from 19 to 44 cities – excluding Addis Ababa and adding 26 new cities – by providing investment funds to promote the cities as growth engines in the GoE’s urban development strategy; build institutional capacity of all tiers of governance (federal, regional and local) in urban development, and enhance the incentives of everyone involved. The 44 ULGs participating in the ULGDP II are:

- The 18 cities⁵ that participated in the CBDSD and (excluding Addis Ababa) in the ULGDP – as listed in footnote 1 below;
- The 18 cities⁶ that participated in the ULGDP for CB purposes only – as listed in footnote 2 below; and
- The 8 cities⁷ that are receiving investment funds through the KfW funded Urban Development Fund and capacity building support from GIZ through the Urban Governance and Decentralization Programme.

The ULGDP II will involve disbursement of Performance Grant funds by the Government of Ethiopia (provided by a World Bank credit) and allocation of funds to ULGs, Regional States and MUDHCo through a result orientated/performance capital investment fiscal transfer system using the World Bank’s Program for Results methodology, clearly linked to well-defined disbursement-linked indicators (DLIs) – see the ULGDP II POM. The Program for Results operation will fully utilize and enhance the key elements of the existing GoE systems – financial management, procurement, environmental & social safeguards.

2.4.1 ULGDP II Objectives

The ULGDP II Development Objective is to enhance the institutional and organizational performance of participating ULGs in developing and sustaining urban infrastructure and services.

2.4.2 ULGDP II Description

The ULGDP II will support the ECPI and build on the achievements and systems developed by the ULGDP⁸. ULGDP II will support all three levels of the Government of Ethiopia - 44 ULGs – excluding Addis Ababa - 9 regional governments (respective Bureaus of Urban Development and other regional agencies involved) and the federal government (specifically MUDHCo)⁹. The ULGDP II duration will be from 2014/15 till 7 July 2018/2019 (EFY 2007 – 2011). The total ULGDP II funding envelope is US\$ 556.5

⁵ Bahir Dar, Kombolcha, Gondar and Dessie in Amhara Region; Mekelle, Adigrat, Axum and Shire Endeselassie in Tigray Region; Adama, Bishoftu, Jimma and Shashemene in Oromia Region; and Hawassa, Arbaminch, Wolayta Sodo and Dilla in SNNPR, Dire Dawa and Harar

⁶ Assela, Burayu, Sebeta, Ambo, Robe, and Batu in Oromia, Debre Birhan, Debre Tabor, Woldya, Finote Selam, and Mota in Amhara; Almata, Humera and Wukro in Tigray; and Mizan, Yirga Alem, Areka and Butajira in SNNPR

⁷ Adwa (Tigray), Debre Markos (Amhara), Hosaina (SNNPR), Nekemte (Oromia), Gambella (Gambella), Semara (Afar), Asosa (Benishangul Gumuz), and Jijiga (Somali).

⁸ The main change in approach being the use (as widely as possible) of the World Banks Program for Results (PFR) instrument for fund delivery and systems application which replaces, to a great degree, Specific investment lending (SIL) instrument applied in the first ULGDP.

⁹ Other involved GoE organs include the Federal Ethics and Anti-Corruption Commission and regional offices, the Ethiopian Public Procurement and Property Administration Agency and regional institutions, the Regional Environmental Protection Authorities and the Federal and Offices of the Regional Auditor General

million, comprising US\$ 176.5 million GoE resources (contributed by ULGs and regional governments) and US\$ 380 million World Bank funds.

The ULGDP II expenditure framework will comprise the three following major items:

1. Performance grants to 44 ULGs for urban infrastructure and services investments and capacity building (US\$ 499.5 million) of which US\$ 323 comes from the IDA funding, and US\$176.5 derives from contribution from the ULGs and the regions;
2. Nine Regional governments will provide capacity building and oversight/support to participating ULGs in their region (US\$30 million); and
3. MUDHCo to administer and coordinate the program, and strengthen its capacity to support and guide the regions and ULGs (US\$27 million).

Activities to be financed by the Performance Grants are:

1. Core infrastructure investments in roads, water supply, sanitation, solid waste, greenery, street lighting, etc. in a well-defined investment menu, which targets infrastructure investments towards areas under ULG responsibility, and to maximum gains and minimize the risks. The ULGs will prepare their Capital Investment Plans in a participatory manner and use the planning tools developed under ULGDP: the assets inventory and management plan system, capital investment plans, annual plans and budgets. Participatory approach and proper planning and budgeting will be promoted through the Annual Performance Assessments (APA). Cities and regions will contribute to the investments through a substantial level of matching funding (see the following Section 2.5).
2. ULGs will be able to utilize a maximum of 5% of Performance Grants for CB activities defined in a menu of eligible CB activities (see the following Section 2.6). These activities will build on the existing technical assistance provided under the current government and GIZ programs. As such, the ULGDP II will pursue a two-pronged approach focusing on the CB needs of:
 - The 26 cities that did not participate in the ULGDP - which are expected to be fairly high;
 - The 18 cities which participated in the CBDSD and the ULGDP – whose CB needs are expected to be relatively lower, and different in nature, to the 26 new cities.

2.5 ELIGIBLE INVESTMENT AREAS FOR ULGs IN INFRASTRUCTURE AND SERVICES

Infrastructure/Service	Type
Roads	<u>Expenditure group 1:</u> Cobblestone, gravel' and red ash roads. (asphalt roads are not eligible)
	<u>Expenditure group 2:</u> Rehabilitation of roads, Bridges, fords and culverts, Pedestrian walkways, Street lighting, etc.
<i>Construction or rehabilitation of roads that require significant resettlement of people (more than 200 people) will not be eligible for funding under the ULGDP II.</i>	
Integrated multiple infrastructure and land services (residential, micro and small enterprises, industrial zones)	<u>Expenditure group 3:</u> Servicing of land with utilities (water supply, electricity, telecommunications, roads and drains (within existing right of way), solid and liquid waste collection and disposal, and other core urban infrastructure).
Sanitation (liquid waste)	<u>Expenditure group 4:</u> Sewer reticulation systems (no large

Infrastructure/Service	Type
	canals ¹⁰), Wastewater treatment ponds, Sludge ponds, Community soak away pit and septic tanks, Community latrines: dry pit, ventilated improved pit, Ecosan, composting, and Vacuum trucks, vacuum handcars, and the like.
Solid waste management	<u>Expenditure group 5</u> : Collection trucks and other collection equipment, collection bins, transfer stations, collection points; Landfills (<i>of the size of maximum 10 hectares and minimum design criteria as per the solid waste management manual</i>), Biogas and composting plants; and Landfill site equipment including compaction vehicles, and the like.
Urban drainage	<u>Expenditure group 7</u> : Drainage systems, Flood control systems, and the like.
Built facilities	<u>Expenditure group 8</u> : Urban markets with associated services (water supply, drainage, access roads, and the like), Development of production and market centers for small businesses, Slaughter houses (abattoirs), with by-products and processing facilities.
Urban parks and greenery	<u>Expenditure group 9</u> : Support to urban parks and greenery development projects for beautification.
Consultancy services for design and contract management	<u>Expenditure group 10</u> : For studies relating to preliminary and detailed design, contract documentation and supervision relating to the above infrastructure and services, and the like.
Capacity Building Support	<u>Expenditure group 11</u> : Up to 5 percent of investment grants can be utilized on capacity building support, see menu for capacity building support below.

2.6 ELIGIBLE INVESTMENT AREAS FOR ULGs, NRSS AND MUDHCo IN CAPACITY BUILDING

Capacity Building Area	Capacity Building activity
Training, seminar, and conferences	<ul style="list-style-type: none"> • Short- term local training and related operating expenses • Selected short- term training (up-to duration of 3 months) • Peer to peer support across ULGs • Study tours as planned by the ULGs and approved by the Ministry (study tours will have to be approved) • Seminars/Conferences/Workshops/Meetings Expenses • Training Materials • Hire of Venue /Hotel Accommodation • Refreshments
Organizational Development	<ul style="list-style-type: none"> • Training Needs Assessment • Assessment of IT needs systems • Organizational culture change – one stop shop, client orientation, contracting out, etc. • Social accountability & behavior change assessment • Organizational structure assessment • Filing and archive system assessment

¹⁰ Sewer reticulation systems canals (primary canals) shall not exceed in diameter 1,000 millimeters or 10 kilometers.

	<ul style="list-style-type: none"> • Land management & administration systems assessment • Financial systems (IBEX, etc.) • Management information & decision making systems
Technical assistance	<ul style="list-style-type: none"> • Consultancy fees and related operating expenses (for studies related to ULG service delivery operations, and institutional (policies, laws, bye-laws, regulations) and organizational development (see above) • Printed Material & Stationery
Equipment	<p>Equipment related with the capacity building support (not vehicles and buildings) including:</p> <ul style="list-style-type: none"> • Server (computing) • Networking and ICT equipment and software • Computers and accessories • Printer, photocopy machine, scanner • Binding machine • Air conditioner/ fan • Filling cabinet/ shelf

3 OVERVIEW OF APA DLIS AND PERFORMANCE MEASURES

3.1 DLI 1 - ULG MINIMUM CONDITIONS

No.	Minimum Condition	Verification	Application
1	ULG has: a) rolling three year CIP, b) Annual Action Plan, c) annual budget, d) Annual Procurement Plan – approved by the Council – for the current year	Yes or No	For all APAs
2	ULG has submitted financial statements for the last EFY to the Council & external auditor on time		
3	ULG has received an external audit report (from the external auditor) from previous EFY that is not adverse or with a disclaimer opinion		
4	ULG has provided for its ULGDP II co-funding requirements – for the current year		
5	ULG has staff in place in six key positions required for ULGDP II implementation – at the date of the APA		
6	ULG has a fully operational environmental and social management safeguard system in place – at the date of the APA		
7	ULG has a fully operational procurement system in place – at the date of the APA		
8	ULG has a fully operational complaints handling system in place – at the date of the APA		
9	Planned use of performance grants (during the EFY of the APA) is in compliance with the investment menus		Starting in 2 nd APA in EFY 2007 for EFY 2008 allocation (in terms of budget allocations, and third assessment (EFY 2008) reviewing grant utilization in EFY 2007 with impact on EFY 2009 allocations).

See Section 4 for the details.

3.2 DLI 2, ULG PERFORMANCE MEASURES, INSTITUTIONAL PERFORMANCE

Minimum points for all performance measures and indicators = 0 (zero)

No.	Performance Measure / Indicators	Maximum points			Application
2.1.	Planning and Budgeting	10			
1.	Capital Investment Plan with linkages	3			
1.	Consistency & alignment	2			1 st to 5 th ULGDP II APAs inclusive
2.	Capturing Operations and Maintenance & recurrent costs	1			1 st to 5 th ULGDP II APAs inclusive
2.	Participation of citizens	4			
1.	No. of public consultations	1			1 st to 5 th ULGDP II APAs inclusive
2.	Increase in no. of people involved + women involved is > 40%	1			1 st to 5 th ULGDP II APAs inclusive
3.	Evidence of agenda & issues discussed	1			1 st to 5 th ULGDP II APAs inclusive
4.	Minutes of meetings	1			1 st to 5 th ULGDP II APAs inclusive
3.	Budget appropriation	2			
1	Budget approved by Council	2			1 st to 5 th ULGDP II APAs inclusive
4.	Budget Reliability	1			
1	Variance between budget and actual for previous EFY less than 10%	1			1 st to 5 th ULGDP II APAs inclusive
2.2.	Asset Management Plan	10			
1	Asset inventory updated	2			
2	Asset conditions correctly reflected in inventories	2			
3	Asset inventory shows values, deficits & depreciation	2			
4	Asset management plan updated as per 10 steps	2			
5	Asset management plan identifies maintenance, rehab., and new assets & costs	2			
2.3.	Public Financial Management	15			
1.	Accounting & timely reporting	4			
1.	Use of integrated IBEX for all operations	1			1 st to 5 th ULGDP II APAs inclusive
2.	Chart of accounts adhered to – including municipal revenues	1			1 st to 5 th ULGDP II APAs inclusive
3.	Timely financial reporting	1			1 st to 5 th ULGDP II APAs inclusive
4.	Monthly cash & bank reconciliation reports submitted to BoFED	1			1 st to 5 th ULGDP II APAs inclusive
2.	External Audit	3			
1.	All audit backlogs cleared for prior years – 5 years back	3			1 st to 5 th ULGDP II APAs inclusive
3.	Audit Opinion	3			

No.	Performance Measure / Indicators	Maximum points			Application
1.	The external audit report of the previous audit has a clean opinion		3		1 st to 5 th ULGDP II APAs inclusive
4.	Audit Compliance		2		
1.	Evidence that audit queries raised in the external audit report have been acted on – 80% minimum		2		1 st to 5 th ULGDP II APAs inclusive
5.	Internal Audit		3		
1	Internal audit good practices identified by – production of quarterly reports		1		1 st to 5 th ULGDP II APAs inclusive
2	Internal audit good practices identified by – reports submitted to the Mayor		1		1 st to 5 th ULGDP II APAs inclusive
3	Internal audit good practices identified by – evidence of follow-up of audit findings		1		1 st to 5 th ULGDP II APAs inclusive
2.4.	Procurement	15			
1.	Annual Procurement Plans		3		
1.	APP implementation is monitored and APP milestones achieved		1		1 st to 5 th ULGDP II APAs inclusive
2.	APP is updated as required – at the point of assessment		2		1 st to 5 th ULGDP II APAs inclusive
2	Procurement Procedures and Contract Effectiveness		12		
1.	Availability of adequate auditable procurement records		1		1 st to 5 th ULGDP II APAs inclusive
	<u>All ICB & NCB contracts comply with legal requirements as follows:</u>				1 st to 5 th ULGDP II APAs inclusive
2.	– all goods, works & services are in approved APP		1		1 st to 5 th ULGDP II APAs inclusive
3.	– proper advertisements are made		1		1 st to 5 th ULGDP II APAs inclusive
4.	– correct standard bidding documents are used		1		1 st to 5 th ULGDP II APAs inclusive
5.	– bid floating periods are acceptable		1		1 st to 5 th ULGDP II APAs inclusive
6.	– bid evaluation reports are consistent with bid documents		1		1 st to 5 th ULGDP II APAs inclusive
7.	– bid evaluation results are announced to bidders & public		1		1 st to 5 th ULGDP II APAs inclusive
8.	– contracts awarded to lowest evaluated bidder within bid validity period		1		1 st to 5 th ULGDP II APAs inclusive
9.	– procurement complaints properly addressed		1		1 st to 5 th ULGDP II APAs inclusive
10.	– contract document contents are complete		1		1 st to 5 th ULGDP II APAs inclusive
11.	– procurement processes are timely (consistent with APP)		1		1 st to 5 th ULGDP II APAs inclusive
12.	– Contracts implemented in a timely manner (consistent with planning & budgets)		1		1 st to 5 th ULGDP II APAs inclusive
2.5.	Own source revenue enhancement	10			
1	Revenue Enhancement Plan updated for most recent year		3		1 st APA only
1.	ULG has carried out detailed analysis of each main revenue source & potential		2		1 st APA only
2.	ULG has developed strategies for revenue enhancement		1		1 st APA only
1	Revenue Enhancement Plan updated for most recent year		2		2 nd to 5 th APA inclusive
1.	ULG has carried out detailed analysis of each main revenue source & potential		1		2 nd to 5 th APA inclusive
2.	ULG has developed strategies for revenue enhancement		1		2 nd to 5 th APA inclusive

No.	Performance Measure / Indicators	Maximum points			Application
2	ULG's municipal revenues increase		4		1 st APA only
1.	5 to 10% increase			1	1 st APA only
2.	11 to 20% increase			2	1 st APA only
3.	Greater than 20% increase			4 ¹¹	1 st APA only
2	ULG's municipal revenues increase		3		2 nd to 5 th APA inclusive
1.	5 to 10% increase			1	2 nd to 5 th APA inclusive
2.	11 to 20% increase			2	2 nd to 5 th APA inclusive
3.	Greater than 20% increase			3	2 nd to 5 th APA inclusive
3	Revenue Planning: Percentage of municipal revenue on business taxes, municipal rent and charges and fees collected against planned target for the previous EFY		3		1 st APA only
1	Variation less than 5%			3	1 st APA only
2	Variation less than 10%			1	1 st APA only
3	Revenue Planning: Percentage of municipal revenue on business taxes, municipal rent and charges and fees collected against planned target for the previous EFY		2		2 nd to 5 th APA inclusive
1	Variation less than 5%			2	2 nd to 5 th APA inclusive
2	Variation less than 10%			1	2 nd to 5 th APA inclusive
4	Co-funding from ULGs is above level – as percentage of performance grant amount		3		Starting 2 nd APA & for 3 rd , 4 th & 5 th APAs – starting in the 3 rd APA both budgeted and actual (as per accounts) co-funding is verified
1	For Samera/Logiya, Asosa, Gambella, Jijiga 11-20%			2	
1	above 20%			3	
2	Debere Markos, Debre Brehan, Debre Tabor, Finote Selam, Mota, Woldiya, Ambo, Asela, Burayu, Nekemte, Robe, Sebeta, Zeway/Batu, Areka, Butajira, Hosaena, Mizan, Yirga Alem, Adwa, Alamata, Humera, Wukro 21-30%			2	
2	above 30%			3	
3	Bahir Dar, Dessie, Gondar, Kombolcha, Adama, Bishoftu, Jimma, Shashemene, Arba Minch, Dila, Hawassa, Sodo, Adigrat, Axum, Mekele, Shire Endasilase 31 to 40%			2	
3	above 40%			3	
4	Dire Dawa and Harar/Harari 51 to 60%			2	
4	above 60%			3	
2.6.	Accountability and transparency	15			
1	ULG identifies 3 top basic services, prepares service standard & citizens' charter & publishes Yes		6		1 st APA only

¹¹ Remark maximum points here is 4 points.

No.	Performance Measure / Indicators	Maximum points			Application
		No	0		1 st APA only
2	Municipal service delivery as per citizens' charter	Yes	6		2 nd APA and APAs that follow
		No	0		2 nd APA and APAs that follow
3	Public dissemination (in city offices & other public places or web-pages, newspapers) of information about:		6		2 nd APA and APAs that follow
1	Annual budgets		1.2		1 st to 5 th APA inclusive
2	Approved projects		1.2		1 st to 5 th APA inclusive
3	Expenditures		1.2		1 st to 5 th APA inclusive
4	Audited accounts		1.2		1 st to 5 th APA inclusive
5	Procurement decisions		1.2		1 st to 5 th APA inclusive
4	Timely submission of quarterly progress reports		3		1 st to 5 th ULGDP II APAs inclusive
2.7.	Environment and social Safeguards		10		
1	Environmental & Social Screening		6		
1	All capital project screened as per ESMS at planning stage (before construction starts)		3		1 st to 5 th ULGDP II APAs inclusive
2	EIAs, EMPs, RAPs, etc., prepared and approved by REPA as required		3		1 st to 5 th ULGDP II APAs inclusive
2	Environmental Management Plans and RAPS are implemented prior to commencement of construction		4	4	1 st to 5 th ULGDP II APAs inclusive
2.8.	Land management and urban planning		15		
1	Statutory structure plan in approved/in place		5		
1	Existence of up-to-date approved statutory city-wide (structure) plan - yes		3		1 st to 5 th ULGDP II APAs inclusive
2	CIP is in accordance with city-wide (structure) plan - yes		2		1 st to 5 th ULGDP II APAs inclusive
2	Land management effective		10		
1	Land released is serviced as per standards & city plan (sample of 5 projects) yes/no for each project is 1 point – all have to be fulfilled		5		1 st to 5 th ULGDP II APAs inclusive
2	ULG has an up-to-date inventory of land use Yes/no		5		1 st to 5 th ULGDP II APAs inclusive

See Section 5 for more details.

3.3 DLI 3 - ULG PERFORMANCE MEASURES, SERVICE DELIVERY PERFORMANCE

No.	Performance Measure / Indicators	Maximum points			Application
3.1.	Job Creation				
1	Cities' achievement of jobs created (disaggregated by gender – male/female) by CIP annual investment budget against their targets (% of achievement) – based on that registered or planned targets for job creation set in advance by ULGs who have started implementation actions to achieve the target(s) set. 100 % achieved = 35 points, 60 percent = 21 points, etc.		35		1 st and 2 nd APAs
1	As of second year, the jobs created will be measured (possibly person days of employment) during the 3 rd APA based on standard to be developed by MUDHCo		30		3 rd , 4 th and 5 th APAs
3.2	Urban Infrastructure Targets See Note at top of the next page on weighting this PM				
1	Physical targets as included in the Capital Investment Plan and annual work plan implemented. The % of implementation against plans will be reflected directly in the score multiplied by 35 % (weight of this indicator), i.e. 100 % implemented = 35 points, 60 % = 21 points 1 st 2 years		35		1 st and 2 nd APAs
1	From 3 rd Year onwards		30		3 rd , 4 th and 5 th APAs
3.3	Maintenance performance				
1	Maintenance Budgeting and Implementation				
1	a. Maintenance plan derived from the assets management plan; and b. ULGs have developed a clear maintenance budget and actual implementation rate (Review overall budget and utilization rate in final accounts of a sample of projects to review actual maintenance) is minimum 80% of the planned. Both conditions have to be complied with to get the maximum points. 1 st 2 years		15		1 st and 2 nd APAs
1	From 3 rd Year onwards		10		3 rd , 4 th and 5 th APAs
2	Actual Maintenance				
1	Maintenance is carried out as required (reward if all projects, which need maintenance, have actually been carried out). This will be based on a sample of 3-5 projects from the Assets management plan. Note: All projects have had required maintenance for to achieve the points. 1 st 2 years		15		1 st and 2 nd APAs
1	From 3 rd Year onwards		10		3 rd , 4 th and 5 th APAs
3.4	Quality of Infrastructure				
1	Value for the money in the infrastructure investments funded by the ULGDP II (The value for money audit will be conducted as a separate exercise from the Annual Performance Assessment (but during the same period – i.e., in parallel), by an independent consultant contracted by MUDHCo, with effect from the 3 rd assessment starting in September 2015 1 st 2 years		0		1 st and 2 nd APAs
1	From 3 rd Year onwards		20		3 rd , 4 th and 5 th APAs

See Section 6 for more details.

Note: The “execution rate” will be determined by a review of the bills of quantities, and verified by the **physical progress against planned targets**. Hence, for projects not yet fully completed, e.g. a road project, the team will review the progress on the major items in the *bills of quantities*, both in the regular reports from the engineer, as well as through field trip verification of the actual implementation rate. The % (rate), of completion measured by the bills of quantities 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 to get an aggregate result, see the example below.

Weighting Completion Rates

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

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

3.4 DLIs 4, 5, 6 AND 7, RIA PERFORMANCE MEASURES,

DLI	No.	Regional Implementing Agency / Performance Measures	Scoring	Application
4		Bureau of Urban Development, Housing and Construction (or regional state equivalent)		
		Regional government capacity building and support teams in place and support urban service delivery.		
	1	Capacity Building Plan of and TOR for regional mobile CB & mentoring teams (4 regional support teams 40 staff/4 X 10 staff for the core positions defined in the POM) are, in place as per TOR (before the start of FY 2014/15), checked by APA).	Yes, no, partially (20%, 40%, 60%, 80%) (sufficient here with the CB plan in place and the TOR in place, as the assessments are already here in April 2014, see PAD, verification protocol ...	1 st APA
	1&2	(i) regional mobile CB & mentoring teams are in place and are operating, and (ii) regional governments have adopted service delivery standards (as issued by MUDHCo*) and issued those for the cities, and provided guidance in implementation (reports).	Teams are in place and operating. Minimum 80 % of the staff in place: 100 % allocation, 50-80 %: 50 % allocation, less than 50 %: No allocation (see POM Vol 1 Annex 14 verification protocol for consistency.. 80 % in place the second assessment, and then 80 % execution in the following year s.. Additional condition is that the region has adopted service delivery standards (as issued by MUDHCo	2 nd APA

DLI	No.	Regional Implementing Agency / Performance Measures	Scoring	Application
	1-4	(i) regional government has developed CB plan for the ongoing EFY (ii) regional CB & mentoring teams are in place (iii) capacity building plans for the previous year have been executed (iv) regional governments have adopted service delivery standards (as issued by MUDHCo*) and issued those for the cities, and provided guidance in implementation (reports). * This condition is only valid if MUDHCo has issued the service delivery standards to the regions.	Teams are in place (minimum 80 % of the staff), and review of execution rate in FY 2014/15 (more than 80 % of planned activities implemented = full allocation 60-80 = 50 %, less than 50 % = no allocation). Note that it is an additional condition for disbursement that the region has adopted service delivery standards (as issued by MUDHCo), and issued those for the cities, and provided guidance in implementation as well as monitoring (report).	3 rd , 4 th and 5 th APA
5	Office of the Regional Auditor General			
	1	Offices of the Regional Auditor Generals (ORAGs) carry out timely audits of ULGs' financial reports (by January 7 of each financial year). Timely audit means that the final audit report is issued no later than January 7 after the EFY for which the audit concerns.	Scoring calibrated by percentage of ULGDP II participating ULGs for which ORAG has conducted external audit and delivered audit report in a thorough and timely (by 7 January) manner.	1 st to 5 th ULGDP II APAs inclusive
6	Regional Environmental Protection Agency			
	1	Regional environmental protection agencies (REPAs) carries out timely review of ULG safeguards compliance. This indicator will be fulfilled when the REPAs have carried out the safeguards reviews/audits of ULGs in their jurisdictions before the start of the annual performance assessment in each year.	Scoring calibrated per ULG for which the REPA 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). (first year another rule, see PAD, as they cannot be requested to do this in first year ..)	1 st to 5 th ULGDP II APAs inclusive
7	Regional Revenue Authority			
	1	Regional revenue authorities support ULGs' efforts to mobilize revenue.	Scoring is calibrated according to the number of ULGs where regions have conducted annual consultative review with ULGs of municipal revenues/tariff/tax rates and bands, with consultation and decisions recorded in regional council minutes	1 st to 5 th ULGDP II APAs inclusive

See Section 7 for more details.

3.5 DLIs 8 AND 9, MUDHCo PERFORMANCE MEASURES,

DLI	No.	Ministry of Urban Development, Housing and Construction	Scoring	Application
8	Federal capacity building support			
	8.1	<p>Completion of annual MUDHCo capacity building activities for ULGDP II ULGs, regional governments and the Ministry</p> <p>MUDHCo will put in place an annual plan to build capacity of ULGs, regional governments and the ministry. Among other things, the plan will specify the activity, its objective, the resources assigned and the implementation timeline. The template for the plan will be included in the Program Operations Manual.</p> <p>Minimum 60 days prior to the Fiscal Year, MUDHCo provides information on capacity building plan in place (up-dated for the coming EFY), and review of execution rates in the ongoing CBP), Plan should be adopted for the future fiscal year, and minimum 80 percent of the 34 staff have to be in place and the execution rate of the planned activities should be above 60 percent: 100 percent allocation</p>	Capacity Building Plan prepared for the technical federal support teams in place: (12 + 22=34 staff), covering the 6 ULGs - Samera/Logiya, Asosa, Gambella, Jijiga, Dire Dawa and Harar + remaining regions + and for backstopping support of all ULGs and support to MUDHCo according to standard format as per the POM, and with the details on minimum level visits to ULGs, staff weeks in ULGs etc. and TOR for positions.	1 st to 5 th ULGDP II APAs inclusive
9	Timely APA and Value for Money Audits			
	9.1	Completion of APA by June 2013 in the first ULGDP II year, and then by November with incorporation of the audit results in January of each year thereafter, by MUDHCo	“Timely” is defined as by end of January in the year prior to the fiscal year where funds to ULGs are allocated. First year will have an exemption and the deadline will be before the beginning of the EFY. As the value for money audit is only conducted from the third year of the ULGDP II (September–December 2017), the APA will count 100 percent in fiscal 2015 and fiscal 2016 allocations. Thereafter, the two assessments will have an equal weight in the disbursement rates.	1 st to 5 th ULGDP II APAs inclusive
	9.2	Starting in year three of the ULGDP II, MUDHCo will also launch the value for money audits, by August of each year to feed into the APA cycle.	APA and value for money audit count 50 percent each, that is if the APA has been conducted timely, 50% is released in the following fiscal year and similar for the value for money audit	3 rd , 4 th and 5 th APA

See Section 8 for more details.

Figure 1. ULGDP II PREPARATORY ACTIVITIES AND APA PRIOR TO EFY 2007 (GC 2014-15), YEAR 1

No	Activity Note: Consultant’s responsibilities are indicated in red – in some cases (Nos. 7 to 10 inclusive and No. 12) in jointly with UGGCBB, MUDHCo	2013		2014										2014						
		Week starting Monday ↓																		
		23	30	6	13	20	27	3	10	17	24	3	10	21	28	5	12	19		
		Dec.	January				February				March		April		May					
1	Request for Proposals for 1 st APA issued to consultants																			
3	Consultant submit Technical & Financial proposals for 1 st APA																			
4	Evaluation of Proposals for 1 st APA (MUDHCo)																			
5	ULGDP II appraisal (MUDHCo/WB)																			
6	Contract negotiations for 1 st APA concluded																			
7	Contract signed for 1 st APA																			
8	Contract for 1 st APA start																			
9a	1 st APA Inception Period																			
9b	1 st APA completed for 44 ULGs																			
9c	Draft report delivered for 1 st APA																			
10	ULGDP II 1st APA workshop																			
11	1 st APA Results agreed & and allocations for EFY 2007 disseminated																			
12	ULGDP II launch workshop/ceremony																			

Figure 2. ULGDP II ANNUAL CALENDAR OF ACTIVITIES FOR EFY 2007 (GC 2014-15), YEAR 1

ULGDP II - Key Annual Activities	EFY>	Ethiopian Financial Year 2007																											
	EC>	Hamle		Nehase			Qu		Meskerem		Tekemt		Hidar		Tahsas		Tir		Yekatit		Magabit		Miazia		Ginbot		Sene30		
	GC>	July 8		August			September		October		November		December		January		February		March		April		May		June		7 Jul		
	Weeks>	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51		
Procure 2 nd APA Consultant																													
Consultant completes 2 nd APA																													
Secure 1 st Environmental & Social Audit																													
1 st Environmental & Social Audit																													
Determine ULGDP II Allocations for EFY 2008 (SC, TSC, WB)																													
External audit results of 44 ULGs incorporated in 2 nd APA																													
MUDHCo announces ULGDP II allocations for EFY 2008																													
1st ½ Year (50%) Disbursement EFY 2007																													
2nd ½ Year (50%) Disbursement EFY 2007																													
ULGs prepare Annual Plan, Budget & APP for EFY 2008																													
Annual Plan, Budget& APP for EFY 2008 submitted																													
Financial Year 2007 (2014/15) starts																													
ULGs submit Bi- and Annual Fin/Prog Reports																													
RGs submit Bi- and Annual Fin/Prog Reports																													
MUDHCo submits Bi- and Annual Fin/Prog Reports																													
WB/MUDHCo Supervision Missions																													
ULGDP II TSC prepare for SC meeting																													
ULGDP II Steering Committee Meetings																													

Figure 3. ULGDP II ANNUAL CALENDAR OF ACTIVITIES FOR EFY 2008 (GC 2015-16), YEAR 2

ULGDP II - Key Annual Activities	EFY>	Ethiopian Financial Year 2008																											
	EC>	Hamle		Nehase		Qu	Meskerem		Tekemt		Hidar		Tahsas		Tir		Yekatit		Magabit		Miazia		Ginbot		Sene30				
	GC>	July 8		August			September		October		November		December		January		February		March		April		May		June		7 Jul		
	Weeks>	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51		
Procure 3 rd APA Consultant																													
Consultant completes 3 rd APA																													
Secure 2 nd Environmental & Social Audit																													
2nd Environmental & Social Audit																													
Secure 1 st Independent Procurement Audit																													
1 st Annual Value for Money Audit																													
Determine ULGDP II Allocations for EFY 2009 (SC, TSC, WB)																													
External audit results of 44 ULGs incorporated in 3 rd APA																													
MUDHCo announces ULGDP II allocations for EFY 2009																													
1st ½ Year (50%) Disbursement EFY 2008																													
2nd ½ Year (50%) Disbursement EFY 2008																													
ULGs prepare EFY 2009 Annual Plan, Budget & APP																													
EFY 2009 Annual Plan, Budget& APP submitted																													
Financial Year 2008 (2015/16) starts																													
ULGs submit Bi- and Annual Fin/Prog Reports																													
Regions submit Bi- and Annual Fin/Prog Reports																													
MUDHCo submits Bi- and Annual Fin/Prog Reports																													
WB/MUDHCo Supervision Missions																													
ULGDP II TSC preparation for SC meeting																													
ULGDP II Steering Committee Meetings																													

Figure 4. ULGDP II ANNUAL CALENDAR OF ACTIVITIES FOR EFY 2009 (GC 2016-17), YEAR 3

ULGDP II - Key Annual Activities	EFY>	Ethiopian Financial Year 2009																											
	EC>	Hamle		Nehase		Qu	Meskerem		Tekemt		Hidar		Tahsas		Tir		Yekatit		Magabit		Miazia		Ginbot		Sene30				
	GC>	July 8		August			September		October		November		December		January		February		March		April		May		June		7 Jul		
	Weeks>	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51		
Procure 4 th APA Consultant																													
Consultant completes 4 th APA																													
Secure 3 rd Environmental & Social Audit																													
3 rd Environmental & Social Audit																													
Secure 1 st Independent Procurement Audit																													
1 st Procurement Audit																													
Secure 2 nd Independent Value for Money Audit																													
2 nd Annual Value for Money Audit																													
Determine ULGDP II Allocations for EFY 2010 (SC, TSC, WB)																													
External audit results of 44 ULGs incorporated in 4 th APA																													
MUDHCo announces ULGDP II allocations for EFY 2010																													
1st ½ Year (50%) Disbursement EFY 2009																													
2nd ½ Year (50%) Disbursement EFY 2009																													
ULGs prepare EFY 2010 Annual Plan, Budget & APP																													
EFY 2010 Annual Plan, Budget& APP submitted																													
Financial Year 2009 (2016/17) starts																													
ULGs submit Bi- and Annual Fin/Prog Reports																													
Regions submit Bi- and Annual Fin/Prog Reports																													
MUDHCo submits Bi- and Annual Fin/Prog Reports																													
WB/MUDHCo Supervision Missions																													
ULGDP II TSC preparation for SC meeting																													
ULGDP II Steering Committee Meetings																													

Figure 5. ULGDP II ANNUAL CALENDAR OF ACTIVITIES FOR EFY 2010 (GC 2017-18), YEAR 4

ULGDP II - Key Annual Activities	EFY>	Ethiopian Financial Year 2010																											
	EC>	Hamle		Nehase		Qu	Meskerem		Tekemt		Hidar		Tahsas		Tir		Yekatit		Magabit		Miazia		Ginbot		Sene30				
	GC>	July 8		August			September		October		November		December		January		February		March		April		May		June		7 Jul		
	Weeks>	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51		
Procure 5 th APA Consultant																													
Consultant completes 5 th APA																													
Secure 4 th Environmental & Social Audit																													
4 th Environmental & Social Audit																													
Secure 2 nd Independent Procurement Audit																													
2 nd Procurement Audit																													
Secure 3 rd Independent Value for Money Audit																													
3 rd Annual Value for Money Audit																													
Determine ULGDP II Allocations for EFY 2011 (SC, TSC, WB)																													
External audit results of 44 ULGs incorporated in 5 th APA																													
MUDHCo announces ULGDP II allocations for EFY 2011																													
1st ½ Year (50%) Disbursement EFY 2010																													
2nd ½ Year (50%) Disbursement EFY 2010																													
ULGs prepare EFY 2011 Annual Plan, Budget & APP																													
EFY 2011 Annual Plan, Budget& APP submitted																													
Financial Year 2010 (2017/18) starts																													
ULGs submit Bi- and Annual Fin/Prog Reports																													
Regions submit Bi- and Annual Fin/Prog Reports																													
MUDHCo submits Bi- and Annual Fin/Prog Reports																													
WB/MUDHCo Supervision Missions																													
ULGDP II TSC preparation for SC meeting																													
ULGDP II Steering Committee Meetings																													

4 DLI 1 GUIDELINE – MINIMUM CONDITIONS FOR ULGS

4.1 INTRODUCTION

Unlike DLIs 2 and 3, 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.

4.2 ENTRY-LEVEL CONDITION – PRIOR TO RELEASE:

Participatory performance agreement (PPA) signed with MUDHCo. Show commitment by all parties and defines the rules of the system Update the PPAs. Should be included in the ULGDP II Operational Manual. The Entry-Level Condition will be verified by the MUDHCo TSC and NOT by the APA Consultant.

4.3 DLI: MINIMUM CONDITIONS GUIDELINE

4.3.1 Minimum Condition No. 1 – Planning & Budgeting

1. ULG has produced and the ULG’s council has approved:
 - a. A rolling three year Capital Investment Plan,
 - b. An Annual Action Plan (AAP);
 - c. An annual budget, and
 - d. An Annual Procurement Plan (APP)
2. The planned use of the performance grants from ULGDP II is in compliance with investment menu (only from assessment in September- November 2014 of the performance in FY 2014/15 where it will be reviewed whether the budgeting of schemes comply with the menu and from the third assessment in September-November 2015 of the actual use of funds in FY 2014/15 and compliance with the menu).

Justification for the Minimum Condition

To document the minimum capacity of the ULG in planning and project handling and demonstrates implementation readiness.

Comments

The subject for assessment is the plans developed in the previous year to the year when the APA is conducted, e.g. if assessment is conducted in September-November 2014, it is the plans for FY 2014/15 (EFY 2007), which are typically developed from March – June 2014 prior to the start of EFY 2007 on 8 July 2014.

In the assessment for FY 2014/15 (EFY 2007) budget allocations, which was conducted in March/April 2014, FY 2013/14 (EFY 2006), the existence of plans for the EFY 2006 or EFY 2007 will depend on timing of the APA.

APA Phasing/Transitional Arrangements

For the 26 new ULGs¹², Annual Procurement Plans will only be a Minimum Conditions for the second year, see also below.

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 grants. From the third assessment, the actual utilization of grants in the previous year will also be assessed.

See the transitional arrangements to MC on environment as well (see PAD)..

City/ULG to Produce as Evidence of Performance

1. A consolidated CIP document prepared as per CIP manual
2. Minutes of meeting of councils showing the approval of CIP or published newsletter/newspaper that reports approval of CIP, AAP, annual budget and APP by the council

City/ULG Responsibility

1. City Manager
2. City Manager

4.3.2 Minimum Condition No. 2 – Financial Statements

1. Submission of financial statements for the last EFY (closure of the EFY on time).

Justification for the Minimum Condition

To show evidence as to the minimum capacity of the ULG in financial management.

Comments

In order for the external audits to start as early as possible cities should close their accounts by end of September/ each year.

APA Phasing/Transitional Arrangements

Phasing in the first year: The new ULGs participating in the ULGDP II should have completed the financial statements before the start of the assessment.

City/ULG to Produce as Evidence of Performance

Financial statements folder with

1. Income and Expenditure Summary of the last EFY, and
2. Post-closing trial balance of the last EFY.

¹² Assela, Burayu, Sebeta, Ambo, Robe, Batu and Nekemte in Oromia, Debre Birhan, Debre Tabor, Woldya, Finote Selam, Mota and Debre Markos in Amhara; Almata, Humera, Wukro and Adwa in Tigray; and Mizan, Hosaena, Areka, Butajira and Yirga Alem in SNNPR, Gambella in Gambella, Semara in Afar, Asosa in Benishangul Gumuz, and Jijiga in Somali.

City/ULG Responsibility

1. Office of Finance and Economic Development
2. Office of Finance and Economic Development

4.3.3 Minimum Condition No. 3 – Audit Report

1. Audit report from previous EFY should not be adverse or with a disclaimer opinion

Justification for the Minimum Condition

To reduce financial risks

Comments

It should be ensured that audit quality continues, and there is need to combine with other minimum conditions to ensure sufficient safeguards on financial management.

APA Phasing/Transitional Arrangements

A waiver is provided in the first EFY for the 26 new ULGDP ULGs providing them with sufficient time to improve, but as a minimum they should have completed the financial statements from previous EFY. For the first year for the 18 “current ULGDP” ULGs, the deadline is prior to the effectiveness.

City/ULG to Produce as Evidence of Performance

1. Audit report of ORAG for previous EFY If done by external auditor; letter of endorsement by ORAG for the clearance of the TOR and endorsement of the audit findings.

City/ULG Responsibility

1. Office of Finance and Economic Development
2. Office of Finance and Economic Development

4.3.4 Minimum Condition No. 4 – Co-funding

1. Co-funding minimum requirements (defined with various rates of co-funding depending on the type of ULG). The co-funding minimum requirements are the following:
 - a. 10 % for the four new ULGs of Samera/Logiya in Afar NRS, Asosa in Benishangul Gumuz NRS, Gambella in Gambella NRS and Jijiga in Somali NRS.
 - b. 20 % for the twenty-two new ULGs of Assela, Burayu, Sebeta, Ambo, Robe, Batu and Nekemte in Oromia NRS, Debre Birhan, Debre Tabor, Woldya, Finote Selam, Mota and Debre Markos in Amhara NRS; Almata, Humera, Wukro and Adwa in Tigray NRS; and Mizan, Yirga Alem, Areka, Butajira and Hosaina in SNNPR NRS.
 - c. 30 % for the eighteen “old” ULGs: Bahir Dar, Dessie, Gondar, Kombolcha in Amhara NRS, Adama, Bishoftu, Jimma, Shashemene in Oromia NRS, Arba Minch, Dila, Hawassa, Sodo in SNNP NRS and Adigrat, Axum, Mekele and Shire Endasilase in Tigray NRS.

- d. 50 % for Dire Dawa City Administration and Harar/Harari NRS (combining regional & ULG funding).

A higher level of co-funding is promoted in the performance measures.

Justification for the Minimum Condition

1. To reflect sustainability of the ULGDP II 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.
2. To promote improved revenue mobilization and incentives to develop longer-term sustainable urban finance.

Comments

The contribution above the minimum level is rewarded.

Co-funding should be budgeted for prior to the start of the EFY, and by the end of a EFY ULGs should have contributed with the specific %, measured by actual use of funding on capital investments on areas defined in the investment menu and source of funding (IBEX coding).

APA Phasing/Transitional Arrangements

ULGs can only budget for this before the second assessment, as they do not know the level for this coming EFY. The assessment of actual utilization of funds can only be done in the assessment following a year of actual disbursements of ULGDP funds, i.e. from the September 2015 assessment. In the second assessment (September 2014-November 2014, it is sufficient that the ULGs have budgeted for the funding for EFY 2007.

City/ULG to Produce as Evidence of Performance

Budget Plan documents:

1. Budget for own Revenue
2. Budget for recurrent expenditure
3. Budget (surplus) for Capital Expenditure form own Revenue
4. Budget from (IDA) Performance Grant (as approved by the ULGDP II Federal SC)
5. Budget for ‘Capital Investment Projects’
6. % of co-funding from ULG ($c/e \times 100$)

City/ULG Responsibility

Office of Finance and Economic Development

4.3.5 Minimum Condition No. 5 – Key Staff

1. Key positions are in place in the ULG with the following positions under the coordination of the city manager: focal persons for revenue, procurement, environmental and social sustainability, monitoring and evaluation, financial management, and civil engineering, plus a functioning internal audit unit.

Justification for the Minimum Condition

To ensure that the ULG has the minimum capacity to manage fully their ULGDP II implementation obligations.

Comments

The positions should be in place at point of time of the APA.

APA Phasing/Transitional Arrangements

None

City/ULG to Produce as Evidence of Performance

1. Box file with personnel assignment letters signed by City Mayor and copied to the City Manager and operational office of the staff.

City/ULG Responsibility

City Manager

4.3.6 Minimum Condition No. 6 - Safeguards

1. ULGs have demonstrated that they have established a functional system for environmental and social management as a minimum condition to access the performance grant, including an environmental and social safeguards focal person.

Justification for the Minimum Condition

To ensure that there is a mechanism and capacity to screen environmental and social risks of the CIP projects prior to implementation

Comments

Defined by:

1. Initiation of recruitment of environmental and social safeguards focal person at the city level;
2. Endorsement of city level ESMS document that includes procedures for due diligence; institutional procedures for complaints handling (see below under No. 8) and environmental management, resettlement and land acquisition processes.

APA Phasing/Transitional Arrangements

To be applied only from second APA (September 2014)

City/ULG to Produce as Evidence of Performance

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. Minutes of meeting of city cabinet for endorsing city level ESMS documents
3. A folder containing endorsed city level ESMS documents that includes:
 - a. procedures for due diligence;

- b. institutional procedures for complaints handling, environmental management, resettlement and land acquisition processes; and
- c. ESIA, EMPs and RAPs.

City/ULG Responsibility

City Manager (Environmental and Social Safeguards focal person)

4.3.7 Minimum Condition No. 7 - Procurement

1. Functional institutional set-up for procurement system in place according to Federal/Regional public procurement proclamation including:
 - a. Procurement function and minimum core staff in place – at least two procurement specialists;
 - b. Functional tender evaluation / tender award committee(s) in place;
2. Participating cities have the copies of their respective region's procurement law, directives, manuals and standard procurement documents and staffs are familiar with these legal documents

Justification for the Minimum Condition

Procurement is a high-risk area, hence need to ensure that basic systems, and functioning of this is in place prior to transfer of PG grant installments.

The existence and functionality of the procurement system is basic to make sure that ULGDP II 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.

Comments

None

APA Phasing/Transitional Arrangements

None

City/ULG to Produce as Evidence of Performance

1. Existence of functional procurement unit at least with 2 specialists
2. 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 committee/ tender award committee.
3. Box file with minutes of Tender Award Committee for recent procurements
4. A folder containing copies of their respective region's procurement law, directives, manuals and standard procurement documents
5. Training report/plan: with 'pre and post-test' to ensure staffs are familiar with these legal documents. Plus, ULG staff involved are conversant with the RGs procurement law, directives, manuals and standard procurement documents if asked by APA assessors.

City/ULG Responsibility

Office of Finance and Economic Development

4.3.8 Minimum Condition No. 8 Complaints Handling System¹³

Complaints handling system (CHS) in place, including system for reporting of complaints, system for receiving and addressing complaints and reporting on corrupt practices and complaints, through the ethics unit.

Justification for the Minimum Condition

Receiving, reviewing and addressing complaints within core areas such as areas related to environmental degradation of the surrounding: Environmental health impacts on people; loss of livelihood, income or assets is an important aspect of any CHS. 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.

Comments

The POM will further define the requirements within this area. (think it is covered below.)

APA Phasing/Transitional Arrangements

Only from the second APA (September 2014).

City/ULG to Produce as Evidence of Performance

1. Minutes of meeting of city cabinet for endorsing city level Complaints handling system in core areas
2. A folder containing endorsed city level complaints handling system (mechanism of receiving, reviewing and addressing complaints including description of where to send: to whom, and how?) in core areas that includes
 - a. Environmental degradation of the surrounding
 - b. Environmental and social impacts on people (health, loss of livelihood, income or assets, etc.)
 - c. System for receiving report on corrupt practices;
 - d. Others (as necessary)

City/ULG Responsibility

1. Ethics officer/unit
2. Ethics officer/unit

¹³ The Complaints Handling System is also referred to as Grievance Redress Mechanism or System in the POM.

5 DLI 2 GUIDELINE – ULG INSTITUTIONAL PERFORMANCE

5.1 INTRODUCTION

Main changes compared to existing ULGDP I performance assessment system are:

- Division of institutional and service delivery targets in two sets of indicators under DLIs 2 and 3;
- Movement of CIP utilization rate to separate DLI (DLI 3), performance linked allocation; Similar for the utilization of maintenance budget;
- Improvement and sharpening of indicators in most areas;
- New indicators more focusing on the ULGs gaps and areas of importance for activities linked with achievement of targets of the program;
- Reorganization of some of the performance areas, and regrouping; and

5.2 DLI 2.1 PLANNING AND BUDGETING

Maximum Points

Maximum 10 points

5.2.1 Performance Measure 2.1.1 – Capital Investment Plan

Performance Measure

1. Rolling three year CIP, with linkages between the annual budget, annual action plan, and annual procurement plan

Maximum Points

Maximum 3 points

Performance Measure & Score

- | | | |
|---|---|----------|
| 1 | Consistency of figures and alignment with revenue enhancement plan and asset management plan: 2 points. | 2 points |
| 2 | Capturing of operational and recurrent costs of investments in the AAP, APP and annual budgets: | 1 point. |

Objective

To promote efficient planning, budgeting and procurement for effective infrastructure development

City/ULG to Produce as Evidence of Performance

1. A consolidated CIP document with rolling three year Capital Investment Projects, annual budget, annual action plan, and annual procurement plan
2. Revenue enhancement plan
3. Asset management plan

City/ULG Responsibility

City Manager

5.2.2 Performance Measure 2.1.2 – Participation of Citizens

Performance Measure

Participation of citizens in the planning process to meet service delivery priorities identified by citizens

Maximum Points

Maximum 4 points

Performance Measure & Score

Evidence of participatory planning process with involvement of citizens

Measured by:

- | | | |
|---|---|----------|
| 1 | Number of public consultations - minimum two per year | 1 point |
| 2 | Increase or stable level of number of people involved in planning discussions and the % of women involvement is more than 40 %: | 1 point. |
| 3 | Existence of a meeting agenda and other information has been shared in advance and evidence that issues discussed have included the prioritization of projects in the up-date of the CIP/annual plan: | 1 point. |
| 4 | Good governance procedures on planning reflected by minutes from the consultation meetings. | 1 point |

Objective

To ensure citizens' involvement and promote good governance

City/ULG to Produce as Evidence of Performance

A folder (public participation) containing

1. Invitation letters or call for the meeting notice posted in the public places or through mass media for the public to attend public consultations meeting indicating date of meeting and purpose of the meeting (at least two times: (a) initial consultation and (b) for the final choice of investments.
2. Minutes of participatory consultations indicating: a) Agendas for the meetings, b) Others issues raised by the participants and discussed, and c) lists of priorities and voting results of the participants/ stakeholders + photographs and/or audio/video records- both for initial consultation and for the final choice of investments.
3. Signed attendance sheets of the meetings participants indicating sex of participants, community or Citizens/ Social groups they represent both for: initial consultation and for the final choice of investments.

City/ULG Responsibility

City Manager

5.2.3 Performance Measure 2.1.3 - Budget Appropriation

Performance Measure

Budget appropriation

Maximum Points

Maximum 2 points

Performance Measure & Score

- | | | |
|---|--|----------|
| 1 | Budget: a) approved by Council and b) proclaimed in the budget proclamation following the standard charts of accounts. | 2 points |
|---|--|----------|

Note that both conditions have to be complied with to achieve the points.

Objective

To promote effective political leadership and good urban governance

City/ULG to Produce as Evidence of Performance

1. Minutes of meeting of councils or published newsletter/newspaper that reported approval the budget by the council
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

City/ULG Responsibility

Office of Finance and Economic Development

5.2.4 Performance Measure 2.1.4 Budget Reliability

Budget reliability

Maximum Points

Maximum 1 point

Performance Measure & Score

- | | | |
|---|--|---------|
| 1 | Variance in % between total budget and actual for the previous EFY (related with total budget expenditures on municipal services) is less than 10 %: | 1 point |
|---|--|---------|

Objective

To promote proper budgeting and implementation

City/ULG to Produce as Evidence of Performance

1. Consolidated Capital Budget vs. Expenditure for municipal service as generated by IBEX, for the last year
2. If not entered in to IBEX, two files must be made available

- a. Capital budget for municipal service as indicated in CIP for the last EFY
- b. Expenditure report for capital investment for the last EFY

City/ULG Responsibility

BoFED (IBEX)

5.3 DLI 2.2 ASSETS MANAGEMENT

Maximum Points

Maximum 10 points

5.3.1 Performance Measure 2.2.1 Assets Management Plan

Assets management plan prepared and updated

Maximum Points

Maximum 10 points

Performance Measure & Score

1	Asset inventory updated, featuring a tabular and spatial database of all infrastructure, with specification and characteristics, at least for the five categories of municipal assets (Road & Drainage, Solid and Liquid waste, Socioeconomic infrastructure & greeneries, Utilities, Public buildings including abattoirs)	2 points
2	Conditions of assets reflected in asset inventories correctly (professional input)	2 points
3	Asset inventory show an asset value and deficit, which calculates the remaining asset value, maintenance and rehabilitation deficit based on annual depreciation rates	2 points
4	City updated the AMP according to the AMP 10 steps (as per the guideline for asset management preparation if exists) elaborating its implementation strategy, which details individual activities and their respective budgets over the course of the year	2 points
5	AMP clearly show related budget for asset maintenance, rehabilitation and new assets, which lists all necessary costs	2 points

Objective

To strengthen the management of ULG assets - infrastructure and facilities.

City/ULG to Produce as Evidence of Performance

1. Consolidated Asset Inventory updated, for at least the five categories of municipal assets, for the last EFY as per the asset management Manual/ guideline.
2. Assets management plan updated for the EFY as per the asset management Manual/ guideline with clear budget for maintenance and new assets.

City/ULG Responsibility

Office of the City Manager/ Civil Engineer

5.4 DLI 2.3 PUBLIC FINANCIAL MANAGEMENT

Maximum Points

Maximum 15 points

5.4.1 Performance Measure 2.3.1 Accounting and Timely Reporting

Accounting and timely reporting

Maximum Points

Maximum 4 points

Performance Measure & Score

- | | | |
|---|---|----------|
| 1 | Use of integrated IBEX for all operations including ULGDP grants and reporting on these | 1 point |
| 2 | Charts of accounts adhered with, including: On site analyses of correctness of coding – in particular of municipal revenues | 1 point. |
| 3 | Timely financial reporting | 1 point. |
| 4 | Monthly cash count report and Bank reconciliation submitted to region on time (within 15 days after the end of the month) | 1 point |

Objective

To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information.

City/ULG to Produce as Evidence of Performance

1. Consolidated Capital Budget vs. Expenditure s generated by IBEX, for the last year
2. Consolidated Recurrent Budget vs. Expenditure generated by IBEX, for the last year
3. Income and Expenditure Summary of the last EFY
4. Chart of accounts
5. Quarterly financial reports formally submitted to the regional office with registered cover letter.
6. Monthly cash count report and Bank reconciliation formally submitted to the regional office with registered cover letter.

City/ULG Responsibility

Office of Finance and Economic Development

5.4.2 Performance Measure 2.3.2 External Audit

External audit backlogs cleared

Maximum Points

3 points

Performance Measure & Score

1	All audit backlogs cleared for previous years (minimum 5 years back	3 points
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Objective

To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information.

City/ULG to Produce as Evidence of Performance

1. External audit reports for the last five FYs

City/ULG Responsibility

Office of Finance and Economic Development

5.4.3 Performance Measure 2.3.3 Audit Opinion

Audit opinion for the previous audit

Maximum Points

3 points

Performance Measure & Score

1	The audit report from the previous audit has a clean audit opinion	3 points
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Objective

To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information.

City/ULG to Produce as Evidence of Performance

External audit reports for the last five FYs

City/ULG Responsibility

Office of Finance and Economic Development

5.4.4 Performance Measure 2.3.4 Audit Compliance

Compliance with audit recommendations

Maximum Points

2 points

Performance Measure & Score

- | | | |
|---|---|----------|
| 1 | Evidence that audit queries raised in the external audit report have been acted upon by the city: Minimum 80 percent of the queries have to be cleared. | 2 points |
|---|---|----------|

Objective

To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information.

City/ULG to Produce as Evidence of Performance

1. External audit reports for the pervious FYs
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

City/ULG Responsibility

1. Office of Finance and Economic Development - Finance unit
2. Office of Finance and Economic Development - Finance unit
3. Office of Finance and Economic Development - Audit Unit

5.4.5 Performance Measure 2.3.5 Internal Audit

Internal audit

Maximum Points

3 points

Performance Measure & Score

Internal audit procedures adherence with good practices reflected in:

- | | | |
|---|---|----------|
| 1 | Quarterly reports | 1 point |
| 2 | Reporting to mayor | 1 point. |
| 3 | Evidence of follow up on audit findings | 1 point. |

Objective

To strengthen accountability, proper management of ULG finances and ensure provision of useful up-to-date management information.

City/ULG to Produce as Evidence of Performance

1. Quarterly internal audit reports produced by internal audit unit
2. Formal submission of Quarterly internal audit reports produced by internal audit unit to mayor with cover letter
3. Status report on external audit findings rectification

City/ULG Responsibility

1. Office of Finance and Economic Development Audit Unit
2. Mayor's office
3. 3. Office of Finance and Economic Development Audit Unit

5.5 DLI 2.4 PROCUREMENT

Note: Annual independent procurement audit including contracts effectiveness is to be conducted and reported along with management response of issues raised. The independent procurement audit will have agreed terms of reference and conducted by regional public procurement agencies or an independent consultant. At the moment, since the Regional Public Procurement Agencies do not have the capacity, the first two years independent procurement audit will be conducted together with APA and the terms of reference of the APA will be modified to address the independent procurement audit need. The Regional Public Procurement Agencies capacity will be enhanced during the first two years and the RPPAs will take over the independent procurement audit responsibility from the APA consultant (procurement audit is their legal mandate). The adequacy of the regional public procurement and asset management agencies to carry out independent procurement audit will be assessed and confirmed by joint review of Federal Public Procurement and Property Management Agency and the World Bank.

Maximum Points

Maximum 15 points

5.5.1 Performance Measure 2.4.1 Annual Procurement Plans

Annual procurement plans for ULGDP II prepared and its implementation is monitored and updated as required.

Maximum Points

Maximum 3 points

Performance Measure & Score

- | | | |
|---|---|----------|
| 1 | The procurement plan implementation is monitored and procurement process milestones are achieved. | 1 point |
| 2 | Procurement plan is up-dated, as required at the point of time for assessment. | 2 points |

Objective

To strengthen efficiency and competition in procurement and delivery of infrastructure and facilities (urban productivity and competitiveness).

City/ULG to Produce as Evidence of Performance

1. Annual procurement plans for ULGDP II
2. Procurement plan monitoring report showing planned and actual status for all the items across the process.

City/ULG Responsibility

Office of Finance and Economic Development procurement unit

5.5.2 Performance Measure 2.4.2 Procurement Procedures & Contract Effectiveness

Adherence to procurement procedures and effectiveness of contracts

Maximum Points

Maximum 12 points

Performance Measure & Score

Based on the review of a sample of procured contracts, the following are assessed as procurement performance indicators (the contract sampling size for review should not be less than 20 percent in each city):

- | | | |
|------|--|----------|
| 1 | Availability of adequate relevant auditable records on the procurement process | 1 point |
| 2 | All International Competitive Bidding and National Competitive Bidding contracts award published as necessary and compliance with procurement process and decisions made in accordance with the legal requirements | |
| 2.1 | Procured Goods, works and services contracts are in the approved PP | 1 point. |
| 2.2 | Proper advert is made | 1 point |
| 2.3 | Correct Standard Bidding Documents are used | 1 point |
| 2.4 | Bid floating periods are acceptable | 1 point |
| 2.5 | Bid Evaluation Reports are conducted consistent with requirements of the issued bidding documents | 1 point |
| 2.6 | Evaluation results are announced to bidders and to the general public | 1 point |
| 2.7 | Contracts are awarded to the lowest evaluated bidder within bid validity periods | 1 point |
| 2.8 | Procurement complaints, if any, are properly addressed | 1 point |
| 2.9 | Contract documents contents are complete | 1 point |
| 2.10 | Timeliness of the procurement/contracting process and decisions are consistent with the procurement plan | 1 point |
| 2.11 | Contracts implemented are according to planned timing and budgets. | 1 point |

Objective

To strengthen efficiency and competition in implementation of infrastructure (urban productivity and competitiveness) (the first two years, the APA will conduct this assessment, and in the following year (3) and onwards, the procurement audit will fit into the results of the APA, using the regional Participatory Performance Agreement.

City/ULG to Produce as Evidence of Performance

1. Annual procurement plans for ULGDP II

2. Procurement plan monitoring report showing planned and actual status for all the items across the process
3. Folders for invitation of bid using appropriate public media for all items procured
4. Folders for bidding documents including specifications and bill of quantities for all items procured
5. Folders for bidders document for all items procured
6. Folders for bid opening minutes for all items procured
7. Folders for bid evaluation report for all items procured
8. Folders for bid evaluation results announcement to bidders and to the general public for all items procured
9. Folders for contract agreement for all items procured
10. Folders for payment certificates for all items procured
11. Folders for provisional and final handover (acceptance) for all items procured
12. Folders for compliant handling

City/ULG Responsibility

Office of Finance and Economic Development procurement unit

5.6 DLI 2.5 OWN-SOURCE REVENUE ENHANCEMENT

Note: as 2.5.4 is only relevant from year 2 and 3, other indicators are increased in the first APA proportionally.

Maximum Points

Maximum 10 points

5.6.1 Performance Measure 2.5.1 Revenue Enhancement Plan

Revenue enhancement plan updated for the most recent year

Maximum Points

Maximum points: 2

Note: Maximum 3 points in the first APA (in March/April EFY 2006 (2014) for EFY 2007 allocation of funds).

Performance Measure & Score

The up-dated revenue enhancement plan will include:

		1 st Year - for EFY 2007 allocation	2 nd , 3 rd , 4 th , & 5 th years - for EFY 2008, 2009, 2010 and 2011 allocation
1	City analysis of previous year's revenue performance with detailed analyses of each main source of revenue including discussion of its revenue potential:	2 points	1 point

		1 st Year - for EFY 2007 allocation	2 nd , 3 rd , 4 th , & 5 th years - for EFY 2008, 2009, 2010 and 2011 allocation
2	City strategies for revenue enhancement	1 point.	1 point

Objective

To ensure proper planning and analysis as a condition for effective targeting of initiatives

City/ULG to Produce as Evidence of Performance

1. Up-dated revenue enhancement plan of the city for the EFY
2. City's strategic document produced for revenue enhancement

City/ULG Responsibility

Revenue Office.

5.6.2 Performance Measure 2.5.2 Municipal Revenues

Municipal Revenues increase

Maximum Points

Maximum 3 points. Note: Maximum 4 points in the first APA (in March/April EFY 2006 (2014) for EFY 2007 allocation of funds).

Performance Measure & Score

Percentage increase of in total municipal revenues from business taxes, municipal rent and charges and fees over previous year:

		1 st Year - for EFY 2007 allocation	2 nd , 3 rd , 4 th , & 5 th years - for EFY 2008, 2009, 2010 and 2011 allocation
1	5-10 percent increase	1 point	1 point
2	11-20 percent	2 point.	2 point
3	Above 20 percent	4 point	3 point

Objective

To promote sustainability, ownership and accountability

City/ULG to Produce as Evidence of Performance

1. Municipal revenues by account code for previous EFY, as generated by IBEX
2. Municipal revenues by account code for last EFY, as generated by IBEX

City/ULG Responsibility

City Revenue Office

5.6.3 Performance Measure 2.5.3 Revenue Planning

Revenue planning capacity

Maximum Points

Maximum 2 points

Note: Maximum 3 points in the first APA (in March/April EFY 2006 (2014) for EFY 2007 allocation of funds).

Performance Measure & Score

Percentage of municipal revenue on business taxes, municipal rent and charges and fees collected against planned target for the previous EFY. (: (in the first APA), 1 point

		1 st Year - for EFY 2007 allocation	2 nd , 3 rd , 4 th , & 5 th years - for EFY 2008, 2009, 2010 and 2011 allocation
1	Variation less than 5 percent	3 points	2 points
2	Variation less than 10 percent	1 point	1 point

Objective

To promote realism in revenue planning and efficiency in collection

City/ULG to Produce as Evidence of Performance

1. Municipal revenues plan by account code for last EFY
2. Actual Municipal Revenue by account code for last EFY, as generated by IBEX

City/ULG Responsibility

City Revenue Office

5.6.4 Performance Measure 2.5.4 Funding from ULGs

ULG contributions to ULGDP II infrastructure and services capital investments

Maximum Points

Maximum 3 points

Performance Measure & Score

Note: Transitional arrangement: Only from second assessment (September-November 2014 for EFY 2008 allocation, and from the third Assessment in September 2015 (both budget and account figures are checked).

ULG contribution level for capital investments above a certain level

	Urban Local Governments	Lower threshold	Upper threshold
1	For Samera/Logiya, Asosa, Gambella, Jijiga	11-20 %: 2 points	Above 20%: 3 points
2	Debere Markos, Debre Brehan, Debre Tabor, Finote Selam, Mota, Woldiya, Ambo, Asela, Burayu, Nekemte, Robe, Sebeta, Zeway/Batu, Areka, Butajira, Hosaena, Mizan, Yirga Alem, Adwa, Alamata, Humera, Wukro	21-30 %: 2 points	above 30 % 3 points

3	Bahir Dar, Dessie, Gondar, Kombolcha, Adama, Bishoftu, Jimma, Shashemene, Arba Minch, Dila, Hawassa, Sodo, Adigrat, Axum, Mekele, Shire Endasilase	30-40 %: 2 points	above 40%: 3 points
4	Dire Dawa and Harar/Harari	51-60 %: 2 points	above 60 %: 3 points

Objective

To promote sustainability, ownership and accountability

City/ULG to Produce as Evidence of Performance

Capital budget and expenditure documents:

1. Total capital expenditure for 'Capital Investment Projects' form own Revenue
2. Expenditure for 'Capital Investment Projects' form own Revenue
3. Capital expenditure from IDA support
4. % of co-funding from ULG

City/ULG Responsibility

Office of Finance and Economic Development

5.7 DLI 2.6 ACCOUNTABILITY AND TRANSPARENCY

Maximum Points

Maximum 15 points

5.7.1 Performance Measure 2.6.1 Accountability and Transparency

Accountability and transparency in city' operations and service delivery

Maximum Points

Maximum points: 15

Performance Measure & Score

1	City has identified the top three basic municipal services, and prepared a standard for delivery along with citizen charter and published this. Note: <u>This indicator will be used only for the first year of the program.</u>	Yes = 6 points, No = 0 points
2	Is municipal service delivery as per the standard and citizen charter? Note: <u>This will be used for 2nd Annual Performance Assessment and for those that follow.</u>	Yes = 6 points, No = 0 points
3	Dissemination of summary of annual budgets (1 point), approved projects (1 point), expenditures (1 point), audited accounts (1 point) and results of the procurement decisions (1 point) in city offices and (1 point) other public places, or web-pages, newspapers etc.	6 points
4	Timely submission of quarterly physical progress reports	3 points

Objective

To strengthen accountability and good governance

City/ULG to Produce as Evidence of Performance

1. A published citizen charter that shows the top three basic municipal services with standards for delivery as identified by the city.
2. A box file/folder containing office notices, public notices or newspapers or web-pages used to disseminate information in city offices and for the public on:
 - a. summary of annual budgets,
 - b. approved projects, expenditures,
 - c. audited accounts, and
 - d. results of the procurement decisions.
3. Quarterly physical reports formally submitted to the regional office with registered cover letter.

City/ULG Responsibility

1. Office of the City Manager
2. Office of Finance and Economic Development
3. Office of the City Manager

5.8 DLI 2.7 ENVIRONMENT AND SOCIAL SAFEGUARDS

Maximum Points

Maximum 10 points

5.8.1 Performance Measure 2.7.1 Environmental & Social Screening

Eligible investments for potential environmental and social safeguard impacts screened

Maximum Points

Maximum points: 6 points

Performance Measure & Score

- | | | |
|---|--|----------|
| 1 | All capital projects in the previous EFY screened against the set of environment and social criteria in the planning stage | 3 points |
| 2 | Environmental and social impact assessments, Environmental Management Plans and Resettlement Action Plans prepared and approved by the Regional Environmental Protection Agency as required (based on a sample review of projects) | 3 points |

Objective

To avoid adverse environmental and social impact and promote environmental and social sustainability

City/ULG to Produce as Evidence of Performance

1. Box file/ folder containing letter of approval from REPA and screening reports of all capital projects in the previous EFY against the set of environment and social criteria.
2. A Box file/ folder containing Environmental Management Plans and Resettlement Action Plans prepared by the city and approved by REPA.
3. A Box file/ folder containing Environmental and social impact assessments reports prepared by consultant on behalf of the city and approved by REPA.

City/ULG Responsibility

Office of the City Manager

5.8.2 Performance Measure 2.7.2 EMPs and RAPs

EMPs and Resettlement Action Plans implemented timely

Maximum Points

Maximum points: 4 points

Performance Measure & Score

- | | | |
|---|--|------------------|
| 1 | EMPs and RAPs implemented prior to commencement of civil works | Maximum 4 points |
|---|--|------------------|

Objective

To avoid adverse environmental and social impact and promote environmental and social sustainability

City/ULG to Produce as Evidence of Performance

1. A Box file/ folder containing formal (dated and signed) implementation reports and/or records with regards to EMPs and RAPs.

City/ULG Responsibility

Office of the City Manager

5.9 DLI 2.8 LAND MANAGEMENT AND URBAN PLANNING

Maximum Points

Maximum 15 points

5.9.1 Performance Measure 2.8.1 Structure Plan

Statutory structure plan

Maximum Points

Maximum 5 points

Performance Measure & Score

- | | | |
|---|---|-------------------|
| 1 | Existence of up-to-date approved statutory city-wide (structure) plans (yes/no): | If Yes =3 points. |
| 2 | CIP is in accordance with the statutory plan (structure plan) (sample 5-6 investments): Yes/No. | If Yes= 2 points |

Objective

To promote efficient urban physical and development planning

City/ULG to Produce as Evidence of Performance

1. Approved statutory city-wide (structure) plans
2. Approved CIP document

City/ULG Responsibility

Mayor's office or Office of the City Manager

5.9.2 Performance Measure 2.8.2 Land Management

Land management

Maximum Points

Maximum 10 points

Performance Measure & Score

- | | | |
|---|--|---|
| 1 | Land released is serviced as per standards and city plan (sample 3-4 projects) Yes/No. | If Yes: 5 points (all have to be fulfilled) |
| 2 | City has an up to date inventory of land use (Yes/No) | Yes= 5 points. |

Objective

To promote efficient land management and serviced land delivery

City/ULG to Produce as Evidence of Performance

1. Approved statutory city-wide (structure) plans
2. Approved service standards of the city to release land for different use
3. A Box file/folder containing level of service of land released for different use in a tabular and/or spatial forms
4. A Box file/folder containing inventory of land use (dated and signed) in a tabular and/or spatial forms.

City/ULG Responsibility

Mayor's office or Office of the City Manager

6 DLI 3 GUIDELINE – ULG SERVICE DELIVERY PERFORMANCE

Notes:

1. As some of the indicators will only be applied from the second and the third assessment, the scores of the other indicators are adjusted pro-rate to ensure that the scoring is always between 0-100 points
2. For the first assessment in April/March 2014 (for allocation of funds for EFY 2007) all investments implemented in EFY 2012/13 (EFY 2005) will be reviewed.
3. This DLI is only applied to the current ULGDP ULGs (Bahir Dar, Dessie, Gondar, Kombolcha, Adama, Bishoftu, Jimma, Shashemene, Arba Minch, Dilla, Hawassa, Sodo, Adigrat, Axum, Mekele, and Shire Endaselasi) in the first assessment. The assessment will review all investments, not only the ones funded by ULGDP Performance Grants.

6.1 DLI 3.1 JOB CREATION

6.1.1 Performance Measure 3.1.1 Job Creation

Job creation

Maximum Points

Maximum 35 points in the first two assessments (for EFY 2007 and EFY 2008 allocations) and from the 3rd assessment: maximum 30 points.

Performance Measure & Score

Notes:

- i. A condition to be applied to this performance measure and for allocation of points is that cities have set in advance registered or planned targets for job creation and started implementation actions to achieve the target(s) set.
 - ii. As of second year, the jobs created will be measured (possibly person days of employment) based on standard to be developed by MUDHCo.
-
- | | | |
|---|--|--|
| 1 | Cities' achievement of jobs created (disaggregated by gender – male/female) by CIP annual investment budget against their targets (% of achievement) | 100 % achieved = 35 points, 60 percent = 21 points, etc. |
|---|--|--|

Objective

To promote growth and economic and social development.

City/ULG to Produce as Evidence of Performance

1. Job creation plan in the cities (disaggregated by sector and gender) under the CIP for the EFY
2. Job creation implementation/ progress report (disaggregated by sector and gender) under the CIP for the EFY

City/ULG Responsibility

Office of the Deputy Mayor/ Monitoring and Evaluation officer

6.2 DLI 3.2 URBAN INFRASTRUCTURE TARGET

6.2.1 Performance Measure 3.2.1 Urban Infrastructure Target

Urban infrastructure targets achieved

Maximum Points

Maximum 35 points in the first two assessments (for EFY 2007 and EFY 2008 allocations) and from the 3rd assessment: maximum 30 points.

Performance Measure & Score

- | | | |
|---|--|---|
| 1 | Physical targets as included in the Capital Investment Plan and annual work plan implemented | The % of implementation against plans will be reflected directly in the score multiplied by 35 % (weight of this indicator), i.e. 100 % implemented = 35 points, 60 % = 21 points |
|---|--|---|

The score on this indicator will be between 0-35. Achievement under this indicator will be measured on the basis of actual delivery of infrastructure against targets laid out in the CIP and Annual Work Plan for the previous year. The means for verification are:

1. Review all planned projects and the degree to which they have been implemented by the end of the EFY.
2. Review annual and quarterly work plans and reports
3. Check minimum sample of 5 projects from the field-work (on-the-spot of implementation rates)
4. Check the contract implementation progress and contract completions through the review of bills of quantities, see the description below.

Implementation rate of each project will be assessed and there will a weighting of these to get a total score. The weight of each project will depend on the budgeted size of the projects - see the table below:

Weighting Completion Rates

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

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

Objective

To ensure effective implementation of infrastructure and service delivery

City/ULG to Produce as Evidence of Performance

A box file containing:

1. Urban infrastructure development plan (disaggregated by categories and locations) under the CIP for the EFY
2. Urban infrastructure physical implementation/ progress report (disaggregated by categories and locations) under the CIP for the EFY

City/ULG Responsibility

Office of the City Manager/ Civil Engineer

6.3 DLI 3.3 MAINTENANCE PERFORMANCE

Maximum Points

A maximum of 30 points in the first two assessments (for EFY 2007 and EFY 2008 allocations) and, from the 3rd assessment, when the Value for Money Audit is introduced in the APA, a maximum of 20 points.

6.3.1 Performance Measure 3.3.1 Maintenance Budgeting and Implementation

Maintenance budget and implementation rate

Maximum Points

Maximum points: 15 points in first two assessments and 10 points in the 3rd and following assessments

Performance Measure & Score

- | | | |
|---|---|---|
| 1 | <ol style="list-style-type: none">1. Maintenance plan derived from the assets management plan2. ULGs have developed a clear maintenance budget and actual implementation rate (Review overall budget and utilization rate in final accounts of a sample of projects to review actual maintenance) is minimum 80% of the planned. | Both conditions have to be complied with to get the 15 points |
|---|---|---|

Objective

Ensure sustainability in the investments through up-keep of infrastructure

City/ULG to Produce as Evidence of Performance

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

City/ULG Responsibility

Office of the City Manager/ Civil Engineer

6.3.2 Performance Measure 3.3.2 Actual Maintenance

Actual maintenance

Maximum Points

Maximum points 15 in first two assessments. 10 points in the 3rd and the following assessments.

Performance Measure & Score

- | | | |
|---|---|--|
| 1 | Maintenance is catered for (reward if all projects, which need maintenance, have actually been catered for). This will be based on a sample of 3-5 projects from the Assets management plan. Note: All projects have to be catered for to achieve the points. | 15 points
(10 points in 3 rd , 4 th & 5 th APAs) |
|---|---|--|

Objective

To ensure sustainability in the investments through effective recurrent and rehabilitative maintenance of infrastructure & facilities

City/ULG to Produce as Evidence of Performance

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.

City/ULG Responsibility

Office of the City Manager/ Civil Engineer

6.4 DLI 3.4 QUALITY OF INFRASTRUCTURE

Transitional arrangement: The results of the value for money audit will be assessed for the first time at the APA in September 2015 on the ULGs performance in EFY 2007 (FY 2014/15).

Maximum Points

Maximum 20 points starting from the 3rd. assessment (September 2015) and onwards

6.4.1 Performance Measure 3.4.1 Value for Money in Infrastructure Provided

Value for the money in the infrastructure investments funded by the ULGDP II

Note: The value for money audit will be conducted as a separate exercise from the Annual Performance Assessment (but during the same period – i.e., in parallel), by an independent consultant contracted by MUDHCo, with effect from the 3rd assessment starting in September 2015. If this is not possible, or it is decided to follow an alternative course of action, the value for money audit may be (re-) incorporated in the ULGDP II APA and the

firm contracted will revise the assessment results by taking the VfM audit results into account.

Performance Measure & Score

The value for the money of each project (level of satisfactory value for the money) will be assessed and there will a weighting of these to get a total score. The weight of each project will depend on the budgeted size of the projects.

The input from this will be provided by the value for the money audits to the assessment teams to be included in the calibration and in the final calculation of the size of the allocations

1	Percentage of projects implemented with a satisfactory level of value for the money, calibrated in the value for the money assessment tool.	The % of projects with a satisfactory level of value for the money will be reflected in the score multiplied by 0.20 (20 % which is the weight of this indicator), i.e. 80 % satisfactory projects=16 points, 60 % = 12 points. The score on this indicator will be rated between 0-20 points.
---	---	---

Objective

Ensure efficient and high quality infrastructure and service delivery

City/ULG to Produce as Evidence of Performance

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. Folders for bidding documents including specifications and bill of quantities for all items procured.
4. Folders for contract agreement for all items procured.
5. Folders for payment certificates for all items procured.
6. Folders for provisional and final handover (acceptance) for all items procured.

City/ULG Responsibility

Office of the City Manager/ Civil Engineer

7 DLIS 4, 5, 6 AND 7 GUIDELINES – REGIONAL AGENCIES PERFORMANCE

7.1 DLI 4 REGIONAL CAPACITY BUILDING AND SERVICE DELIVERY STANDARDS

7.1.1 Regional BUDs: ULGDP II Implementation Tasks

Regional government BUDs 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 ULGDP II implementation.

7.1.2 DLI and Performance Measurement

Disbursement Linked Indicator

RGs mobile capacity building and mentoring teams are in place and the teams and the BUD support ULGDP II implementation and urban service delivery.

Description of Achievement

Achievement of the DLI will be determined on the basis of execution of capacity building activities specified in the RGs CBP of the RGs mobile capacity building and mentoring teams to be established and the BUD support ULGDP II implementation and urban service delivery.

Scalability

Yes (allocation per region, which is calibrated)

Data Source

RGs performance against CBP, assessed by the APA.

Verification Entity

Same as above (DLIs 1, 2 and 3)

Procedure

In ULGDP II first assessment (March-May 2014), the APA will check that the capacity building plan of and TOR for regional government teams are place.

In ULGDP II's second disbursement year (FY 2015/16), the APA, conducted in September-November 2014) will verify that the

- i) RGs mobile capacity building and mentoring teams are in place and are operating, and
- ii) RGs have adopted service delivery standards (as issued by MUDHCo) and issued those for the cities, and provided guidance in implementation (reports).

In ULGDP II's third disbursement (FY2016/17) onwards: The annual performance assessment will verify that the

- i) RGs has developed CB plan for the ongoing EFY,
- ii) RGs mobile capacity building and mentoring teams are in place,
- iii) RGs CBPs for the previous year have been executed, and
- iv) RGs have adopted service delivery standards (as issued by MUDHCo) and issued those for the cities, and provided guidance in implementation (reports). Note: This condition is only valid if MUDHCo has issued the service delivery standards to the regions.

7.2 DLI 5 TIMELY EXECUTION OF ULG AUDITS

7.2.1 Regional ORAGs: ULGDP II Implementation Tasks

Offices of the Regional Auditor Generals (ORAGs) carry out timely audits of ULGs' financial reports (by January 7 of each financial year) in their NRS. ORAGs will conduct, either directly or through delegated authority, the external audit of ULG financial reports. The ULGs' OFED will be responsible for ensuring that all ULGDP II funds are included in IBEX and that financial reports are submitted to ORAG as soon as possible after the end of the Ethiopian fiscal year. For DLIs 1, 2 and 3, upon the announcement of ORAG audit results for ULGs, the audit compliance minimum condition will be verified. The annual external audit reports by the ORAGs are tabled to the councils and at the regional level.

For internal audit, MoFED's inspection department will take the lead in improving the quality and timeliness of internal audit reports. They will engage with internal audit units in the 44 cities and provide ongoing support in this area. In the area of external audit, Office of the Federal Auditor General will take responsibility for ensuring that quality audits are produced in a timely manner. Office of the Federal Auditor General will engage with ORAGs to ensure that this happens in a cost efficient and timely manner.

7.2.2 DLI and Performance Measurement

Disbursement Linked Indicator

The ORAG carries out external audits of all ULGDP II participating ULGs in their NRS.

Description of Achievement

This indicator will be fulfilled when the ORAGs, or their delegated agencies, which includes certified private audit firms, carry out the financial audits of ULGs in their jurisdictions by January 7 of each year.

Scalability

Yes, depending on number of ULGs with timely audit.

Data Source

Annual performance assessment

Verification Entity

Same as above DLI 2, Performance Measures 2.3.2, 2.3.3 and 2.3.4)

Procedure

The reputable private sector consulting/audit firm which will be hired by MUDHCo to carry out the independent APA, will verify the results against this indicator, following the same process as in the DLI 2.3 above.

7.3 DLI 6 TIMELY REVIEW OF ULG SAFEGUARDS COMPLIANCE

7.3.1 ULGDP II Implementation Tasks

Regional environmental protection agencies (REPA) will ensure compliance at the ULG level with the environmental regulations. The ULGs will be required to generate evidence (for independent verification) that all capital projects in the previous fiscal year were screened against the set of environment and social criteria in the planning stage, including preparation and approval by REPAs the environmental management plans and resettlement action plans.

7.3.2 DLI and Performance Measurement

Disbursement Linked Indicator

REPAs review ULG ESMS compliance in a timely fashion.

Description of Achievement

This indicator will be fulfilled when the REPAs have carried out the safeguards reviews/audits of ULGs in their jurisdictions before the start of the APA in each year.

Scalability

Yes.

Data Source

Annual Performance Assessment

Verification Entity

Same as above (DLI 2.7 Performance Measures 2.7.1 and 2.7.2.

Procedure

The reputable private sector consulting/audit firm which will be hired by MUDHCo to carry out the independent APA, will verify the results against this indicator, following the same process as in the DLI 2.7 Performance Measures 2.7.1 and 2.7.2., above.

7.4 DLI 7 SUPPORT TO ULG MUNICIPAL REVENUE ENHANCEMENT

This is only done twice during the program period, see the verification protocol .

7.4.1 ULGDP II Implementation Tasks

Regional Revenue Authorities (RRA) will support ULGs in the areas of own source revenue mobilization: RRA/BoFEDs have held consultations with the ULGs on tax rates, provided a tax band for major taxes, and have supported analysis and oversight and coding.

Note: There is great potential for increasing state revenue and municipal revenue during ULGDP II. In nominal terms for 26 new cities joining the program, between EFY 2002 and EFY 2005 State Revenue increased by 360% and Municipal Revenue increased by 233%. This is similar to the experience of the 18 cities currently in the program, where the last assessment showed that 11 cities exceeded their revenue targets for EFY 2003. This is not surprising since the Tax to GDP ratio in Ethiopia is only 12.5%. The draft Adam Smith study (November 2013) has assessed the tax gap as a percent of revenue as being 37.4% at the Federal level and much higher in some of the big regions where the primary focus of ULGDP II is going to be

7.4.2 DLI and Performance Measurement

Disbursement Linked Indicator

Regional Revenue Authorities support ULG revenue mobilization

Description of Achievement

This indicator will be fulfilled when RRA/BOFEDs have:

- i) Held consultations with the ULGs on tax rates,
- ii) Provided up-to-date tax bands for major taxes and charges, and
- iii) Have supported municipal revenue analysis and oversight and coding.

Scalability

Yes

Data Source

Annual Performance Assessment

Verification Entity

See DLI 2.5, Performance Measures 2.5.1, 2.5.2 and 2.5.3.

Procedure

The reputable private sector consulting/audit firm which will be hired by MUDHCo to carry out the independent APA, will verify the results against this indicator, following the same process as in the DLIs above. The APA review will identify whether there have been consultations in the previous EFY.

8 ANNEXES

8.1 ANNEX 1: APA DRAFT & FINAL REPORT FORMAT

Preparation of Draft APA: The Consultant will bring together:

The contents and structure of the Draft ULGDP II APA Annual Performance Assessment Report will be as follows:

- a) Cover, contents and abbreviations.
- b) **Section 1, Introduction:** very brief description of who has done the assessment, when, where and for whom. Plus acknowledgements. Not more than 2 pages.
- c) **Section 2, Approach and methodology:** Full details of the approach and methodology followed – as presented in the Inception Report. Not more than 10 pages. Any detailed lists, schedule of city visits, Consultants staff, etc., to be put in Annexes.
- d) **Sections 3 to 46, Performance Assessment for ULGs:** a separate brief section for each city (each ULG will be given its own APA report) prepared for each of the 44 ULGs, together with signed report forms and documentary evidence of performance. The APA 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. The ULG reports will describe briefly, performance in each of the DLIs 1, 2 and 3 and each of the minimum conditions and performance measures (comment on why the score has been allocated), in tabular form. Not more than 3 pages per ULG.

The CBP needs or gaps identified during the APA, for each ULG will be briefly described.

- e) **Sections 47 to 55 inclusive, Performance Assessment for 9 Regional States** (four RIAs for each NRS) a separate brief section for each NRS and RIAs (each NRS/RIA will be given its own APA report) prepared for each of the 9 Regions and four RIAs in each region, together with signed report forms and documentary evidence of performance. The APA report forms must be signed by the regional representative heads of the BUD, ORAG, REPA, RHA and the Consultant's Team Leader irrespective of the outcome of the assessment. The APA Reports will include an explicit reference to the nature and substance of any disagreement. The ULG reports will describe briefly, performance in each of the DLIs 4, 5, 6 and 7 and performance measures(comment on why the score has been allocated), in tabular form.

The CBP needs or gaps identified during the APA, for MUDHCo will be briefly described.

- f) **Section 57, Summary:** A summary of the findings in a simplified matrix showing comparative results for each city against others. Note more than 4 pages.
- g) **Section 58, Summary of Capacity Building Needs.** Note more than 2 pages.
- h) **Section 59, Observations:** Overall observations, lessons learned and recommendations for future conduct of Annual Performance Assessments and improvement of the ULGDP APA system.

- i) **Annexes:**
 - i. Annex 1 Tabular assessment of the Minimum Conditions
 - ii. Annex 2 Separate scoring sheets for the DLI 2 to 9 Performance Measures (See Annex 4 of this APA Guideline for examples of the formats – in MS Excel) – for entry of APA data and handover to UGGCBB, MUDHCo.
 - iii. Annex 5 Summary of Complaints
 - iv. Annex 6 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.
 - v. Annex 7 Lists of all documents secured for each city providing evidence of the assessed performance

8.2 ANNEX 2: APA STANDARD FORMATS FOR CB REQUIREMENTS & COMPLAINTS

8.2.1 Summary of Capacity Building Requirements for ULGs

Name of ULG:

Date of Assessment:.....

No.	Minimum Conditions	Capacity Building Gaps	Specific Disagreements
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	ULGDP II 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	Capacity Building Gaps	Capacity Building Requirements
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	Capacity Building Gaps	Specific Disagreements
1	Job Creation		

2	Urban Infrastructure Targets		
3	Maintenance Performance		
4	Quality of Infrastructure		

8.2.2 Summary of Capacity Building Requirements for ULGs

Name of RIA/MUDHCo:

Date of Assessment:.....

No.	Minimum Conditions	Specific Disagreements
1	BUDs	
2	ORAGs	
3	REPAs	
4	RHAs	
4	MUDHCo	

8.2.3 Complaint Form for ULGs

Name of ULG:

Date of Assessment:.....

No.	Minimum Conditions	Specific Disagreements
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 ULGDP II 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
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
1	Job Creation	
2	Urban Infrastructure Targets	
3	Maintenance Performance	
4	Quality of Infrastructure	

8.2.4 Complaint Form for ULGs

Name of RIA/MUDHCo:

Date of Assessment:

No.	Minimum Conditions	Specific Disagreements
1	BUDs	
2	ORAGs	
3	REPAs	
4	RHAs	
4	MUDHCo	

8.3 ANNEX 3: DISBURSEMENT LINKED INDICATORS & DISBURSEMENT ARRANGEMENTS

Disbursement Linked Indicators	Total financing allocated to DLI	As percent of total financing amount	DLI Baseline	Indicative timeline for DLI achievement				
				Year 1 EFY 2007 FY2014/15	Year 2 EFY 2008 FY2015/16	Year 3 EFY 2009 FY2016/17	Year 4 EFY 2010 FY2017/18	Year 5 EFY 2011 FY2018/19
DLI 1 ULGs have achieved ULGDP II Minimum Conditions in the APA			0	44 ULGs				
Allocated amount	\$90 million	23.68%		\$18 million	\$18 million	\$18 million	\$18 million	\$18 million
DLI 2 ULGs have strengthened institutional performance as scored in the APA			0	60 (average score)	65 (average score)	70 (average score)	75 (average score)	80 (average score)
Allocated amount	\$158 million	41.58%		\$21.8 million ¹⁴	\$34.1 million	\$34.1 million	\$34.1 million	\$34.1million
DLI 3 ULGs have delivered infrastructure, maintenance and supported job creation as per their Annual Action Plan and CIP, as scored in the APA, and ensured VfM			0	60 (average score)	65 (average score)	70 (average score)	75 (average score)	80 (average score)
Allocated amount	\$75 million	19.74%		\$10.3 million	\$16.2 million	\$16.2 million	\$16.2 million	\$16.2 million
DLI 4 Regional Government CB and support teams in place and support urban service delivery			0	CBP and TOR for Regional Government teams are place.	80 in place% ¹⁵	80% in place and 80 % execution rate		
Allocated amount	\$13 million	3.42%		\$2.6 million	\$2.6 million	\$2.6 million	\$2.6 million	\$2.6 million
DLI 5 ORAGs carry out ULG audits on time			5 ¹⁶	44 ULG audits completed				
Allocated amount	\$7 million	1.84%		\$1.4 million	\$1.4 million	\$1.4 million	\$1.4 million	\$1.4 million
DLI 6 REPA review of ULG safeguards compliance in a timely fashion.			0		44 ULG safeguards reviews/audits completed			
Allocated amount	\$6 million	1.58%		\$1.2 million	\$1.2 million	\$1.2 million	\$1.2 million	\$1.2 million

¹⁴ In the first year, the performance measures will only be applicable to the 18 ULGDP cities. The assessment of progress against performance measures of all 44 ULGs (including the new 26 ULGs will begin in year 2.

¹⁵ See verification protocol and the Bank disbursement table for further details.

¹⁶ Five of the 18 cities currently participating in the ULGDP have received audits on time (by January 7, 2014) for financial year 2012/13 ((Ethiopian fiscal year 2005).

DLI 7 RRA support ULG revenue mobilization ¹⁷			0			44 ULG revenue mobilization supported		44 ULG revenue mobilization supported
Allocated amount	\$4 million	1.05%				\$2.0 million		\$2.0 million
DLI 8 Completion of annual MUDHCo CB activities for ULGDP II ULGs, RGFs and the MUDHCo			0	Comprehensive annual ULGDP II CBP in place and TOR developed	CBP in place, 80% of people in place and minimum 60% of the plan implemented			
Allocated amount	\$22 million	5.79%	0	\$4.4 million	\$4.4 million	\$4.4 million	\$4.4 million	\$4.4 million
DLI 9 Timely completion of ULGDP II APA & VfM audits			0	APA completed on time		APA and VfM audit completed on time		
Allocated amount	US\$5 million	1.32%		\$1 million	\$1 million	\$1 million	\$1 million	\$1 million
Total Financing Allocated:	US\$380 million	100%	0	\$60.7 million	\$78.8 million	\$80.8 million	\$78.8 million	\$80.8 million

¹⁷ The regional revenue authorities will need time to build up the capacity within this area, and the tariff proclamations are expected to be up-dated only twice during the program period, hence results will be measured for the third and the fifth year of the Program.

8.4 ANNEX 4: FORMAT FOR MS EXCEL SHEET APA DATA ENTRY

8.4.1 Annex 5.1: Format for MS Excel Sheet for APA Data Entry – DLI 1

No.	DLI 1, ULG MINIMUM CONDITIONS	Year Assessed	Application	Assessment	Afar	Amhara										BG	DD	Harar	Gambella
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
					Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteslam	Mota	Debre Markos	Assosa	Dire Dawa	Harar	Gambella
1.1	Approved CIP, AAP, annual budget & APP	Current	All APAs	yes/no															
	Transitional/Timing issues: For new ULGs, procurement plans will only a MC for the second year, see also below. 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. • The planned use of the performance-based grants from ULGDP II is in compliance with investment menu (only from assessment in 2015 of the performance in FY 2014/15)																		
1.2	Financial statements submitted on time	Prior year	All APAs	yes/no															
	Transitional/Timing issues: Phasing in the first year: The new ULGs participating in the Program should have completed the financial statements before the start of the assessment.																		
1.3	No adverse or disclaimer external audit report	Prior year	All APAs	yes/no															
	Transitional/Timing issues: A waiver is provided in the first FY for the new ULGDP ULGs providing them with sufficient time to improve, but as a minimum they should have completed the financial statements from previous FY. For the first year for the “current ULGDP” ULGs, the deadline is prior to the effectiveness. Second year: All should be on time, i.e. January 7. The audit report is the last “trigger” in the assessment process, and will be checked after the field-work, but prior to the consolidation of the results.																		
1.4	ULGDP II co-funding requirements provided	Current	All APAs	yes/no															
	Transitional/Timing issues: Phasing in: ULGs can only budget for this in the second assessment, as they do not know the level for this coming FY. The assessment of actual utilization of funds can only be done in the assessment following a year of actual disbursements of ULGDP funds, i.e. from the September 2015 assessment.																		
1.5	Six key staff in place	Current	All APAs	yes/no															
	Transitional/Timing issues: None																		
1.6	Fully operational ESMS	Current	All APAs	yes/no															
	Transitional/Timing issues: Only from second APA (September 2014)																		
1.7	Fully operational procurement system	Current	All APAs	yes/no															
	Transitional/Timing issues: None																		
1.8	Fully operational complaints handling system	Current	All APAs	yes/no															
	Transitional/Timing issues: Only from the second APA (September 2014)																		
1.9	Use of PGs complies with investment menus	Current	Start 2nd APA	yes/no															
	Transitional/Timing issues: Start second year for budget compliance, and for third assessment with real use (compliance), looking back at the EFY 2007 (2014/15) performance																		

8.4.2 Annex 5.2: Format for MS Excel Sheet for APA Data Entry – DLI 2

No.	DLI 2, ULG Institutional Performance	Year Assessed	Application	Maximum Points	Afar	Amhara										BG
					1	2	3	4	5	6	7	8	9	10	11	12
					Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteselam	Mota	Debre Markos	Assosa
TOTALS				100	0	0	0	0	0	0	0	0	0	0	0	0
2.1	Planning and Budgeting			10	0	0	0	0	0	0	0	0	0	0	0	0
2.1.1	Capital Investment Plan with linkages			3	0	0	0	0	0	0	0	0	0	0	0	0
2.1.1.1	Consistency & alignment	current	1st-5th APA	2												
2.1.1.2	Capturing O&M & recurrent costs	current	1st-5th APA	1												
2.1.2	Participation of citizens			4	0	0	0	0	0	0	0	0	0	0	0	0
2.1.2.1	No. of public consultations	prior	1st-5th APA	1												
2.1.2.2	Increase in no. of people involved + women involved is > 40%	prior	1st-5th APA	1												
2.1.2.3	Evidence of agenda & issues discussed	prior	1st-5th APA	1												
2.1.2.4	Minutes of meetings	prior	1st-5th APA	1												
2.1.3	Budget appropriation			2	0	0	0	0	0	0	0	0	0	0	0	0
2.1.3.1	Budget approved by Council	current	1st-5th APA	2												
2.1.4	Budget Reliability			1	0	0	0	0	0	0	0	0	0	0	0	0
2.1.4.1	Budget v actual variance for prior EFY < 10%	prior	1st-5th APA	1												
2.2.	Asset Management Plan			10	0	0	0	0	0	0	0	0	0	0	0	0
2.2.1	Asset inventory updated	prior	1st-5th APA	2												
2.2.2	Asset conditions correctly reflected in inventories	prior	1st-5th APA	2												
2.2.3	Asset inventory shows values, deficits & depreciation	prior	1st-5th APA	2												
2.2.4	AMP updated as per 10 steps	prior	1st-5th APA	2												
2.2.5	AMP identifies maintenance, rehab., and new assets & costs	prior	1st-5th APA	2												
2.3.	Public Financial Management			15	0	0	0	0	0	0	0	0	0	0	0	0
2.3.1.	Accounting & timely reporting			4	0	0	0	0	0	0	0	0	0	0	0	0
2.3.1.1.	Use of integrated IBEX for all operations	current	1st-5th APA	1												
2.3.1.2.	Chart of accounts adhered to – inc. municipal revenues	prior	1st-5th APA	1												
2.3.1.3.	Timely financial reporting	prior	1st-5th APA	1												
2.3.1.4	Monthly cash & bank reconciliation submitted to BoFED	prior	1st-5th APA	1												

No. DLI 2, ULG Institutional Performance					Year Assessed	Application	Maximum Points	Afar	Amhara											BG
								1	2	3	4	5	6	7	8	9	10	11	12	
								Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteselam	Mota	Debre Markos	Assosa	
2.3.2.	External Audit			3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.3.2.1	All audit backlogs cleared for prior years – 5 years back	prior	1st-5th APA	3																
2.3.3.	Audit Opinion			3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.3.3.1	Prior external audit report has a clean opinion	prior	1st-5th APA	3																
2.3.4.	Audit Compliance			2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.3.4.1	Evidence audit queries have been acted on	current	1st-5th APA	2																
2.3.5	Internal Audit			3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.3.5.1	Internal audit good practices identified by	prior	1st-5th APA	1																
2.3.5.2.	Internal audit good practices identified	prior	1st-5th APA	1																
2.3.5.3.	Internal audit good practice, evidence of follow-u		1st-5th APA	1																
2.4.	Procurement			15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.4.1.	Annual Procurement Plans			3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.4.1.1.	APP implementation monitored & milestones achieved	prior	1st-5th APA	1																
2.4.1.2	APP is updated as required – at the point of assessment	current	1st-5th APA	2																
2.3.2.	Procurement Procedures and Contract Effectiveness			12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2.4.2.1	Availability of adequate auditable procurement records	current	1st-5th APA	1																
	All ICB & NCB contracts comply with legal requirements:		1st-5th APA																	
2.4.2.2.	– all goods, works & services are in approved APP	prior	1st-5th APA	1																
2.4.2.3	- proper advertisements are made	prior	1st-5th APA	1																
2.4.2.4.	– correct standard bidding documents are used	prior	1st-5th APA	1																
2.4.2.5.	– bid floating periods are acceptable	prior	1st-5th APA	1																
2.4.2.6.	– bid evaluation reports are consistent with bid documents	prior	1st-5th APA	1																
2.4.2.7.	– bid evaluation results are announced to bidders & public	prior	1st-5th APA	1																
2.4.2.8.	– contracts awarded to lowest bidder in bid validity period	prior	1st-5th APA	1																
2.4.2.9.	– procurement complaints properly addressed	prior	1st-5th APA	1																
2.4.2.10.	– contract document contents are complete	prior	1st-5th APA	1																
2.4.2.11.	– procurement processes are timely (consistent with APP)	prior	1st-5th APA	1																
2.4.2.12.	– Contracts implemented in a timely manner	prior	1st-5th APA	1																

No. DLI 2, ULG Institutional Performance					Year Assessed	Application	Maximum Points	Afar	Amhara											BG
								1	2	3	4	5	6	7	8	9	10	11	12	
								Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteselam	Mota	Debre Markos	Assosa	
2.5.	Own source revenue enhancement						10	0	0	0	0	0	0	0	0	0	0	0	0	
2.5.1.	Revenue Enhancement Plan updated for most recent year						3	0	0	0	0	0	0	0	0	0	0	0	0	
2.5.1.1.	ULG has done analysis of main revenue source & potential				prior	1st APA	2													
2.5.1.2	ULG has developed strategies for revenue enhancement				prior	1st APA	1													
2.5.1.	Revenue Enhancement Plan updated for most recent year						2													
2.5.1.1.	ULG has done analysis of main revenue source & potential				prior	2nd-5th APA	1													
2.5.1.2	ULG has developed strategies for revenue enhancement				prior	2nd-5th APA	1													
2.5.2.	ULG’s municipal revenues increase						4	0	0	0	0	0	0	0	0	0	0	0	0	
2.5.2.1	5 to 10% increase				prior	1st APA	1													
2.5.2.2.	11 to 20% increase				prior	1st APA	2													
2.5.2.3.	Greater than 20% increase				prior	1st APA	4													
2.5.2.	ULG’s municipal revenues increase						3													
2.5.2.1	5 to 10% increase				prior	2nd-5th APA	1													
2.5.2.2.	11 to 20% increase				prior	2nd-5th APA	2													
2.5.2.3.	Greater than 20% increase				prior	2nd-5th APA	3													
2.5.3.	% of municipal revenue collected v target for prior EFY						3	0	0	0	0	0	0	0	0	0	0	0	0	
2.5.3.1.	Variation less than 5%				prior	1st APA	3													
2.5.3.2.	Variation less than 10%				prior	1st APA	1													
2.5.3.	Revenue Planning: % collected against planned target						2													
2.5.3.1.	Variation less than 5%				prior	2nd-5th APA	2													
2.5.3.2.	Variation less than 10%				prior	2nd-5th APA	1													
2.5.4.	Co-funding from ULGs is above level						3													
2.5.4.1	For Samera/Logia, Asosa, Gambella, Jijiga 11-20%				prior	2nd-5th APA	2													
2.5.4.1	above 20%				prior	2nd-5th APA	3													
2.5.4.2	22 new cities in Amhara, Oromia, SNNP & Tigray 21-30%				prior	2nd-5th APA	2													
2.5.4.2	above 30%				prior	2nd-5th APA	3													
2.5.4.3.	16 CBDSD/ULGDP cities 31 to 40%				prior	2nd-5th APA	2													
2.5.4.3	above 40%				prior	2nd-5th APA	3													

No. DLI 2, ULG Institutional Performance					Year Assessed	Application	Maximum Points	Afar	Amhara											BG
								1	2	3	4	5	6	7	8	9	10	11	12	
								Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteselam	Mota	Debre Markos	Assosa	
2.5.4.4.	Dire Dawa and Harar/Harari 51 to 60%				prior	2nd-5th APA	2													
2.5.4.4.	above 60%				prior	2nd-5th APA	3													
2.6.	Accountability and transparency						15	0	0	0	0	0	0	0	0	0	0	0	0	
2.6.1.	Identify 3 top services, prepare standard & citizens’ charter				prior	1st APA	6	0	0	0	0	0	0	0	0	0	0	0	0	
	No				prior	1st APA	0													
2.6.2.	Municipal service delivery as per citizens’ charter Yes				prior	2nd-5th APA	6													
	No				prior	2nd-5th APA	0													
2.6.3	Public dissemination of information about:						6	0	0	0	0	0	0	0	0	0	0	0	0	
2.6.3.1	Annual budgets				prior	2nd-5th APA	1.2													
2.6.3.2	Approved projects				prior	2nd-5th APA	1.2													
2.6.3.3.	Expenditures				prior	2nd-5th APA	1.2													
2.6.3.4.	Audited accounts				prior	2nd-5th APA	1.2													
2.6.3.5	Procurement decisions				prior	2nd-5th APA	1.2													
2.6.4.	Timely submission of quarterly progress reports				prior	1st-5th APA	3													
2.7.	Environment and social Safeguards						10	0	0	0	0	0	0	0	0	0	0	0	0	
2.7.1	Environmental & Social Screening						6	0	0	0	0	0	0	0	0	0	0	0	0	
2.7.1.1.	All capital projects screened as per ESMS				prior	1st-5th APA	3													
2.7.1.2.	EIAs, EMPs, RAPs, etc., prepared and approved by REPA				prior	1st-5th APA	3													
2.7.2	ESIA, EMPs & RAPS implemented prior to construction				prior	1st-5th APA	4													
2.8.	Land management and urban planning						15	0	0	0	0	0	0	0	0	0	0	0	0	
2.8.1.	Statutory structure plan in approved/in place						5	0	0	0	0	0	0	0	0	0	0	0	0	
2.8.1.1.	Existence of up-to-date approved statutory structure) plan				current	1st-5th APA	3													
2.8.1.2.	CIP is in accordance with city-wide (structure) plan - yes				prior	1st-5th APA	2													
2.8.2.	Land management effective						10	0	0	0	0	0	0	0	0	0	0	0	0	
2.8.2.1	Land released is serviced as per standards & city plan				prior	1st-5th APA	5													
2.8.2.2.	ULG has an up-to-date inventory of land use Yes/no				current	1st-5th APA	5													

8.4.3 Annex 5.3: Format for MS Excel Sheet for APA Data Entry – DLI 3

No.	DLI 3, ULG Service Delivery Performance	Year Assessed	Application	Maximum Points	Afar	Amhara										BG	DD
					1	2	3	4	5	6	7	8	9	10	11	12	13
					Semara	Bahir Dar	Konbolcha	Gondar	Dessie	Debre Birhan	Debre Tabor	Woldya	Finoteselam	Mota	Debre Markos	Assosa	Dire Dawa
TOTALS				100	0	0	0	0	0	0	0	0	0	0	0	0	0
3.1	Job Creation			35	0	0	0	0	0	0	0	0	0	0	0	0	0
3.1.1.	Cities' achievement of jobs created				0	0	0	0	0	0	0	0	0	0	0	0	0
	Cities' achievement of jobs created	Prior	1st-2nd APA														
3.1.1.	Cities' achievement of jobs created			30	0	0	0	0	0	0	0	0	0	0	0	0	0
	Cities' achievement of jobs created	Prior	3rd-5th APA														
3.2.	Urban Infrastructure Targets			35	0	0	0	0	0	0	0	0	0	0	0	0	0
3.2.1.	Targets in CIP & AAP achieved				0	0	0	0	0	0	0	0	0	0	0	0	0
	Targets in CIP & AAP achieved	Prior	1st-2nd APA														
3.2.1.	Targets in CIP & AAP achieved			30	0	0	0	0	0	0	0	0	0	0	0	0	0
	Targets in CIP & AAP achieved	Prior	3rd-5th APA														
3.3.	Maintenance performance			30	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3.1	Maintenance Budgeting and Implementation			15	0	0	0	0	0	0	0	0	0	0	0	0	0
	Maintenance derived from AMP & implemented/budgeted	Prior	1st-2nd APA														
3.3.1	Maintenance Budgeting and Implementation			10	0	0	0	0	0	0	0	0	0	0	0	0	0
	Maintenance derived from AMP & implemented/budgeted	Prior	3rd-5th APA														
3.3.2.	Actual Maintenance			15	0	0	0	0	0	0	0	0	0	0	0	0	0
	Maintenance is carried out as required	Prior	1st-2nd APA														
3.3.2.	Actual Maintenance			10	0	0	0	0	0	0	0	0	0	0	0	0	0
	Maintenance is carried out as required	Prior	3rd-5th APA														
3.4.	Quality of Infrastructure - Value for Money			0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4.1	VfM in infra. investments funded by ULGDP II			0	0	0	0	0	0	0	0	0	0	0	0	0	0
	VfM in infra. investments funded by ULGDP II	Prior	1st-2nd APA														
3.4.1	VfM in infra. investments funded by ULGDP II			20	0	0	0	0	0	0	0	0	0	0	0	0	0
	VfM in infra. investments funded by ULGDP II	Prior	3rd-5th APA														

8.4.4 Annex 5.4: Format for MS Excel Sheet for APA Data Entry – DLI 4, 5, 6 and 7

DLI No.	DLIs 4, 5, 6, 7 (RIAs)	Year Assessed	Application	1 Afar	2 Amhara	3 Benishangul Gumuz	4 Harar	5 Gambella	6 Oromia	7 SNNP	8 Somali	9 Tigray
4	Regional Bureau of Urban Development, Housing & Construction (or equivalent)			0%	0%	0%	0%	0%	0%	0%	0%	0%
4.1	RG CB & Mobile CB teams in place		1st APA									
4.1.1	CBP & TOR for mobile CB & mentoring teams in place	current										
4.1	RG CB & Mobile CB teams in place		2nd APA									
4.1.1.	RGs adopt service delivery standards & provided guidance	current	2nd-5th APA									
4.1.2	RG Mobile CB & mentoring teams are in place	current	2nd-5th APA									
4.1.3.	RG has developed CB plan for the ongoing FY	current	3rd-5th APA									
4.1.4.	CBPs for the previous year have been executed	prior	3rd-5th APA									
5	Office of the Regional Auditor General			No of ULGs in each NRS with timely audits / total no of ULGs in NRS								
5.1	ORAG carries out timely audits of ULG - by Jan. 7	current	1st-5th APA									
6	Regional Environmental Protection Agency			No of ULGs in each NRS with timely review / total no of ULGs in NRS								
6.1	REPA carries out timely review of ULG safeguards compliance	prior	1st-5th APA									
7	Regional Revenue Authority			0%	0%	0%	0%	0%	0%	0%	0%	0%
7.1.	RRAs support ULGs' efforts to mobilize revenue: The assessments will be conducted as part of the third and the fifth APA, and regions will have to: (a) complete the consultations, (b) reviewed the REPs with the ULGs, and (c) up-dated the tariff proclamations prior to each of these APAs (all three issues will have to be achieved in the previous financial year to fulfil the conditions for the DLI	prior	1st-5th APA									