THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

LOCAL GOVERNMENT DEVELOPMENT GRANT (LGDG) SYSTEM

ANNUAL ASSESSMENT MANUAL

P.O. Box 1923
Dodoma

October, 2016

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ABBREVIATIONS

ALAT	Association of Local Authorities of Tanzania
ASDG	Agriculture Sector Development Grant
A-CBG	Agricultural Capacity Building Grant
AO	Accounting Officer
AT	Assessment Team (Regional Based)
CAG	Controller and Auditor General
CB	Capacity Building
CBG	Capacity Building Grant
CBP	Capacity Building Plan
CCHP	Comprehensive Council Health Plan
CD	Council Director
CDG	Council Development Grant
CDR	Council Development Report
CFR	Council Financial Report
CHRO	Council Human Resource Officer
CI	Community Initiative
CIA	Council Internal Auditor
CMT	Council Management Team
CPLO	Council Planning Officer
CSO	Civil Society Organizations
CT	Council Treasurer
CTB	Council Tender Board
DADG	District Agricultural Development Grant
DADP	District Agriculture Development Plan
DALDO	District Agriculture and Livestock Development Officer
DED	District Executive Director
DP	Development Partners
DWSP	District Water Sanitation Plan
EBG	Extension Block Grant (Agriculture)
FY	Financial Year
GoT	Government of Tanzania
HLG	Higher Level (Local) Government
HPMU	Head of Procurement Management Unit
HRD	Human Resource Development
HSDG	Health Sector Development Grant
IAG	Internal Auditor General
LAAC	Local Authority Accounts Committee
LG	Local Government
LGA	Local Government Authority

LGDG	Local Government Development Grant
LAFM	Local Authorities Financial Memorandum
LGRP	Local Government Reform Programme
LLG	Lower Local Government
MCs	Minimum Conditions
MEG	Monitoring and Evaluation Grant
MEO	Mtaa Executive Officer
MKUKUTA	Kiswahili acronym for NSGRP
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
NSC	National Steering Committee
NSGRP	National Strategy for Growth and Reduction of Poverty
O&OD	Opportunities and Obstacles to Development
PM	Performance Measures
PMO	Prime Minister's Office
PMO-RALG	Prime Minister's Office- Regional Administration and Local Government
PO-RALG	President's Office- Regional Administration and Local Government
PMU	Procurement Management Unit
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
RAS	Regional Administrative Secretary
RS	Regional Secretariat
RWSSP	Rural Water Supply and Sanitation Project
TEC	Technical Evaluation Committee
ToT	Training of Trainers
WEO	Ward Executive Officer
VEO	Village Executive Officer
WSDG	Water Sector Development Grant

1. Introduction

1.1. Background and Justification – *Why and for what Annual Assessment is required in the LGDG System?*

The Local Government Development Grant (LGDG) System is the main vehicle for providing development grants to Local Government Authorities (LGAs) under the Decentralization by Devolution (D by D) Policy of the Government of Tanzania. Since its introduction in 2004/05, LGDG has been the most important source of funding for the LGAs to provide decentralized services to the people. The main purpose of the system is to enable all the LGAs to plan, budget and implement most suitable development projects to provide adequate services to the local people in accordance with the specific needs of the respective areas. Thus its principle is to provide funds for discretionary use of the respective LGAs based on the specific realities of the area in order to realize the spirit of D by D Policy.

On the other hand, considering that the D by D Policy implementation is still on the way and the capacity development of the LGAs is yet to be completed, the System needs to ensure that all the LGAs would utilize those funds properly to avoid misuse. Also in the same context, the System is expected to encourage serious efforts of the LGAs in improving their performance to serve better for the people, by recognizing and rewarding those better performing LGAs.

It is based on the above-cited considerations that the LGDG System introduced Annual Assessment mechanisms to examine each LGA's performance every year, and define eventual amount of LGDG funds to be transferred to the respective LGAs based on their performance. For that sake, two assessment criteria have been developed, i.e. Minimum Conditions (MCs) and Performance Measures (PMs).

MCs are to detect those LGAs who fail to satisfy the required conditions to make proper use of LGDG funds, so that corresponding part of the LGDG funds be withheld pending necessary countermeasures be taken to rectify the situation. On the other hand, PMs are to identify better performing LGAs in making efforts to improve their services to the people in line with the D by D Policy, who are to be recognized and rewarded. Through this exercise, it is expected to provide the LGAs with adequate incentives to improve their performance and thus elevate overall capacity of the LGAs as a whole.

1.2. Minimum Conditions (MCs) and Performance Measures (PMs) – *What to be assessed?*

In order for the LGA to access the LGDG funds, it is required to meet a set of Minimum Conditions (MCs) to ensure that they have the capacity to properly utilize the funds to be transferred to them. These MCs are defined in accordance with the laws, regulations and guidelines of the Government such as the Local Government Acts CAP 287 and CAP 288 (RE

2002), Local Government Finance Act CAP 290, Local Authority Financial Memorandum 2009, the Public Procurement Act 2011 (amended 2016) and its Regulations, etc. The MCs are checked in the form of Yes/No and simple to evaluate as detailed in Annex I.

The PMs intend to encourage LGAs that perform well in service delivery. Those LGAs who are making more serious efforts to serve better for the people will be rewarded accordingly. On the other hand, the LGAs who couldn't reach minimum required levels of PMs, part of their funds will be withheld until they rectify the situation. However, the LGDG system is not intended to punish communities because of the poor performance of the LGA. Instead, LGAs that did not perform well in service delivery will be held accountable and disciplinary measures will be taken against the responsible staff.

Unlike the MCs, the PMs are more outcomes oriented, and seek to evaluate performance of the LGAs in key Outcome areas of the LGDG system that are:

(1) Facilities funded by LGDG function effectively to provide the intended services to the people.

(2) Community priorities are well addressed.

(3) Community "self-help" initiatives are recognized, facilitated and supported with a view to complementing the Government's efforts for better service delivery.

(4) Funds are fairly distributed within LGA.

(5) LGAs' financial management is improved.

(6) Disadvantaged areas are benefiting from quality projects implemented by LGA.

(7) Carryover funds in LGAs are properly accounted for and closely followed up.

(8) LGAs' Human Resources are developed and well managed.

(9) LGDG is administered with appropriate accountability and transparency.

NB: These are only 9 outcomes out of the 10 LGDG Outcomes described in the Section 1.2 of the Implementation and Operations Guide because Outcome (7) ***"LGDG funds are properly allocated to the LGAs"*** *is not included since it is an issue related to the Central Government, hence not an object for the Assessment of the performance of LGAs.*

For each of the nine Outcome areas above, detailed indicators are developed, which are found in Annex II.

1.3. Assessment Exercise – *Who will assess whom? When and how?*

The object (target) of the LGDG Annual Assessment is the respective LGAs. This exercise will be carried out in each LGA between August and September, and the assessment results (including grant allocations) will be fed back to each LGA in November. This will allow the LGAs to prepare their annual plan and budget taking into account the above-mentioned assessment results as well. (Please refer to section1 of Part II of the Implementation and Operations Guide.)

For the Assessment exercise, Regional Assessment Team (AT) will be formed by the LGDG Taskforce[1]. AT will be the principal assessor of the LGAs' performance in this System. It will be composed of officers from RS (not from the same region as the LGAs to be assessed) together with some from other public institutions. (Please refer to the Section 2.2 for details.) Each AT will be assigned to a region except for the regions with more than 9 LGAs and visit them to assess, spending not more than 4 days in each LGA including travelling time to the next LGA.

The assessment will start with the MCs under CDG (financial management, planning & budgeting and procurement, Accountability and Transparency) and CBG (shown in Table B of Annex I). Thereafter assessment of PMs for each indicator in all nine (9) Outcome areas will be conducted using the scores shown in Annex II. CBG is expected, largely, to address the performance gaps identified in the performance assessment.

Based on the results of the assessment, adjustments on the allocation of the LGDG funds to each LGA will be made. The detailed scoring and allocation mechanism is described in the Section 2.3.

1.4. Major Changes made in the Current Revision in terms of the Annual Assessment

Some modifications have been made for the Annual Assessment process in this revision based on the challenges experienced in the implementation of the System during past years, such as:

i. It was observed that a significant number of LGDG funded projects have not been able to bring about the intended outcomes of the System e.g.: many unfinished projects; the facilities completed but not functioning properly; projects implemented but not in line with the priorities of the people, etc. This situation presented the needs for much closer monitoring by the LGAs as well as more careful assessment to guide them, as indicated in Implementation and Operations Guide Part I, Section 1.1.

ii. The past PMs were not designed well to clearly guide and indicate the types of performance that LGAs should achieve, and to measure them properly in line with the intended outcomes of the LGDG System, and

[1] For LGDG Taskforce, please refer to Section 3.6 of Part I of the Implementation and Operations Guide.

iii. For the sake of sustainability, it is important to nurture in-house capacity rather than outsourcing to consultants.

Based on the mentioned challenges, the revised assessment manual has been developed to:

i. Make the whole process of the Annual Assessment more clearly **"Performance Based"** and **"Achievement Oriented".**

ii. Improve the MCs in order to check the respective LGAs' compliance with national policies, legal and regulatory frameworks.

iii. Improve the PMs to clearly indicate what kinds of performance are required for LGAs to achieve in accordance with the intended Outcomes of the LGDG System, and guide them towards that end. Also establish more effectively functioning incentive system that stimulates healthy competition among LGAs through rewarding better performing LGAs.

iv. Include as part of the PM criteria, the LGAs' efforts to identify, promote and support local communities in initiating "self-help" projects with a view to complementing the Government's endeavor towards better service delivery and local development. (Collaboration between the Government and the communities –PPP-)

v. Make use of the internal capacity by formulating inter-ministerial task force and Regional Assessment Teams (ATs) instead of depending on external consultants.

2. The LGDG Assessment Process

This section explains the detailed process of the Annual Assessment of the LGDG System. **However, please use the Implementation and Operations Guide, Part II, section 1 together with this part, which are complementary to each other.**

2.1 Administration of the LGDG Assessment Exercise in LGAs

2.1.1. The Annual Assessment

The Annual Assessment of the performance of each LGA is conducted under the auspices of PO-RALG through the ATs formed specifically for that purpose. ATs are composed of a few officials of RSs (not of the Region in which the target LGAs are located) with support from other members drawn from public institutions near the target LGAs. Each AT will be assigned to assess several LGAs out of the Region that the RS officials of the AT belong to. The idea is to ensure objectivity of the assessment.

The LGDG Annual Assessment is conducted in August – September every year and the assessment results will be fed back to the LGAs in November before the annual planning and budgeting process of LGAs starts.

The objective of the Annual Assessment is to evaluate each LGA in terms of its ability to meet both the MCs and the PMs as elaborated in this Manual. The performance evaluation results will determine:-

(a) Risk factors related to possible failure in appropriate use of LGDG funds so that remedial action can be taken to avoid anomalies, and

(b) LGAs to be rewarded for outstanding performance.

The assessment results could also contribute to identification of LGAs that need to be supported because of their unique challenges to provide quality services that are not covered by the formula.

2.1.2. The Relationship with the Monitoring Exercise undertaken by LGAs

There is a direct linkage between the Annual Assessment and the Monitoring on implementation progress of LGDG activities conducted regularly by the LGAs. This linkage is there in the sense that the Monitoring to be conducted by the LGAs covers mostly the same aspects or key areas to be evaluated during the Annual Assessment. (Please refer to the separate document of the M&E Framework of the LGDG System and compare with the Annex II of this manual.) Thus those LGAs that are making proper efforts to undertake serious Monitoring of their LGDG programme and projects will have better chance to score higher in the Annual Assessment.

On the other hand, the LGAs' monitoring reports will serve as one of the important information sources during the Annual Assessment exercise for ATs. In this sense, the Monitoring by the LGAs plays a role of feedback from the LGA on their compliance to the LGDG minimum conditions and attainment of the performance measures to be assessed by the ATs.

2.1.3. The Roles of PO-RALG

PO-RALG bears overall responsibility in the Annual Assessment of the LGDG System. It is responsible for ensuring a transparent, objective and independent LGDG assessment process by undertaking the following:-

a) Establish and strengthen all the actors responsible for the assessment (LGDG Secretariat, LGDG Assessment Taskforce and ATs)

b) Mobilize and distribute the required resources to all the actors responsible for the assessment,

c) Prepare, review and update the assessment tools, reporting mechanisms/formats,

d) Provide technical support and guidance to ATs, and

e) Disseminate guidelines and procedures related to the assessment

f) Provide quality control (oversight) of the system

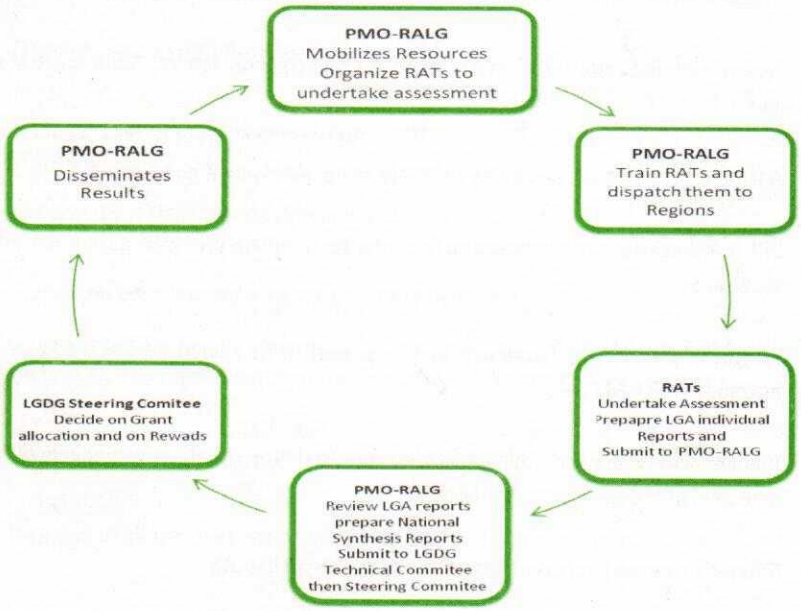
g) Issuance of the introduction letters for the assessment team members

2.1.4. The Roles of the LGDG Assessment Taskforce

With the guidance of PO-RALG, the LGDG Assessment Taskforce will perform the following functions:-

1) Organize the ATs in most convenient and cost effective way so that they can undertake the assessment and prepare brief reports within timeframe. Each AT will cover one region, for objectivity purposes, the ATs will not assess their own Regions,
2) Appoint Assessment Team leader and Prepare tentative assessment schedule for each AT based on consultation with the respective RSs and share it during orientation.
3) Orient the AT members on the assessment process and appoint the Team Leaders for each AT, and
4) Receive and review the individual LGA assessment reports and prepare the National Report.

Figure 1: Assessment Process



2.1.5. Roles of Assessment Team (AT)

The regional based assessment team will have the following responsibilities:-

1) Participate in the orientation workshop to be undertaken by PO RALG

2) Prepare the assessment process Schedule and agree with the LGDG Taskforce

3) Prepare and collect necessary requirements for assessment including stationary, fuel transport and facilitation funds

4) Communicate with respective region on the assessment schedule,

5) Pay courtesy call to the respective regions,

6) Conduct meetings with respective LGA (CMT) for both entry and Exit,

7) Assess each indicator vide review of documents (reports, letters, Audit queries, minutes, etc)

8) Assign scores for each and every indicator in the assessment questionnaire,

9) Fill in information in the assessment capturing template provided during the orientation workshop,

10) Prepare a short report (summary of key issues) to be shared during the entry and exit meetings with CMT, and

11) Prepare and administer the attendance registers for all the meetings with CMT or members of the service facility boards.

12) Submit a summary report of key issues to the respective RS

13) Prepare and submit to LGDG taskforce the final assessment report for each and every LGA soon after finishing assessment of the individual LGA.

2.1.6. Roles of the LGAs

The LGDG Annual Assessment is based and focused on reviewing and confirming information existing at the LGA, which are related to indicators derived from the key performance areas of the LGDG outcomes. Therefore an LGA is a target and an object to be assessed to qualify for LGDG funds entitlement. To facilitate smooth and successful annual assessment, an LGA will have to fulfil the following roles.

1) Receive and familiarize with the LGDG revised guidelines namely *implementation and Operations guide, Annual assessment and Monitoring and evaluation framework*

2) Undertake monitoring of the LGDG projects

3) Document the LGDG projects progress

4) Analyze LGDG projects monitoring reports

5) Receive the respective assessment team

6) Prepare and convene meetings with Assessment Team

7) Prepare LGDG reports required for the Annual Assessment

8) Respond to each and every indicator as indicated in the data capturing format

9) Respond to all interview questions posed by the Assessment team

10) Arrange for field visits to facilities and LLG level, and

11) Arrange for office space to be used by the assessment team.

2.2 The Assessment Process to be undertaken in each LGA by the ATs

2.2.1. Formation of the ATs

ATs will be composed of five (5) members formed by three (3) from each RS and two experts from other public institutions. The AT will constitute members with expertise in local governance, auditing (in local government), procurement/engineering, financial management, planning, human resources management, community development and one from the Window participating sector. The Task Force will appoint one out of the five (5) AT members to be a Team Leader. The criteria for appointing the Team Leader will be experience in Local Governance, communication and report writing skills.

2.2.2. Orientation of the ATs

The PO-RALG will orient the AT members on the assessment process for a maximum of two days. Initially all appointed AT members will be oriented in one centre by the LGDG Assessment Taskforce. In subsequent years PO-RALG will decide on the most convenient and cost effective way of orientating the AT members. The Orientation will cover issues such as the entry and exit meetings, approach to be used during the assessment at HLG and LLG e.g. how to use the assessment tools, whom to meet, the required information and the sources, how to seek for clarification or additional information and how to prepare the LGA report using the reporting template. Sample reports or documents from LGAs necessary during the assessment exercise such as the CDRs, MTEFs, Monitoring reports, CBPs, Progress reports, Letters of submission of reports, Management Responses to CAG queries will be used as reference materials.

The criteria for the selection of locations and facilities to be assessed at the LLG will also be considered during the orientation. This is necessary in order to ensure that remote villages/mitaa and self-help projects are not missed in the assessment. The appointed Team Leaders will also be briefed about their roles and responsibilities and how to prepare the overall Regional Assessment Report.

2.2.3. Preparatory Work for the Field Work

The following preparatory measures will be taken before the ATs conduct field work in each LGA:

(a) The LGDG Assessment Taskforce issues the assessment questionnaire to all LGAs through RS.

(b) The LGDG Assessment Taskforce prepare list of projects implemented during the last three financial years for each LGA and give it to the corresponding AT.

(c) During the orientation, the Taskforce will present the proposed schedule for the assessment exercise to be discussed with the respective ATs.

(d) LGAs to prepare relevant information according to assessment questionnaire.

(e) ATs visit RSs to inform the assessment exercise for that particular region.

2.2.4. Fieldwork undertaken by the ATs

The fieldwork in each LGA starts with an entry meeting between the AT members and the CMT who will have been informed in advance of the date, duration and coverage of the assessment. The purpose of this meeting is to share the assessment programme at the LGA and confirm appointments, ensure availability of documents to be reviewed and agree on the LLGs and facilities to be visited.

In conducting the assessment the AT members are required to review various documents, reports (including monitoring reports) and conduct interviews with key informants at HLG and LLG. The AT members will be responsible for verifying the LGA information received from the RS as well as gathering first hand information needed to complete the assessment process and prepare LGA assessment report.

The AT members will spend not more than 4 days in each LGA to conduct interviews, review documents and prepare the LGA report including the travelling time to the next LGA. The 4 days will be equally divided between the HLG and LLG. After the assessment, the AT will give feedback on initial findings to the CMT (exit meeting) for transparency and confirmation of the findings.

2.3 The Scoring System

In order for the LGAs to access the LGDG funds, it must meet MCs and set of PMs. Therefore, the ATs are required to assess whether the respective LGAs qualify those criteria. The overriding objective of the MCs is to ensure LGDG funds are properly used and in compliance with government requirements while PMs is to assess LGAs performance for motivating LGAs to perform better in service delivery. Details of the scoring procedures for these two criteria are described hereunder.

2.3.1. The Minimum Conditions

The scoring of the MCs is based on a "Yes" or "No" criterion, i.e. "Yes" if the condition is met or "No" if it is not met. The "Yes" or "No" scoring should be evidence-based supported by reliable and up to date information and data. It should be noted however, the LGAs will not be penalized if the MCs not met is due to reasons beyond the mandate of the LGA.

The template of the MCs is described in Annex I.

2.3.2. Performance Measures (PMs)

To quantify the performance of the LGAs, PMs are measured on a scale of 0-100%, with 100% representing the best possible performance. Table 1 sets out the outcome areas, suggested weights and thresholds. Guidance is provided on how to score each performance indicator in annex II under the score column. For an Assessment Team to arrive at an objective scoring, it must seek all necessary information from the LGA, carry out an inspection on the service facility and seek the views of the people where necessary. Each output area has a set of indicators and these indicators are scored depending on the assigned weight.

Table 1: Score Allocation of Performance Measures by Outcome Areas

Outcome Areas	Total Score	Minimum Score to Receive Full CDG Allocation
1. Facilities funded by LGDG function effectively to provide the intended services to the people	20	10
2. Community priorities are well addressed,	15	7.5
3. Community "self-help" initiatives are recognized, and supported,	10	5
4. Funds are fairly distributed within LGA,	10	5
5. LGAs' financial management is improved,	12	6
6. Disadvantaged areas are benefiting from quality projects implemented by LGA,	8	4
7. Carryover funds in LGAs are properly accounted for and closely followed up,	8	4
8. LGAs Human Resources are developed and well managed,	7	3.5
9. LGDG is administered with appropriate accountability and transparency	10	5
Total	**100**	**50**

2.3.3. Allocation Criteria

The ATs will assess the LGAs to establish whether they qualify for CDG and CBG as follows:-

Allocation Criteria for CDG

In order for an LGA to access 100% of the CDG, it must meet at least 80% of the MCs and score not less than 50% of each one of the PMs Criteria. The first 20 best performing LGAs that meet the MCs and scoring the PMs of minimum 85% will be rewarded.

LGAs meeting the MCs but fail in PMs i.e. scoring less than 50% of any outcome area will receive 90% of the CDG and those LGAs failing to meet the 80% of the MCs but score at least 50% of the PMs will also receive 90% of CDG amounts. LGAs failing both MCs and PMs will receive 80% of the CDG amounts. Details of the allocation criteria are summarized in table 2.

Table 2: Allocation of Performance-Based CDG

Minimum Conditions	CDG Performance Measures		CDG Allocation to be Received	Performance Comments
Meet 80% of CDG MCs	Minimum Score in each Outcome Area	Aggregate Score		
YES	50	>85%	100%	Core CDG + the first 20 LGAs will get reward
YES	50	NA	100%	Core CDG
YES	<50	NA	90%	10% less Core CDG until counter measures taken
NO	50	NA	90%	10% less Core CDG until counter measures taken
NO	<50	NA	80%	20% less Core CDG until counter measures taken

Allocation Criteria for CBG

In order to qualify for the Capacity Building Grant, LGAs must meet all the MCs indicated in table B of Annex I. If an LGA fails to meet the above mentioned three MCs, it will receive 90% of the CBG amount. Reasons for failing the MCs will be established; if the reasons are due to negligence, misuse of funds etc, the responsible official(s) will be held accountable and applicable disciplinary measures taken in line with the rules and regulations for public servants. Otherwise, funds will be withheld until the counter measures have been taken, as summarized in table 3.

Table 3: Allocation of Capacity Building Grants

Minimum Conditions for the CBG	CDG Allocation
LGA complying with CBG Minimum Conditions	Receives 100% CBG
LGA failing to comply with CBG Minimum Conditions	Receives 90% CBG until the countermeasures have been taken

2.4 Data Analysis and Report Production

The analysis of the data on MCs and PMs and compilation of the LGA Assessment Report will be done during field visits by adhering to the following principles;

(i) Data and Information to verify each indicator for MCs and PMs will be obtained through documentary review, physical visit to the service facilities and interview with informants. Record the information in the assessment template prepared by PO-RALG based on Annex I and II of this manual,

(ii) The team will compile findings of each indicator at the end of each working day by holding team meeting to discuss the collected information,

(iii) The team will also discuss and record key issues or observations that might have affected the implementation of activities. (eg. political or community clashes). Similarly, difficulties encountered during the assessment (e.g. inability to reach the identified LLGs, non-availability of data and information, limited cooperation) should be reported.

(iv) The team will communicate with the Council Director, RAS or LGDG Assessment Taskforce on progress and challenges encountered in the course of assessment so that appropriate actions can be taken on time depending on the type and magnitude of the challenge (s),

(v) The team will hold a debriefing meeting with the CMT to present the initial findings for transparency, sharing and confirming the findings at the end of the assessment exercise to each LGA. The minutes of the meeting will be prepared by the AT Leader and signed by all parties as evidence of what was discussed and agreed upon.

(vi) The team should immediately prepare an individual LGA assessment report according to the template. The Team Leader will be responsible for coordinating the compilation and submission of the reports electronically to the LGDG Assessment Taskforce at most two days after completing the Assessment in the LGA. Copies of the completed assessment templates and the minutes of the debriefing meeting will be attached to the report.

(vii) The team leader will prepare a general regional assessment report highlighting the experiences, problems and challenges encountered regarding the assessment exercise in the region and submit electronically to the LGDG Assessment Taskforce and RAS within three days after the exercise,

(viii) The LGDG Assessment Taskforce, upon receipt of the reports, will review, seek clarifications from the ATs, effect any changes that might be deemed necessary and prepare the National Report,

(ix) The LGDG Assessment Taskforce will also analyze the experiences and issues raised in the assessment reports for future improvement of the assessment process to be incorporated as part of the National Synthesis Report,

(x) LGDG Assessment Task Force will submit the National Synthesis Report together with all the Regional and LGAs assessment reports to the PS PO-RALG for further actions.

Items (i) – (vii) are to be done in August while the rest to be done in September. For further details of data analysis and reporting procedure, please refer to the Implementation and Operations Guide, Part II, Section 1.3.
Annexes I and II of this manual set out in detail the MCs, PMs and the scores to be awarded.

2.5 LGDG Approval Process

The PS PO – RALG shall submit the National Synthesis Report to the LGDG Technical Committee. The Committee will review, discuss and make recommendations for submission to the LGDG National Steering Committee for approval. Once the LGDG National Steering Committee approves the National Synthesis Report, the results are sent to the PO-RALG for dissemination as provided in Section 2.6 below.

2.6 Dissemination of Results

LGAs and RS will be provided with copies of its individual assessment report and the National Synthesis Report. The reports will be discussed by the CMT, the Finance Committee and the Full Council so that subsequent actions can be taken. A summary of the assessment results will be published in widely read newspapers for wider dissemination. Similarly, the LGAs will be required to disseminate the summary of the assessment results by posting them on notice boards and public places in the HLGs and LLGs.

3. Appeals and Remedial Measures

3.1. Appeals

Councils are provided an opportunity to appeal the assessment results within the time deadlines. In case LGA is not satisfied with the results of the assessment based on material omissions or inaccuracies, it should immediately provide the appeal intention to PS/PO-RALG, after which, the LGA must present the complaint officially in writing directly to the PS/PO-RALG with copy to RAS within 7 days upon receipt of the assessment report. The appeal must enclose all relevant evidence to support their case including the copy of the signed minutes of the debriefing meeting between the CMT and the AT. PS/PO- RALG will respond to the case within 7 days after receipt of the appeal. If the LGA is not satisfied with the Permanent Secretary's response then it may appeal in writing to the LGDG National Steering Committee, through PO-RALG within 14 days upon receiving the initial appeal decision from the PS/PO-RALG.

3.2. Remedial Measures

LGAs which fail to meet the MCs shall prepare Action Plan which identifies the problems and the necessary remedial action to bring the LGA into compliance within six months during the same financial year. The Action Plan will serve as MoU between the LGA and PO-RALG and will be signed by the LGA, RS and PO-RALG. LGAs will report progress of implementation of the Action Plan on quarterly basis to PO-RALG through the RS. The LGDG Secretariat and the RS of the respective LGAs will closely supervise the implementation of the action plan.

ANNEXES

ANNEX I: Minimum Conditions for LGDG (Core CDG and CBG)

Table A. Minimum Condition for CDG

Specific Issue	Minimum Condition	STATUS		EXPLANATION (*If YES explain the Situation. If NO, what are the causes for the Situation*)
		YES	NO	
Financial Management	No confirmed financial mismanagement reported in audit reports (internal/external including CAG)			
	CDR and CFR completed and submitted timely			
	Properly prepared and timely submitted Financial Statements			
Procurement	PMU in place and functioning as per laws and regulations			
	Projects implemented according to procurement Laws and Regulations			
	Existence of Receiving Committee for Procured Items			
	Evidence of implementation of procurement plan			
Planning and Budgeting	LGA plans and budget adhere to planning and budget guidelines			
	Community prioritised projects included in the LGA plans and budget			
	Sharing of the CDG is according to the LGDG Guidelines			
Accountability and Transparency	Statutory Meetings for Wards, Mitaa/Villages conducted according to schedules			
	Proper use of MEG in accordance with the Guide			

Table B: Minimum Conditions for CBG

Minimum Conditions	STATUS		EXPLANATION (*If YES explain the Situation. If NO, what are the causes for the Situation*)
	YES	NO	
Updated Capacity Building Plan derived from CNA/TNA for HLG and LLGs			
Evidence that 60% of the CBG was spent for LLGs			
Utilization of the CBG according to the CBG Investment Menu			

ANNEX II: Performance Measures for CDG

Table C: Performance Measures for CDG

1. SERVICE FACILITIES ARE FUNCTIONING EFFECTIVELY				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
1.1	Number of completed projects funded by LGDG	i. Obtain the annual progress reports and extract the planned and implemented projects for the last five years, ii. Identify number of completed projects, iii. Take a convenient sample of completed projects and physically visit to verify whether the facilities are completed	From 80% to 100% completed = 3 ≥ 50% - <80 % completed = 2 ≥ 20% - < 50% of completed = 1 Otherwise = 0	3
1.2	Number of unfinished projects funded by LGDG with plans for completion	i. Obtain the annual progress reports and action plans, extract the planned and implemented projects for the last five years, ii. Identify unfinished projects, iii. List of unfinished projects with plans for completion based on MTEF	From 80% to 100% Unfinished projects with plans to complete them = 3 ≥ 50% - <80 % Unfinished projects with plans to complete them = 2 ≥ 20% - < 50% Unfinished projects with plans to complete them = 1 Otherwise = 0	3
1.3	Availability of support facilities for the projects funded by LGDG	i. Based on the completed projects identified in 1.1, establish the list of the projects that require support facilities, ii. From the sampled and visited projects, establish whether the necessary support facilities are available. e g. staff quarters, laboratories,	From 80% to 100% from sampled facilities have support facilities = 3 ≥50% - < 80% of sampled facilities have support facilities = 2 ≥25% - <50% of sampled facilities have support facilities = 1	3

1. SERVICE FACILITIES ARE FUNCTIONING EFFECTIVELY				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
		incinerators, latrines, etc iii. Among the required service facilities listed in i. above, establish the availability of support facilities	Otherwise = 0	
1.4	Adequate staff are available in service facilities funded by LGDG	i. From the HoDs obtain information regarding staffing levels for each service facility funded by LGDG ii. Obtain actual staffing situation in the service facilities to establish gaps, iii. Establish the available plans and measures to fill in the gaps	From 80% to 100% of sampled facilities have plans and efforts to fill in gaps = 2 ≥50% - < 80% of sampled facilities have plans to fill in gaps = 1 ≥25% - <50% of sampled facilities have plans to fill in gaps = 0.5 Otherwise = 0	**2**
1.5	Adequate funds committed for O&M for the facilities funded by LGDG	i. Check from the CDR and MTEF to establish whether funds are committed for O&M of the respective facilities ii. Check from expenditure reports (CFR and CDR) the amounts that were actually spent on O&M	Funds for O&M budgeted disbursed and utilized = 3 Funds budgeted and disbursed but not utilized= 2 Funds budgeted but not disbursed =1 Otherwise = 0	**3**
1.6	Service facility committees in place and functioning for the LGDG funded facilities	i. Establish from service facility files, the names of facility committee members, composition and dates of appointments in accordance with the guidelines of the respective service facility, ii. Check service facilities files, minutes of meetings held by facility committee members, the dates held and submission to HLG	Fully established and functioning = 2 Established not functioning = 1 Otherwise = 0	**2**

1. SERVICE FACILITIES ARE FUNCTIONING EFFECTIVELY				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
1.7	Adherence to Value for Money Principles on projects being implemented with LGDG funds	i. Check on the cost efficiency (inputs Vs outputs) of the respective projects based on inspection reports and physically visit of the sample of projects. ii. Opinion of the users	No problem observed =2 Otherwise = 0	2
1.8	Supervision and monitoring of implemented projects funded by the LGDG	i. Ask for supervision and monitoring reports for each project ii. Compared the number of projects supervised and monitored Vs total projects funded by the LGDG	All projects monitored and supervised = 2 ≥60% <100% = 1 ≥30% <60% = 0.5 Otherwise = 0	**2**
TOTAL SCORES: SERVICE FACILITIES ARE FUNCTIONING EFFECTIVELY				**20**

2. COMMUNITY PRIORITIES ARE ADRESSED				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
2.1	Number of Mitaa/Villages with at least one of the priorities included in Council plan	i. From the Planning department obtain the list of community priorities/projects submitted to HLG for the previous FY. ii. Check from Council Plan and Budget/MTEF to establish the number of community priorities/projects included and determine percentage.	From 80% to 100% included = 8 ≥50 - <80 % included = 6 ≥ 30 - <50 % included = 4 ≥10 - <30 % included = 2 Otherwise = 0	**8**
2.2	Community priorities submitted to the council were prepared through proper participatory planning	i. Check whether the community priorities were defined through a participatory planning approach such as O&OD. ii. Check whether Mtaa/village statutory meetings were convened to approve community priorities	From 90% to 100% of the Mtaa and villages comply with i & ii = 7 ≥80 - <90 % = 5 Otherwise = 0	**7**

2. COMMUNITY PRIORITIES ARE ADRESSED				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
	process			
TOTAL SCORES: COMMUNITY PRIORITIES ARE ADRESSED				**15**

3. COMMUNITY "SELF-HELP" INITIATIVES ARE RECOGNIZED AND SUPPORTED				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
3.1	Number of Community initiated "self-help" projects recognized by LGAs.	Obtain the list of identified community initiated projects	LGA has a list = 3 Otherwise = 0	**3**
3.2	Community initiated projects are supported technically and/or financially by HLG	i. Establish from CDR and CFR the number of supported community initiatives through LGDG and LGA own sources of revenue ii. Check if appropriate technical backstopping and advices were provided by LGA staff to those community initiated projects through council supervision report, village registers and visiting some sample projects.	From 70% to 100% of the identified CI supported = 2 ≥30-<70 % of the identified CI supported = 1 > 0-<30 % of the identified CI supported = 0.5 Otherwise=0	**2**
3.3	Community contributions are properly valued and reflected in the plans and implementation reports.	iii. Check if the community contributions are valued and reflected in their development plans. iv. Check if they are valued and reflected in their implementation reports.		**2**

3.4	Proportion of CI projects out of the total LGDG funded projects	Check the number of CI Projects included in the LGDG funded projects	Above 50%=3 ≥30 - <50%=2 ≥10 - <30%=1 Otherwise =0	3
TOTAL SCORES: COMMUNITY "SELF-HELP" INITIATIVES ARE RECOGNIZED AND SUPPORTED				**10**

4. FAIR DISTRIBUTION OF LGDG FUNDS WITHIN THE LGA				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
4.1	Underserved areas identified and Plan for addressing inequalities in place	i. Check if LGA has criteria for identifying underserved area ii. Check if LGA has identified underserved areas iii. Check if LGA has plan for countermeasures to address inequalities in the LGA.	LGA has all of i-iii = 3 LGA has two of i - iii = 2 LGA has one of the three =1 Otherwise = 0	3
4.2	Number of projects implemented in underserved areas as per plan	Check from LGA plan and budget and CDR to establish the number of projects in the underserved areas.	If 100% = 3 ≥50 - <100%=2 ≥10 - <50%=1 Otherwise = 0	3
4.3	50% of LGDG allocated and utilized for LLGs	Check whether the 50% of the disbursed of the LGDG funds was utilised at LLGs	If Yes =4 Otherwise =0	4
TOTAL SCORES: FAIR DISTRIBUTION OF LGDG FUNDS WITHIN THE LGA				**10**

5. LGAs' FINANCIAL MANAGEMENT IS IMPROVED				
SN	**INDICATOR**	**EXPLANATION/COMMENT**	**SCORE**	**MAX**
5.1	CFR/CDR timely approved and submitted.	• Check dates for submission and approval from letters of submission and acknowledgement	Timely approved and submitted = 1 Otherwise = 0	**1**
5.2	HLG and LLG strictly adhering to financial management and LGDG Guidelines	i. Check sample of 5 Payment Vouchers (PVs) related to LGDG transactions and compare to LAFM and LGDG Guideline to ensure that PVs are properly completed, authorised and supported by relevant documents	100% Sampled PVs complete = 2 Otherwise = 0	**2**
5.3	Annual internal audit plan (covering LGDG activities for HLG and LLG) timely prepared and approved	i. Obtain the annual internal audit plan ii. From the plan check whether the audit activities cover LGDG activities both at HLG and LLGs iii. Also check dates of submission and approval of the internal audit plan	Timely approved and cover HLG and LLGs LGDG activities= 1 Otherwise= 0	**1**
5.4	Internal audit conducted and reported as per plan	i. Compare Audit plan with annual audit report	Conducted and reported as per plan = 1 Otherwise = 0	**1**
5.5	Internal audit and CAG recommendations implemented	i. Check the implementation IA recommendations and CAG audit recommendations	From 70% to 100% = 1 ≥50 - <70 = 0.5 Otherwise = 0	**1**
5.6	Innovative revenue enhancement strategy in place and	2.1 Check whether the LGA has developed Revenue Enhancement Strategies (*enacting by law, identification of new sources of revenue, use of*	In accordance with the checklist.	**1**

5. LGAs' FINANCIAL MANAGEMENT IS IMPROVED				
SN	**INDICATOR**	**EXPLANATION/COMMENT**	**SCORE**	**MAX**
	implemented	*ICT).(checklist to be developed)*		
		Check the implementation status of the strategies.	Fully implemented =2 Partly implemented 1 Otherwise =0	**1**
5.7	LGAs are complying to the use of 60% of their own sources for the development purposes.	i. Check whether the LGA allocated 60% of their own source of revenue for development purposes. ii. Check whether the LGA actually spent 60% of their own source of revenue for development purposes.	Allocated and spent = 2 Only allocated but not actually spent = 1 Otherwise = 0	**2**
5.8	LGDG projects implemented at HLG and LLG adhere to procurement rules and regulations	i. Pick sample of 5 implemented LGDG projects. ii. Check their adherence to procurement rules and procedures.	All adhered to = 1 At least 3 adhered to =0.5 Otherwise = 0	**1**
		i. Check whether LGA has a contract manager appointed	If yes = 1 Otherwise = 0	**1**
TOTAL SCORES: LGAs' FINANCIAL MANAGEMENT IMPROVED				**12**

6. DISADVANTAGED AREAS ARE BENEFITING FROM QUALITY PROJECTS IMPLEMENTED BY LGA				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
6.1	LGA secures conducive environment for registered contractors to work in disadvantaged areas	i. Check if there are any arrangements of complementary budget for implementing projects in disadvantaged areas ii. Check the number of quality projects completed by registered contractors in disadvantaged areas	If there is any quality projects completed in disadvantaged areas =3 Otherwise =0	3
6.2	Cases of unique efforts to implement quality projects in disadvantaged areas using locally available resources (qualified contractors in the areas, local *fundis* etc.)	Get evidence of good practices on use of local available resources	If there is any =3 Otherwise =0	3
6.3	LGAs comply with the Procurement Act and achieve "Value for Money" in those innovative cases of 6.2.	Sample 50% of those projects implemented with this modality, and check whether they comply with the Procurement Act and achieved "Value for Money".	If all = 2 If more than half complies = 1 Otherwise = 0	2
TOTAL SCORES: UNIQUE EFFORTS TO IMPLEMENT QUALITY PROJECTS TO DISADVANTAGED AREAS				**8**

7. CARRYOVER OF FUNDS ARE PROPERLY ACCOUNTED FOR				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
7.1	Proper accounting for carry over funds	i. Check whether the report on 1) the unspent balances, 2) their respective activities that were supposed to be implemented, and 3) the action plan for implementation within the first quarter of the following year has been prepared. ii. Check the implementation status for the action plan (including field visit to the sampled projects) iii. Check the financial report for each of the implemented projects to see whether the funds were properly accounted for	If all four are properly implemented = 8 If "i", "ii" and "iii" are properly implemented = 6 If "i" and"ii" are properly implemented = 4 If only "i" is implemented = 2 Otherwise = 0	**8**
TOTAL SCORE: CARRYOVER OF FUNDS ARE PROPERLY ACCOUNTED FOR				**8**

8. LGA's HUMAN RESOURCE IS DEVELOPED AND WELL MANAGED				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
8.1	60% of CBG allocated and utilized for LLG	Check from CDR, CFR, PVs, Banks Statements whether 60% was complied as per guideline.	100% compliance= 2 Otherwise= 0	**2**
8.2	Number of LLGs activities implemented through the CBG as per Guide	i. Obtain from the CHRO the CBP and training reports ii. Identify planned training activities for LLG iii. From the planned activities work out the percentage of implemented activities as per guide	If 80% - 100% of planed activities implemented as per guide= 2 ≥ 50% - <80% = 1 ≥ 20% -< 50% = 0.5 Otherwise= 0	**2**

8. LGA's HUMAN RESOURCE IS DEVELOPED AND WELL MANAGED				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
8.3	Efforts to fill in vacant positions	i. Check if they have identified the personnel gap at LLGs. ii. Check if they have applied for employment permits or propose qualified staff to fill the vacant posts at both LLG and HLG level to PO-PSM, and follow-up has been made	If both "i" and "ii" are fulfilled = 1 If only one point is fulfilled = 0.5 Otherwise= 0	**1**
8.4	Effort to motivate and retain Staff	i. Identify any unique strategies to motivate and retain staff	If there is any unique strategy = 2 Otherwise =0	**2**
TOTAL SCORES: LGA's HUMAN RESOURCE IS DEVELOPED AND WELL MANAGED				**7**

9. LGDG IS ADMINISTERED WITH APPROPRIET ACCOUNTABILITY AND TRANSPARENCY				
SN	**INDICATOR**	**EXPLANATION/INFORMATION SOURCE**	**SCORE**	**MAX**
9.1	Existence of transparency in financial management at HLG and LLGs	Check from notice boards, registry and sampled ward offices to establish dissemination of various information related to financial management e.g. financial reports, budgets etc Check Village/Mitaa files at HLG.	Financial information adequately disseminated at all levels= 1 Partly disseminated e.g only HLG or LLG= 0.5 Otherwise = 0	**1**
9.2	Special efforts of LGAs to enhance accountability and transparency through website	i. Check if LGAs have created website ii. Check if LGAs are uploading budget and financial information on transfers and expenditure	If yes =2 Otherwise =0	**2**
9.3	Statutory meetings conducted at LLG	i. From sampled Mitaa/village files at HLG, check if minutes of the statutory meetings are available during the last FY.	If minutes are available =1 Otherwise =0	**1**

		ii. From the sampled Mitaa/Villages file check if register is updated	If yes = 1 Otherwise =0	1
		iii. From the minutes check the number of participants attending the meeting if are more than 30%	If yes =1 Otherwise =0	1
		iv. Check Gender composition of the participants if women are more than 30%	If 30% of participants are women =1 Otherwise =0	1
9.4	Proper utilization of MEG	i. Check whether the MEG has been utilized properly as per Implementation and Operations Guide menu	If yes =3 Otherwise = 0	3
TOTAL SCORE: ACCOUNTABILITY AND TRANSPARENCY				**10**

4. Sector Specific Grants*

The sector specific grants will utilize the LGDG core assessment results using this revised MCs and PMs. Additional Performance Indicators to suit sector specific grants may be required including improving on the existing indicators.

The MCs, PMs and all other criteria for the sector

The LGDG system includes sector-specific grants. All sector grants should adhere to the following principles:

(i) The allocations for every LGDG system transfer will be based on an objective, equitable, efficient and transparent allocation formula.

(ii) The allocations for every LGDG system transfer will be performance-based and subject to a common performance assessment.

(iii) The rules of the LGDG system will be universally applied. All councils that qualify for LGDG system transfers under the performance assessment should receive their allocation in strict accordance with the respective allocation formula.

(iv) The LGDG National Steering Committee chaired by the PS PO-RALG will manage the approval of Budget, Annual Assessment and Annual Report for LGDG Core and sector grants, after the respective review process of the sector grants.

(v) The disbursement process for the LGDG funds, will be managed by MoF in collaboration with PO-RALG.

Since all the four LGDG Sector Windows Grants (Agriculture, Health, Education and Water) have phased out recently and the subsequent phases are under preparation, the specific assessment guidelines for the respective Sector Windows Grants will be developed after these grant schemes have been approved by the Government.